

CAB 195/4

CABINET

MINUTES

C.M.(46)13th Meeting (Cont'd) – C.M.(46)

108th Meeting

4. Shipping in 1946

- Barnes. As in memo.
Two points. Examine early in year – Admy & I with M/L – whr we can reduce the 10% awaitg. or undergoing repair. /y.
Whether Service requirements can be reduced. Look at each ship & see whr it is requ^d. i.e. onus on Service dept. to prove.
Coal in Scandinavia. If we hadn't to bunker them we cd. bring in more cargoes.
U.S. Tonnage. Bland Bill now passed with no power to charter to foreigners. We are asked for shipping contⁿ to U.N.R.R.A. pmmes. Involves chartering from U.S.
If we can't charter, we shall be forced to consider purchase. I wd. recommend wholesale purchase only as last resort because repercussions on our own bldg. P'ramme & wd. have us with obsolescent U.S. tonnage at period of keen competition.
- P.M. Have asked Serv. Ministers to review their cargo shipping requirements.
- S. That is in hand.
- J.J.L. Less than $\frac{1}{3}$ rd. of 1.8m to Service: not to our civil a/c.
- Barnes. There is dual purpose use.
- P.M. Use surpluses already abroad.
Fleet train in East?
- C. Ld 314.000 q.r.t. is comg. down to 195,500 q.r.t. by June '46. Total to be ret^d 500.000.
- E.B. What do you want to keep 195,500 for?
- P.M. Must be reduced. Object was no basis. But you've got the basis now.
- E. Sh. How many ships used for S.E.A.
- P.M. Leave that alone. x/ Let me have full & early reports for Defence Cttee/x
- S. Trooping. One of R.A.F. complts & shortage of shipping. Air-trooping is reduced.
- E.B. On y/ above, see whr. system of B/Adl. days has bn. stopped by wh. ships u'lessed repair needs before they came in & repairs went on durg. unloading etc., 50% of repairs were done that way during war.
- E.Sh And don't put on too many frills in repairs.

- C.Lord. Mtg. already laid on for next week.
- R.S.C. Export p'mme concerned re tonnage & even more re destinations. Orders are rising & we fear hold-up on shipping. Esp. because so little storage.
Suggest high. level regular consultⁿ with M/W.T. on export p'mme.
- P.M. { Consultⁿ between R.S.C., Barnes & Wilmot on exports.
{ Consider if B. Smith shd. be brought in, to cover import conflicts.
- E.B. Seek good contact with dock managers: for turn-around. Cttee. monthly mtgs. with Minister: need encouragement. Via reliance always on owners.
- B.S. 400.000 t. short on refrigerated tonnage for '46. Food waitg. for me in Australia. Wd. help v. much if services cd. release.
- P.M. Take that up urgently with Services.

[Enter Winster. Exeunt Smith: C. Lord.

5. Civil Aviation

- A. Explained points in his memo.
After consultg P.M. telegram sent to Delegation. No reply recd. But subject to satisfy. reply, recommend tht. this agreemt. be accepted.
Condⁿ re pressure on Canada & Newf. – reject.
Condⁿ re spare parts. Para 4 (b).
Thought best tactics wd. be for H.M. Amb. to make rep^{ns} to high auth^{ies} in Washington.
- Agreed { as regards change of gauge. As in Para. 3.
{ as in memo. Para. 4(a) and (b).
- U.S. have now put up 3 more cond^{ns} – even worse. Clear tht. agreemt. re bases is separate: shd. be handled separately. C. A. Cttee can now see draft of that agreemt. & will hold early mtg. M'while wish our Delegⁿ to be instructed to treat bases agreement as quite separate.
Read out draft telegram.
Also agreed.
- R.S.C. Cd. Ld. Chanc. be added to C.A. Cttee for this?
- P.M. Yes.

[Exeunt: remaining invitees.

6. Greece: U.N.O. Discussions.

E.B. V. Auth^d by his Govt. to accept Stettinius' draft. I told him we cdn't agree to that.
Some difficulty with Chairman. A. helped – got High Commis. together to see whr. B. Comm. was solid behind me. It was. Spoke then to Makin & got Brazley to coach him. He agreed.
Then Stettinius lined up with different – and worse - draft.
Chairman did produce his declⁿ. V. objected: but was nervous. Interpreter muddled it: I asked for copy. Asked for adjournment to get certain that V. wouldn't "edit" the verbatim rpt.
Greeks feared that if I pressed further it wdn't help situation in Greece.
Council ndn't adopt procedure allowing a vote – i.e. wdn't treat it as a dispute between U.K. & Soviet.
After an hour's thought, concluded I'd better not push it further. Bidault said afraid to go too far because of Communists in France.
Acted therefore as reported in Press.
Asked V. what he meant by "Greek ques. is closed". He said "closed between our Govts." Said he wd. go as far as he could.

P.M. E.B. deserves the thanks of the Cabinet.

7. Agricultural Wages.

T.W. Lrs. sent to Ag. Workers, Transport & Farmers Unions. Offering help of M/L. concilⁿ offr.
Farmers Union reply – willing if guarantee tht. cost will go on prices.
Ag. Workers – none of our Reg. Conf^{cs} have favoured grading.
No written reply from Transpt. & Genl.
Have met Deptⁿ of Govt. supporters. Dissatisfied with my answer. Stressed the import^{ce} of industry lookg. at graded wages.
M/L and I with Ch. Whip agreed to meet Food & Ag. Cttee. of Party, & told them so. They put Motion to Party Mtg. – w'drew it on condⁿ we met them again tonight. They are now using food shortage as another reason for demanding higher wages. We cd. stand on present attitude. I cd. recommend another course.
G.A.I. thinks he cd. succeed in gettg. the industry together.

G.A.I. The letter sent assumed they wd. meet. I now suggest that I shd. call them together.
Then we can say we did our best.. And if they come together we cd. do something.
Possibly might have to accept some increase in minimum as face-saver.
My actions wd. be as conciliator.

T.W. If Cab. feel more must be done, get a P.Q. to effect, in view of world shortage wd. it be approp^{te} for Ag. wages Bd. to take this into a/c as a factor. And I wd. say in reply "Yes".

Quoted fr. & t. of r. "after takg. into a/c general economic cond^{ns}."

R.S.C. That wd. be clear invitⁿ to Board to raise wages because of shortage.

H.D. Cost of claim = £50M if whole cost passed on by farmers. We can't tackle that.

Can't farmers carry some of this?

E.B. Thousands are paying it already. And Farmers Union don't take a/c of that in their price demands.

General feeling – against T.W. alternative.

5. (cont^d) Civil Aviation.

Read telegram from Washington. State Dpt. already agreed two agreements must be handled separately.

1. Indonesia: Discussion in Security Council.

- E.B. Van K. said no objⁿ to mission into conduct of B. troops, so long as not Dutch troops!
Hence suggⁿ = enquiry into cond. of our troops, tho' no one asks for their w'drawal.
This time I followed V.'s line & said I wdn't agree to such a resolⁿ.
Clear that R. objection is to get foot-hold in S.E.A. If we have diffy. in India, they wd. demand enquiry into that tho' we are sovereign power.
We shall have to study terms of Charter on that – v.v - to B. Empire – after U.N.O. mtg. is over: & I must be careful not to set precedent.
Thus, in last speech, narrowed it down to conduct of B. troops & refused enquiry into that.
- Levant: decided not to give B. propⁿ to Genl. Lecture, hated by Levantines.
Egypt: doubt if we can retain B. troops there. Must consider whole of M/E strategy. If we keep troops there (Egypt) must be by invitation & on mutual territory.
B. Empire must face this.. Australia is in much more danger fr. R. than ever was from Japan. Power politics reaching down to S.E.
No support fr. U.S. – who think their role is conciliation between U.K. & R.
This is not merely a row over Indonesia. V. serious situation for B. Empire. Must consider as a whole soon after U.N.O.
- J.J.L. Support F.O. in refusing enquiry. Our soldiers are in v. gt. diffy. there. Wd. sooner bring our troops out, if Dutch don't support.
- P.M. If Dutch insist on their sovereign rights they can look after them alone.
If any enquiry it is for C.C.O.S., by whose orders we are there.
- E.Sh. What is the game on S. Council – can't we take the offensive.
W. Bloc. supposed to be v. internat^l. unity. But other Blocks now forming.
Shd. we not close up with W. Powers for our own protⁿ?
- E.B. S. Democracy must become more cohesive – Communism is v. cohesive.
Believe U.S. will turn away from extreme capitalism in 5-6 years.
Diff^{ies}. because undisciplined statements from among our own Party.
- A.B. This is a bit pessimistic. Procdgs. of last 2 wks. have done us good, not harm, in eyes of the world.
Vote of Poland (a Communist) last week. In countries round R. there are signs of anti R. bias. Communist war in Europe may be about to recede. Mustn't therefore let R. force us into untenable position.
Hence import^{ce} of early agreemt. with Egypt & Arab States. Prospects of vol. agreemt. on diff. (economic) basis. Egypt is the clue to this.

A.V.A. F.O. doing well: but agree with his picture. of. pre. election statements from Moscow. Intentⁿ to retain Army etc. Threat is Turkey, who've said they'll fight if attacked by R.
Want E.B. to know he has Cabinet support.

P.M. Agree – rallying to E.B.'s lead. Must consider M/East policy as whole.

J. E.B. shd. take strong line with Van K. privately.

See also X/ below.

2. South-East Asia. Commissioner General. F.O. Staffing Problems.

E.B. We discussed need for co-ordinated policy in Far East. Diffy. in finding the man. Selected Killcarn. Famine over rice. Will put Sir R. I. Campbell in Egypt.

F.O. Staff. Diffy. arises from gaps in entry, driving last two wars. Am posting Stevenson to China – to concentrate on trade rather than politics. Genl Crawford going to Greece vice Scobic. Leeper to leave Greece. Other moves impending. W'in F.O. am also going to make changes. Must move steadily. Moving le Ronqetal from Romania.

H.M. Paris?

E.B. Not yet.

G.H. Must be careful in announcg. Killcarn's appo^{mt}. – to prevent confusion with Govr. Genl. Malaya.

P.L. [Durg. war these diffic^{ies} (Item 1) were resolved by Heads of State. Wd. there be advantage in approach to Stalin?

x/
E.B. [No. Had it out with him in Moscow & he accepted our posⁿ.

A.B. [Real explⁿ is stresses within Russia. Hang on pro tem.

T.W. Agreed: return of Red Army addg. to diffic^{ies} Much disturbance.
This is largely to divert attention from R. own domestic diffic^{ies}.

G.A.I. Gt. impⁿ made by E.B. in U.S.

3. India

P.M. Propose to send out S/S. India, R.S.C. and A.V.A.
Party Delegⁿ returng. to-morrow. Better not announce in this busy week.
Prefer Tuesday of next wk.

R.S.C. Personal diffic^{ies} – sooner the better. Can't buy clothes or get inoculated!

After discussion, accepted Tuesday.

- H.M. Present economic troubles at home, shall we criticised for sending R.S.C. to India?
- P.M. Probably we shall – but must face it.
- A.B. Indicate who will take charge.
- R.S.C. Want H.M. to do so.
- P.L. Read telegram from Viceroy – who wants to know before announcement is made reactions of H.M.G. to his proposals. This is unreasonable. Hope to square him.

Agreed: announce Tuesday.

3. Import Programmes for 1946.

[Enter Barnes, Smith,
Wilmot

- H.D. Have spoken to P.M. & E.B. about overseas commitments. E.B. has often agreed we can't go on indefinitely. Have also raised it at Def. Cttee. But feel I must bring the thing to Cab. as a whole.
- Thus 3 questions.
- a) imports for first 6 months, I need decisions today.
 - b) overseas deficit = no decision to-day: but small Cttee of M.
 - c) dried eggs, wh. I've discussed with M/F.
- a) Deal first with a). Income £705M. Exoprt over £1.500M, even on my reduced p'mme. i.e. £1.075M for imports : £300M. for mil. exp^{re} overseas : £100M for pol. commitmts overseas. Deficit: over £800M. U.S. loan is only £900m odd: & we haven't yet got it. Nor have we got loan from Canada or agreemts. with sterling countries.
- b) On overseas exp^{rt}: we must seek relief. W'draw troops or make people pay. Why shdn't Dutch pay for Indonesia – they have gold reserves, more than we have, as have the French too.
- No more "special cases". Foreigners shd. give money for value in future. On a) and b) together, draw attentⁿ to paras. 14-16 and 19. P'mme recomm^d is in para. 16.

Keynes' paper. Not every figure reliable: but total shows v. bleak position. Madness of our policy in Germany. France & Holland - no more loans, they are better off than us. Egypt: sterling balance of £700M & rising because of cont^d presence of B. troops. we borrowg. money from Egypt to keep them there. Must change this trend. Esp. "cuttg. down our overseas expend."

- P.M. Overseas exp^{fc} – we must play a hand. And we can't pull out troops at present. Don't see why Dutch & Fr. shdn't pay. Or why some of our friends eg. Canada shdn't help in Germany.
Ministers need more time for long-term. Consider again later i.e. (b).
- R.S.C. Our figures based on assumpⁿ no switch to home consump^{tn}.
Looks as if we cd. attain the £700M – except for possible. loss of prodⁿ for lack of coal. If coal shortage continues or gets worse, we might drop to £600 or 550M.
Overseas expend^{fc} – not all mil. & pol.: some = trade credits. This is remuneration for the future. E.G. telephones in Poland. Suggest some sum be set aside for that.
- B.S. a) Except for manuf. meats, I can make no diet improvemt. on this p'mme
No increase in bacon – oils & fats. App. C. shows tht. all my desired improvemts. are cut out on financial grds.
Believe there easemts. wd. have earned dividends in increased prodⁿ.
Fear period of frustration – money to spend & nothg. to buy – with consequ. drop in prodⁿ.
Wd. cost only about £20M. additional.
- H.D. c) Dried Eggs. 18.000t. I conceded at last Cab. mtg. The more I give now on dried eggs the less I can concede later on other things. But I wd. go even higher on 2 conditions, i.e. to 21.000 tons. He asked for 24.000. I offered 9 + 9 for 2 half years. Now offer 9 + 12. But on condⁿ (i) but if we don't get U.S. loan he will have to cut it back, this not necessarily on d. eggs wholly; and (ii) wtr. the amount comes off other easements.
Wd. be wrong to go further – over a mere political flurry.
- B.S. Obvious that condⁿ (i) can't be challenged.
As rgds (i) easements offered are only war-torn areas etc., doesn't include U.S. Can't therefore offset as proposed.
- E.Sh. No credit now for concession. Why make any?
- H.M. Trouble is surely no shell. egg increase because of new cuts in animal feed.
It is therefore new situation: not mere concession to shouting.
- B.S. Further reason: want to order enough to keep plant in operation.
- E.B. On a). Do the calcul^{ns} allow enough for introdⁿ of shipping in 1946. Need for machinery to co-ordinate M/W.T. & import & export Dpts. No solution to be found by general discussions. Assume K.'s picture is right, can only be cured by practical means. Dodging the dollar area – gettg. supplies Fr. other sources.
- H.D. These figures are for imports fr. all sources – not dollar only. And it is standg. instⁿ to Dpts. to avoid dollar purchases.
- E.B. Can't go on much longer w'out variety.

Solution via manipulation of shipping. M/W.T. Agreed.
Take these figures as the problem – then have Cab. Cttee & Officials to find
solution thro' alternative sources of supply.

- A. Cd. tap Doms. if we were willg. to make long-term contracts.
Eg. S. Rhod. tobacco. Crop was doubled in war. Cd. be doubled again if we
cd. give assurance of cont^d orders.
- R.S.C. Can't tie ourselves up in that way just before I.G.A. Conference.
We shd. have to adopt entirely diff. kind of economy.
- A.B. We were assured B. Woods dec^{ns} were not inconsistent with bulk purchase
agreemts. with Doms. Let U.S. know we are forced to these measures
to keep our people alive – then they'll come to heel.
Can't step up prodⁿ w'out more things to buy.
- H.M. Wrong to suppose tht. this Rpt. arises only from dollar expenditure.
The Rpt. deals with all overseas expend^{te}.
K's paper shd. be taken v. seriously.
We've got an Ec. analysis internal: this was companion piece to that. On the
Survey we found an inflationary gap & we've taken steps to adjust it.
We must do the same with overseas expend^{te}. Unless we do, we shan't
be able to buy what we need.
No time to consider or comment. Must have it considered – either by
Ministers or ofpls. with freedom to comment on mil.& foreign policy.
- P.M. Def. Cttee are doing that.
- H.M. Shd. be considered in its economic setting.
- A.V.A. Agree re size & impotence. Don't like some of K.'s attitude eg. "cut a
dash". Also £937M. only fr. U.S. loan, vice what K. hoped for last
May. Also doubt if some of estimates can be accepted. e.g. as reqd.
future cost of Forces abroad.
£50M. wd. make a big difference to "austerity" question.
- P.M. On (b) wd. be useful to have examination by officials.
- E.Sh. If so, they must relate everything to everything else. Can't decide until
we've seen everything.
K may have exaggerated. Position coloured by dollar diffy. Are there not
alternative sources of supply in Doms.?
- P.M. That is being covered by study of what we wd. have to do if no U.S. Loan.
Suggest we now accept the p'mme for 1st half of 1946.
New Cttee won't help. Want all existg. Cttees & Dpts. to keep dollar diffy.
in mind.
- R.S.C. Only lack of liaison is between Defence Cttee & economic situation.

P.M. H.D. has expl^d situation orally. This memo cd. be circulated too.

R.S.C. Nor do Cab. get rpts. from Def. Cttee.

P.M. I will look into that point – hadn't realised it.

A. Support for makg. Dutch & French pay.

P.M. I will ask C.O.S. or Def. Cttee to consider.

E.B. Wd. rather w'draw Fr. Indonesia than have it said we supplied mercenaries to the Dutch.

P.M. W'drew.

E.B. Have appt^d internal Cttee in F.O. to see where we cd. economise. But remember tht. R.'s attitude hasn't helped us to liquidate our commitments.

B.S. Can I have my assessments in first half of '46.
If our source dries up, can I switch to another?

H.D. Yes.

B.S. Uneconomic transport because of loss of supplies. e.g. from S.E. Europe.
S. Pacific: Can. wanted 4 yr. contract & have gone to end/47. Other Doms.
wd. be ready to do more if we gave 2 yr. contracts. Wd. like authy. to make such contracts.
Buying butter in Denmark: against R. comptⁿ.

P.M. Put in memo. on long-term contracts.
No early redⁿ of mil. commitments. Might do it later.

E.B. Don't agree that all this must be done in 6 months.
Cut down food & you head for biggest industrial trouble ever.
People need more variety of food.
Can't solve economic problems w'out practical improvisation e.g. switchg. shipping away from U.S. Day to day work on this.

Barnes. Support E.B. Must fight our way out of this. Must however meet H.D.'s need w'in 12 mos. or we shall have another May Report!
Finance: trade: Foreign Policy & defence are the 4 heads.

R.S.C. The export orders are there, if we cd. make the goods. Hence if it's true tht. variety of food we. increase prodⁿ we cd. pay for it in 6 months. 5% more prodⁿ in return for £20M in food, & we cd. pay for it in 6 months.

H.D. Spend a certainty in hope of a return. We can't afford to do that.

P.M. Add £10M to first 6 months – leavg. food total unchanged.

Then consider position later. i.e. the certain is increased: the provisional 2nd half year wd. be reduced pro-tem.

Dried Eggs.

Agreed{ 21.000 tons on 2 cond^{ns} made by C/Exchequer.

[Exit Smith, Wilmot
[Enter Winster

4. Civil Aviation

- A. Change of gauge. U.S. counter proposal as at III in memo. handed round. Recommend acceptance, subject to amendmt. proposed.
- W. Telegram this a.m. shows U.S. have substantially met us on this point. Read it out.
- A.B. Last time we were willing to go not so far. This is dangerous because large no. of smaller aircraft.
- W. No: they are limited by ref. to normal carry-on needs.
- J. This is satisfactory.
- W. All governed by proviso – “regard must be had to local service”.
- R.S.C. Also the smaller aircraft service is less reliable for local passengers.

Agreed: Change of gauge.

- A. Basis Agreement.
Halifax urged us to allow Agreement. to be initialled.
Formula suggested as in IV – drafted by J.
- W. Read telegram this a.m. U.S. Delegⁿ wonder what lies behind it.
We said stall Dpt. first sugg^d signing ad referendum.
Concludg. with new formula. This omitted infⁿ to Art III.
- A. Art. III must be added.

Agreed: subject to incldg. infⁿ to Art. III.

1. Parliament

H.M. Food: to-day. Opposⁿ think they shd. open – as they claimed it & are critical.
Precedents in favour so is Speaker – Sorry because wanted B.S. to start clean.

P.M. In opposⁿ we shd. have claimed it. Agreed concede.

2. Lord Mayor's Dinner

P.M. Lord & Lady Mayor wish Private Dinner 6/3 for members of Cab. & wives.

3. Reform of House of Lords

P.M. Motion in H/Lds. by Cecil. We inclined to reject 1st & 3rd proposals.
I have spoken to H. M. King. He took the view it was better to have it alone:
and do nothing on any part of the proposals, incldg. the 2nd.

E.W. These arguments don't apply to Peereses in own right.

P.M. But this Motion goes far beyond that.... made Peers.

A. Legⁿ wd. be involved, even for "own right" point. – to declare tht. Sex Disqual. Removal Act doesn't apply.
Thght. we were going to consider after Debate – we taking no line.

P.M. I told King so. But if you have to say anything, say we don't want to do anything at all at present. I spoke to King on basis of motion on Paper.

A. Leave it to free vote: giving Cecil the hint to limit his Motion to "own right" cases. Will discuss with C. & report to P.M.

4. Government Hospitality

P.M. A lot of entertainment for U.N.O. Cut down now on all large entertaing. for a time.

[Exit W.W. Enter J.W.]

5. Select Committee on National Expenditure: Publication of Secret Reports.

- H.M. Most rpts. publ^d: but understandg. with Cab. tht. when security involved rpt. wd. go to 8.M.
Tank Rpt. is real issue – Stokes has told me he won't press for the others.
Tank prodⁿ is not a good story. Public interest in knowg. facts.
No security objⁿ.
Ministers or offls. shdn't be permanently protected fr. disc^s of their mistakes.
Diff. therefore to defend continued suppression.
Pros. & cons. are in my memo. My judgement: publish, with W.S.C.'s memo.
If so, shd. we consult W.S.C. re publⁿ of his memo. Shd. we be allowed to add: not if Sel. Cttee can't add.
- P.M. Diff. view. This was put up as secret & replies so given.
If you want to bring out facts, have an enquiry.
Publⁿ of these poor rpts wd. cause scandal: then you'd have to have enquiry.
These p. mortems do little good. Cf. Pearl Harbour. request re Singapore (endless chain). Strain on soldiers, offls. etc.
Can't publish one w'out others.
- J.W. Heavy arguments v reviving this controversy.
Rpts, made in confidence – worded as such.
Diversion of energy in makg. defence.
- T.W. Stressed x/ in para. 7. Lessons for the future.
- A.B. I was interested too. Tank prodⁿ was disgraceful: not prep^d to cover up W.S.C. Army now believes Stokes was right – wd. have saved many lives.
W.S.C. sells his speeches in S. Session to U.S. Press. Disgraceful procdg.
Yet we are asked to resist publⁿ.
- E.Sh. We must remember – we can't smear W.S.C. alone & some members of our Party were members of Coalition Govt.
What cd. be said re other things. e.g. shipping.
I've bn. asked to publish my S. Session speeches: not going to.
If you provoke by this an attack on Coalition Govt. it won't do us any good.
I agree with M/Supply tht. this is not an appropriate time – we've enough on our plate w'out provoking a storm over this.
Argue with Stokes: can't confine it to Tanks. Others interested in other things.
- P.M. Much more to be said – if we have to defend our part in Coalition.
Bad for Country to get into p. mortem mood.
- A. a) Can't stop at publⁿ of one.

- b) Confidence: x/ in para. 7 If you start abusing that confidence you will destroy value for future of confid. advice. Much wider issue than this range of reports.
- J.J.L. Start on this & endless & indecision controversy will be provoked. Involved lives – will stir up feelings of relicts. More damage than gain. even if Stokes & A.B. were vindicated.
- E.W. Over riding considⁿ. Flak Cttee – gave pledge tht. confidence wd. be respected. Can't go back on our pledges.
- C.E. Members of Cttee have told me they wd. oppose publⁿ of evidence – because pledge of secrecy. Publⁿ shd. be confined to their report & W.S.C. reply.
Cd. you resist pressure for publⁿ of ev^{ce}.
- H.M. Think so.
- R.S.C. Good reason to w'hold these while ban on S. Session remained. No security reason.
- J. I wrote Rpt. on Aluminium & wd. like it publ^d. The informⁿ was given in confidence, but the confid. related to war situation only.
Don't know why this is approp^t time.
- A.B. If you say politically embarrassing, I yield. Other reasons I don't accept. In last war everythg. was ventilated afterwards.
- H.M. P.M. wd. no doubt defend a decⁿ not to publish.
Need for good public reason for refusing.
With'held then because security. That doesn't apply now. Serious matter for Govt. to w'hold.
Had contemplated only publⁿ of Rpt and reply. Wd. resist demand for enquiry – even Parly. debate, this might have to consider latter on a Supply Day.
I believe Parlt. has the right to this information.
- A.V.A. Repercussions might. have serious results on U.S. loan. Our situation caused hurried acquisition of Shearmans etc., Inadvisable therefore to publish at present.
Can't prevent Conser. fr. pressg. for other Rpts. if they see Party advantage in it.
- H.D. Favour publⁿ – but not at present. Enough to do. Wait at least until W.S.C. is back & notify him in advance of publⁿ.
- P.M. Certainly W.S.C. is entitled to be consulted.
- A.G. In favour of publⁿ because inalienable rights of Parliament.

Postpone decision – for a month.

[Exit Wilmot
[Enter Barnes & Hynd

6. German Fleet: Report of Naval Commission

A.V.A. Para. 6 (i). Note from E.B. recommending we shd. not now do this. We have since learnt tht. U.S. & Sov. Govt. have already taken unilateral action & are unlikely to make this request to French. No need therefore to make a reservation on this. i.e. Reservations as on p.q. and no more.

Signal to-day re attitude of R. Rep^{ves}. B. responsible for all mistakes, all transfer No co-opⁿ from them.

T.W. Trawlers?

H.D. Support this Rpt. Floating docks worth almost all the rest.

J.B.H. Annex D. para. 3. Wd. like this to provide for perm intentⁿ of some for repairs of other countries' ships & temp^y retentⁿ others for repair p'mme.

Mentioned in para 6 (2) but not made clear in Annex.

Can wording be re-considered betwn. Admy. & Control Office.

H.D. Supply covered already. Barnes & A.V.A. agreed. Let it ride.

Agreed.

[Exit Hynd:
[Enter Tomlinson

7. German Prisoners of War

G.A.I. Corrected figures in para. 2. get them here
Diffy. with F.O. over Norway. Can't do/ it until May.
I agree with F.O. As so late in comg. here, don't think they're worth having.

Agreed: clear them from Norway, even tho' not into U.K.

Addⁿ to para. 5 (2)

Present Cttee large enough – will co-opt other Dpts as requ^d.

P.M. Use of Poles?

G.A.I. H.O. difficulties. No cond^{ns} requiring them to stay on the job.

H.D. £2.3M a month on Poles. Why can't we get them to work.

E.Sh. Conf^{ce} this wk.

- a) willing?
- b) Can we use
- c) Will N.U.M. agree?

We are getting informⁿ on a). Might avoid c).

- J.J.L. Strong adverse publ. opinion v. permanent settlement.
- C.E. Supported that fr. H.O. pt. view.
- P.M. No suggⁿ of permanent establ^{mnt}.
- E.Sh. May have to keep them for long time because if you employ at all it affects recruitment. Cd. only absorb v. small nos., in practice.
- C.E. Trouble with members of other Allied Armies, who want to settle here.
- P.M. Review on basis of man-power shortage.
- A.B. Mad situation. Deficit of 1.3M. Yet. H.O. fear immigration. Why?
- E.Sh. Where cd. we house them? N.U.M. also must be handled v. carefully.
- P.M. Ques. is whr by sensible means we can make use of foreign labour, Poles in particular.
- H.M. Pol. diff^{ies} in absorbg. large foreign popⁿ. Different if we do it temporarily. Don't be blackmailed by the cost. I wd. be ready to give notice tht. no more pay wd. be given after a month.
- Agreed: { Enquiry by Ministers correspondg. to P.O.W. Allocⁿ
 { Cttee: foreign labour, particularly Poles.
- T.W. Ital. p.o.w. are leavg. And I'm seekg. to increase cereals acreage. Hope therefore tht. max. no. of Germans will be alloc^d to agr.
- G.A.I. We have about 70.000 more, than we expected, to allocate.
- J.W. Para. 6. I want specl. priority.
- P.M. No absolute priority – you're already at head of queue.
- S. In para. 5 – no ref^{ce} now to removal of Defence works. We've bid for 30.000. We guard & house them: hard if we don't get our share. Ask therefore that priorities 1-3 be not exhaustive.
- G.A.I. Not excluded.

[Exit Barnes. Enter Listowel

8. Victory Celebrations

- C.E. Services objected to Sunday (compulsory parade on a lay-off).
Settled therefore on Sat. Before Whitsunday.
Only objⁿ = day precedg. opening of Labour Party Conf. at Bournemouth.
Nos. attendg. that are small propⁿ of 45m.
- H.M. My fear was that Ministers c'dn't attend Celebrations: for they have to go
early to Conf^{nc}. viz Sat. pm.
- C.E. Procession will be over before lunch.
- H.D. Leak fr. Offl. Cttee. re 8/6: many Members disturbed.
Real business of Conf^{ce} starts before the opening of the Conf^{ce}.
This date will wreck the arrangements. for the Conf^{ce}.
- C.E. This date was adopted at 1st Ministerial Cttee – various members of Cab.
Objⁿ considered at 2nd Ministerial Cttee – it was Ministers not offls. wh.
decided.
- S. Supported C.E.
- P.L. India wd. prefer July or August. Little time to bring Indian troops here.
- C.E. Aug. wd. be impossible. - holidays. The longer we delay, the less rep^{ve} of
fighting men the Forces will be.
If Cab. v. 8/6, next best wd. be 22/6. If 15/6 no work durg. the week.
- E.Sh. Must you have it all?
- P.M. Don't go back on that decision.
- P.M. Can't afford loss of prodⁿ. This points to holiday. Diff. to reject the best
day merely because interferes with Labour Party Conference.
- R.S.C. Why not another Sunday?
- J.W. Feeling in Scotland.
- A.B. 8/6 wd. wreck the Conference. Hard choice for public view.
- T.W. No fun and games on Sunday night.
- H.M. Have them on a Sunday.
- G.T. Will be a flop on a Sunday. Nothg. else but the holiday to rejoice over.
You can't p'pone merely because of Labour Conf^{ce}
If you p'pone, drop it altogether.
- E.Sh. Only real point = Conf^{ce}.

- a) Many travel on Sat. or Sund. We are travellg. this year on Sat. We cd. do our business on Sat. pm.
- b) Need we be in constituencies? No: either Vict. in Ldn. or Conf^{cc}.

P.M. Or you cd., as in war, put big business on Tuesday vice Monday.

H.D. I'm thinkg. of rank & file, who are important locally & to Conference.

A.V.A. Balance of advantage clearly in favour of Celebrations on holiday wk. end.

P.M. Take the small business on the Monday.

R.S.C. Choice is: another Sunday or this Saturday.

Agreed: Saturday 8/6

P.M. F.O. Egypt, Iraq and Ethiopia shd. be rep^d.

C.E. No ques. about Ethiopia = they are Allies for this purpose.
But go outside Athens & you may get claim from Franco.
We will consider that – pity they didn't raise it earlier.

P.M. Detachments of foreigners w'in B. Forces.
Will Service Dpts. consider. Especially R.A.F.

S. Integration argument.

P.M. That goes against separate detachment.

P.L. Nos. fr. India.

P.M. Adjust with Cttee. 500-1000.

C.E. Proposing somethg. other than traditional W. End route. Armour is going to S.W. suburbs.

K. Include G.P.O. in civil section. At least as good a claim as always.
General support. C.E. will consider.

H.D. Consider inclusion of C. Service.

E.W. Children. In E. End parks as will as R. Parks.

C.E. We have no powers there. Assume l. auth^{ies} will do the like in their parks.
Am sending circular to them

H.M. How select the children for the circus? Pref^{cc} for those of ex-Servicemen.
May be wiser not to try.

E.W. 60.000 daily. Schools cd. select.

Basic free ration for kids? No!

C.E. Welcome suggⁿ fr. dpts. re further groups to be recognised.

[Exit Tomlinson

9. Commemoration Postage Stamps.

L. 4 months to prepare & issue.

Special issues already bn (issued) announced by Foreign Govts.

Para 2 (a) Many new issues eg. in Australia are on peace & reconstⁿ ques.

(b) No precedent at all in U.K. Suggest we do this for one not both.

P.M. F.O. want U.N.O. stamp.

Para. 2(b) – general feeling v. omission of K.'s Head. Use big double size instead.

J.W. Include (para 2) Scott Fine Arts Commⁿ.

E.W. And Arts Council. No!

[Exit Listowel.

10. Clothing Rationing.

R.S.C. These estimates are a bit risky because influenza & coal shortage in Lancs.

But must take a risk on it.

Service have concession. 10-15m. coupons all told.

Industrial 10 will be issued in Nov. vice Jan.

P.M. a) Care over Serv. concession – last para. of brief.

R.S.C. Will p'pone until Sept. because much demobⁿ over by then.

J.J.L. Suggest consultⁿ.

P.M. b) Specl. ration for household linen eg. towels.

R.S.C. Considering that now.

E.W. Wd. do more than anything to damp down housewives agitation.

H.M. Postpone announcement. until we are over food.

R.S.C. Must announce the 14: add the rest to make it more cheerful.

P.M. Careful Press prep^{tn}. Consult Fr. W.V.S (!)

H.M. Feeling about large nos. of coupons to Services on demobⁿ.
Leave concession ought to be offset. v. demobⁿ grants of coupons.

- A.V.A. Never thought there was a case for Service concession.
- E.Sh. Protested against it.
- R.S.C. Agitation in H/C. The 10-15m. coupons we wd. use wdn't permit 1 coupon increase to genl. consumer.
- H.M. How many soldiers need it?
- P.M. Wd. rather give 1 more coupon to woman.
- S. We shd. value this concession in R.A.F.
- J.J.L. I was surprised tht. the concession was offered. Troops have had a v. good deal, it's the civilians turn.

Agreed: no leave concession.

11. Eire and U.N.O.

- a. As in memo.
- C.E. Must first consult N. Ireland. Fear Eire, as member, might claim whole of Ireland.
- E.Sh. Take care. Is there a strong demand?
- P.M. Surely it can be delayed.

No decision: opportunity for H.O. to consider.

1. Free Rice from Siam

- E.B. Appeals to U.S. etc. Dipl. diffy. if can be said we are holdg. up on free rice.
We shd. yield our claim – on basis supplies to India will be paid for &
not v. our sterl. balance posⁿ.
- H.D. Agree on condⁿ tht. we don't pay Fr. Exchequer.
- G.H. But Ceylon & Malaya need it - & can't pay.
- E.B. This must be handled in usual way.
- P.M. Point doesn't arise in Colonies.
- H.D. Let me discuss this with C.O. No notice of this.
- P.M. Discussed often – plenty of notice.
- R.S.C. Ceylon has sterling balances.
- P.M. When they can pay they must – Fr. sterling balances or other sources. i.e.
wherever there is sterling balance the cost comes out of that.

Agreed.

2. Special Commissioner for S.E. Asia: Staff.

- E.B. Want to know to-day whr Sanderson can go from M/F – also transport
expert. Want R.S.C. to agree to release Empson.
Must get a good staff - essential to pull this together in S.E.A. Food
problem first: then political basis.
- R.S.C. Empson – commercial treaty negot^{ns}.
- E.B. Will you discuss with Killearn?
- R.S.C. Yes.
- P.M. Come to me if any diffy. over staff.

3. Poland: Polish Troops

- E.B. V's. Ir. (fr. Yugoslavia) was put in w'out consultⁿ with Poles.
Am asking Tito why he didn't take it up with us thro' dept. channels.
Rubbing it in.

P.M. When is Anders coming?

E.B. Not until U.N.O. over. Wd. like him to come on Friday – to discuss on original basis i.e. ignore Polish. Note for this purpose.

4. Levant Status.

E.B. Diffy. was with de G. When he went, I sugg^d transferring disc^{ns} to Ldn. or Paris. Nearly settled it at F.O. but Syrians ran out.

In S. Council disc^{ns} much use of “exclusively” – to restrict negot^{ns} to w’drawal of troops. Trade, schools, food etc., have also to be discussed & I had to dissent.

Thought V. wd. veto if defeated. There were 7 in favour & he had to veto. Had asked Bidault to be generous. Thgt. it a good precedent to get countries to act in spite of veto. Got it that way. Had effect of isolatg. Russians.

This, however, emerges.

a) Greece: R. was accuser & cd. nevertheless use his veto to frustrate views of majority. This is a nonsense.

b) Gathered here (Cab.) after S. Fran. tht. veto wd. be used only at extreme point. eg. on sanctions. Now seems it can be used all the time.

c) State can put on Agenda ques. not affectg. it, tho’ State concerned does not bring it fwd. Then veto decision on it!

Procdgs. at this Session shd. be reviewed - to see where we stand on this. Surplus troops will be comg. out of Levant at once?

C.I.G.S. Yes

E.B. Can reduce cost there at once. Fr. want transport to help them to move out.

[Enter Wilmot

5. Defence Policy in 1946

P.M. Have exam^d estimates. Imposed heavy cuts. This is far as we can reduce this year. Debate on Def. generally: then Votes on A/C of Sev. Dpts.: detailed Est. after Easter.

Mtg. of Dom. P.M.’s. Alterⁿ of text requ^d because date not fixed. Can’t stand this mil. expⁿ for long.

R.S.C. How does this figure relate to that anticipated for Loan disc^{ns}.

H.D. Higher.

Much concerned qua Budget burdens. Prosp. deficit next year.

But ever more concerned qua drain on f. exchange.

Net payout £1.091.M. Total £1.667M. But £576M = terminal.

Grateful for redⁿ: but still heavy. If things go wrong, may have to face
Suppl^{ies}. This is over double the £500M of Coalⁿ Govt. estimates for p.
war.

E.B. After 3 years.

H.D. Yes: but tht. – target to wh. we are workg.

P.M. We've made big assumpt^{ns} viz. out of Greece, Italy & Indonesia. All pretty
optimistic. Unlikely we'll do the work.

A.B. Any comparison with U.S., Russia & Fr. – on basis of popⁿ figures. viz.
what wd. their expend^{re} be if they had Forces on same scale as ours in
rel^{tn} to popⁿ.

A.V.A. 2.6 in R. forces in Foreign countries – on basis of rept. on their Elections.
Don't know much re rest of Forces.
Nervous of para. 4(a)(iii) – Fr. my informⁿ.

E.Sh. R. occupⁿ troops can live on the country.
Can we say how far our troops live on sterling rather than dollar sources?

H.D. Not v. easily.

E.Sh. Wd. help to give the picture. Need = reduce the dollar exp^{re} of Forces.

H.D. Our mil. exp^{re} in G. is partly to fund Germans.

E.Sh. Believe we're spendg. too much on that. And on people who are going to
bite us.

P.M. If A.B. means we are doing more than our share, its true. Can. doing no
more. Aust., & N.Z. doing v. little.

E.Sh. What is it costg. us to maintain order in G? Shd. we not getting somethg.
out of it?

P.M. Must discuss this separately and later. We have accepted obligⁿ of
occupying Germany.

P.L. I agreed on understandg. tht. if need arises troops will be available in India.
Understand some reserves will be available shortly.

E.W. Is B.A.O.R. paying sufft. attⁿ to U.K. needs – caring too much for Germans.

J.J.L. B.A.O.R. is running down v. quickly because no. of veterans in it. The
Nazis are m'while pulling themselves together.

E.W. Reduce mil. strengths & build up Soc. Dem. Forces.

- P.M. They were crushed - & can't be revived as soon as that.
- A.B. Danger of re-action in U.K.
- E.B. Much more if you allowed Nazidom to revive.
- H.M. Worried over time factor. How long? No indication of any move twds. a solution.
- E.B. Earlier assumptⁿ 10 yrs. occupⁿ. Think that too long. But exper^{ce} after last war shows risk of makg. it too short. Must look at this seriously – not a side issue.
- A.B. Must review. R. forced us into imposs. policy of Govt. thro' Zones. Now Comm. are workg. to show ridiculous results of that policy.
- P.M. Still under Armistice cond^{ns}. Can't pull out this year. Haven't yet settled any Treaty, still less German Treaty.
- J. Must do this – but can't go on for long. £500M shd. be maximum.
- E.B. Remember £500M was then prices. Then figures before you are much lower than anyone thgt they'd be in p^v year. Assumed it wd. be 3yrs. before we got down to £500M.
- P.L. Remember it comes down throught. year. – and at end/46 the expend^{tc} will be running at a much lower rate. That wd. make it look better.
- H.D. True: but we can't show it yet because don't know when or if Indian troubles will arise.
- E.B. For policy reasons don't want to show the run down. Wd. wreck our dipl. influence. Peace Conf^{cc} in May: Indonesia: Greece: Famine. U.S. now alarmed at rate of their demobilⁿ.
- P.M. Draft W.P. sets our posⁿ on V.E. Day, & follows it down. Then first sentence in para. 8. Argument throughout, stresses continuous redⁿ.
- H.M. Are our Commis. in field aware of our problems – re balance/payments. Cd. they be discreetly told – to discourage extravagance.
- A.V.A. Brght. this to notice of Naval Staffs. That's why I've had their co-opⁿ in gettg. down to figures wh. prev. were thgt. impossible.
- C.I.G.S. Conf^{cc} early March with Commis. That is one of items.
- P.M. I will send an informal message to Commis. in all Services.
- E.W. Mil. Service. When shall we discuss?
- P.M. We will, sometime. What is wrong with this interim statement.

- E.W. Educⁿ auth^{ies} don't know how to plan.
- P.M. Two alternatives in para. 13. Can't get long. term decisions yet.
- E.B. M.P. Cttee will submit a plan. Can't do it now.
Recommend alternative wording in [].
- P.L. Para. 9 (d) – don't last words go rather far. Cd. used v. us if instability
recurred at any future time.
- R.S.C. "Until cond^{ns} become more settled."
- P.M. Until cond^{ns} there allow of their w'drawal.:
- Agreed.
- S. Small amend^{mt} to show air trooping ceases $\frac{1}{4}$. Will inform Cab. Off.
- A. Para. 7 as in my copy.
- P.M. Add note: remember changes in value of money & ratio of pay in makg. pre.
war comparisons.
Para. 12.
Para. 13 } as in my copy
Para. 14 }
- G.A.I. Figures.
- E.B. We have these.
- P.M. First sentence. Why commit ourselves?
- Agreed: Omit. Say something else instead.
- P.M. Say instead – "From time to time" vice "annually".
- H.M. Para. 17. V. definite. "Would" vice "will" ?
- [Exit C.O.S. & Wilmot
- A.B. Will you tell H/C you intend investigate organ^{sn} of Forces?
- P.M. Will flow fr. P.W.D. Cttee, wh. is mentioned & I will refer to it.
6. India: Constitutional Problem
- P.M. Handed in draft.
Will add – durg. absence {Admy. P.M.

of Ministers { B/T. H.M.
charge of Dpts { India & Burma. Parly. Secy. with ref. to me
{ as necessary.

App^d: announce in these terms Tuesday.

7. Peace Celebrations: Leakage & Announcement

P.M. Take care of leakages. Trouble over Peace Celebrations. Rpt. – all details out. Don't let's have similar trouble over Defence: on India. Peace Celebrations. P.M. announce date: promise to circulate detail. If H/C presses for detail, Home Secy. can read it out.

8. Government Information Services.

H.M. Title – prefer Central Office or Information – COY for short. Outlined recomm^{ns} in memo. Two Ministerial Cttees: same Chairman for both. They needn't meet more than monthly. Below them 2 offl. Cttees. Pro-term overseas Cttee under Chairmanship of Hector McNeil. Need for P.R.O.'s to attend & express views at Dpl. conferences. Ques. at issue still.
a) Ministerial responsibility. Believe H/C. will worry out who is Chairman of Cttee. Better therefore to announce it at outset.

Agreed.

R.S.C. Cd. the Ministerial Cttees be at Parly. Secy. level? I cdn't come.

H.D. Supported. Agreed: normally delegate this to Parly. Secretaries.

A.B. Want to be one.

A.V.A. One Service Dpt.

E.W. I want my Parly. Secy.

P.M. Nucleus + those running publicity at the time. Composⁿ can be settled by P.M. in consultⁿ with Chairman.

A. a) P.R.O.'s How are they to be recruited? Shdn't be fr. Dpt. staffs.

H.M. Agree: then shd. be an interchange also with C.O.I.

A. b) Chairmanship of (overseas) Offl. Cttee shdn't be made public. Doms. wdn't like nomⁿ of McNeil – tho' I think he is excellent.

T.W. Can we see all the pp.

G.A.I. Wd. like to be on Offl. overseas Cttee.

E.B. I.L.O. etc., is in favour.

E.Sh. We do some advertising but get no priority because don't do enough business. Thro' M.O.L. we are in hands of experts.

P.M. Take it up thro' the Cttees.

A.V.A. Will write to P.M. re contracting out.

Agreed: so far i.e. title and total resume on Thursday.

E.B. I promised consultⁿ with B. Council.

H.M. Talk btwⁿ decision (Thursd) & publⁿ. Not before.

1. Parliament

H.M. Explained proposals.

P.M. Serious telegram from High Comm. Pal. – 19/2.

G.H. Disc. priv. in D. Cttee. Then agreed no action v. J. Agency or Hagana.
Clear now the posⁿ deter^g rapidly. Shertok: speech this week wh. is
seditious : but as A.A. commⁿ due in Pal. five days H.C. decided
unwise to take action v. him.
Indicⁿ tht. much prepⁿ made by Hagana for action. H.C. believes no action
will be taken until AA. Commⁿ leaves. But clear that 3 mil. organ^{ns} are
coming together for active intervention.
Telegram read.

P.M. In speech to-day G.H. shd. give warng. tht. we can't yield to terrorism.

G.H. Ol. Stanley tells me this a.m. they will raise genl. issues re Commⁿ on its
work.

E.B. Told me he wdn't. I was v. this debate. Will cause debate in Congress.

H.M. House was promised Debate, when E.B. made original statement.

E.B. I will speak to A.E. & Stanley – pressing them not to discuss work of
Commⁿ.
Remember this is Anglo. U.S. Commⁿ.

A.B. On telegram: shdn't H. Comms. be warned not to pay too much attentⁿ to
words of demagogues. (E.B. Shertok is not demagogue)

P.M. This is not merely hot air: terrorist action is procedg. m'while – and these
words stir them up.

2. Jamaica. Industrial Situation.

Service indust. trouble Jamaica. Walk-out fr. m. hospital. Fire brigade on
strike. 20 lives lost. But post is now in hand.
Fight betwn. Bustamente's Union & T.U.C.

1. Parliament

Next wk. motion on Pensions – wide support fr. Govt. supporters.
Cab. decided we were to refuse Sel. Cttee.

Will be diff. – if carried to Divn. we shall be defeated.

[Exit W.W.]

[Enter P.M.G. & G.I. Hall]

3. Government Information Services

P.M. (a) Ministerial Responsibility for B.B.C.

Choices: a) non-Departmental b) P.M.G. c) Ty.

Arguments as in Rpt. Obj^{ns} to a) no staff.

Suggest: G.P.O. to take Vote & handle day-to-day ques.:^x non. Dpl.

Minister in background to handle major policy. ^xChairman of Ministerial Cttees.

P.M. Ullswater Cttee thght. P.M.G. must remain respons. for techn. ques. & accountg. but a non. Dpl. Minister shd. handle major policy.

R.S.C. Constitutionally P.M. wd. be responsible & wd. devolve this on the non. Dep. Minister.

A.B. Let this be known & you will have a spate of Ques. at once. You also imply tht. B.B.C. is under Govt. control.

R.S.C. Broad ques. cd. be addressed to P.M. – constitutionally proper.

E.Sh. Once Chairman is known, you'll be asked what his functions are & Ques will then be addressed to him.

R.S.C. Needn't say functions include B.B.C.

H.M. The Chairman wd. come in only in Debate not Ques.

E.B. Prefer to have it with P.M.G. I want to see a Press Service inwards developed – Reuters ineffective. If B.B.C. linked too closely with Govt. this cd. not be done by B.B.C. Wd. prefer therefore tht. B.B.C. shd. remain under purely technical Dpt. like G.P.O.

H.M. A.E. priv. wanted it publicly announced tht. B.B.C. was working under F.O. dirⁿ qua overseas work. That, in my view wd. be dangerous – glad E.B. thinks so.

Must be some relation between B.B.C. and our Cttees & their Chairman & C.O.I.

G.P.O. can't do that. Cd. Be arranged.

L. One additional point. If G.P.O. had to defend B.B.C. accounts, it wd. involve addl. work & staff for G.P.O. Cd. be met by transfer of personnel from M. of I.

Believe respons. cd. be shared btwn. P.M.G. & Chairman. Dangers – mustn't confuse Parlt. & public as to who is responsible and for what. If that is made clear & there is real workg. partnership btwn. Ministers it wd. work.

Agreed: P.M.G. to take the Vote: genl. policy ques. to be answered

by P.M. or Minister deputed to act for him.

(b) Future of British Council

- H.M. Either abolish it or confine it to cultural matters. At present there is indefensible overlapping. Must order material thro' C.O.I. Responsibility – Ministerial – also for considⁿ.
- E.B. My first re-action: shd. be under inter-Dep. Cttee: F.O. control – C. Service appt^{mts}.
Trouble: built up under incompetence of Malcolm Robertson, after Lloyd left.
Was Opposed to F. Stewart's recommⁿ in favour of continuance.
But H.M. has bn. into it & proposes to compromise.
Agree you can't abolish this.
A lot of this work shd. be done by Consular Service when I've built it up.
Work towards abolition: but accept Plan A for the moment. But the Chairman of B. Council shd. be directed to report regularly to me – as if sub. Dpt.
- A.V.A. Agree with E.B.'s remarks. But wd. be a pity if nothg. was maint^d to keep cultural & educational activities going – at a time when we need to present B. views to the world.
- J.J.L. In agreement. Too many frills – but good work.
- G.H. ^x/Separate expenditure in Colonies. /^x Recently was excessive. grant-in-aid. But actually wasn't reached. Look estimatg. Insufft. F.O. supervision. Ev^{ce} of their work abroad, at first-hand. Usually in co-opⁿ with Embassies etc. Want ^x/ continued.
- A.B. Opposed to this. Temporary arrangement. You won't get 1st class man for that.
Either have it, with a good man: or abolish it.
If under F.O. no good man will take it on.
Grant-aided organⁿ well manned to put B. case across – can be useful.
Normal method shd. be interchange of professional etc. men: where this isn't possible B. Council can help.
- P.M. That is really what is sugg^d- under Plan A. Will be cont^d for 5 yrs or so even tho' we don't rule out eventual abolition.
- H.M. Agree considerable flexibility & independence. But some control must be exercised by C.O.I. or F.O.
- J. F.O. control tho' not creature of F.O.
- A. We favour Plan A. Functions must be limited & defined. Control of a/c: & adminⁿ: but independence in their work.

- A.B. Wd. rather have control by P.M. than by F.O.
- E.B. Am reforming F.O. Can't have competitors outside my control because of past reputⁿ of F.O.
- R.S.C. Agree to Plan A. But shd. be definite term – to enable recruitment.
- P.M. Yes: 5 years.
- G. H. Do you approve last para. of Plan A?
- P.M. Yes: so long as you don't go into great detail.
- H.M. These concl^{ns} must be subject to review.

(c) Admiralty Points

- P.M. As in brief. Which horse will you ride?
- H.M. We agreed on Monday – shd. be contractg. out – on merits after considⁿ by Cttee. It is for Service Dpts. to make their case – not ask for snap decisions.
- S. I thought I was covered by para. 6.
Leave it at para. 6.
- A.V.A. What about para. 2!
- P.M. This is a matter for me.

(d) Publicity for B. Commonwealth.

- E.B. Russians & others steeped in 19th Cent. literature – but know nothg. of modern facts of B. Empire.
Cd. this new organisⁿ be getting busy & get best men to work on new books on B. Commonwealth. Analogue to Trevelyan Social History.
- R.S.C. Chatham House initiative?
- H.M. Take it up early on Overseas Services Cttee.
- R.S.C. Development contract – grant to University.

4. Political Broadcasting.

Agreed.

[Exit P.M.G.
[Enter Shawcross
[Tomlinson

5. Service Divorce Cases

- J. Congestion. P.Q.'s in H/C. At present rate will take 5/7 years to finish arrears. Intolerable.
Not lack of Judges: it's delay in preparg. cases for trial.
Target: we shd. try to clear off arrears in 2 years.
Recomm^{ns} Para. 3(1)(a). This anticipates Rushcliffe recomm^{ns} & is in line with them.
Para. 3(1) (b) - (d) – want Cab. support for necessary priorities etc.
- E.Sh. Endorsed.
- J.J.L. Welcomed report.
- G.A.I. V. diff. 4 wks. recently only 23 shorthand writers found for Govt. Dpts. Similar figures for typists.
Training schemes (M/L) are available – 6 months. But real trouble is salaries. They can get £6 a week outside.
- G.H. Ty. are considering. But Law Socy. can't get them even at £5 a wk.
- E.E.B. Proposal for v. large increase. Banks & big business say. however, we shd. be puttg. market up. It is small firms wh. are paying too much. You must increase supply as well.
- G.A.I. Agree we must look ahead. Some increase in pay + attract^{ns} of C. Service.
- H.M. Shortage is not permanent surely.
How many are in Services.
Ty. can't compete with v. high rates.
- E.B. Have the hours bn. reduced?
- Gl. H. Yes: 43¹/₂ or 44.
- G.T. Accommodation. Diff. in larger prov. towns. May have to requisition for this. I will report, if so.
In Ldn. competⁿ is with F.O., M/C. Av., M/L. & another! Shall it rank in same level?

[Exit. E.Sh. & Toml
[Enter Barnes

6. Future Use of "Queen Elizabeth".

- Barnes. Rptd because of publicity attracted by Queens. Conclⁿ as in memo.
Alternative uses – wd. be uneconomic. And re conversion of 2 Queens wd. be overlapping. And we shd. lose traffic.

- P.M. a. Won't you be criticised now. She cd. go round the Cape.
b. "Economic" – is a luxury liner worth having?
- B. India via Cape – she cd. use only Trincomalee. That isn't embarkⁿ port.
Feeder shipping wd. have to be used.
- P.M. Singapore? B. Feeder ships wd. be needed there too.
- B. Speed reduced – bunkering problems – carrying capacity 50% of what it is
on Atlantic. We shd. be makg. a gesture, that is all.
Diffr. matter if rpatⁿ problem cdn't be handled by shipping we have.
In reply to b. there's no doubt they will earn dollars. It won't all go by air.
- R.S.C. And it isn't all luxury suites.
- E.B. When we re-convert, we shd. see that more room is allocated to people of
lower incomes. That wd. influence my mind.
- E.Sh. Not merely luxury liners. But that is their main source of income.
And unless they are re-converted.....
Did they pay pre-war? Thght Cos. regarded them as white elephants.
V. large commitmt. in ship. bldg. labour.
If choice betwn. re-convertg them & bldg. cargo liners might have to decide
in favour of second.
- G.A.I. Wd. be diffy. with industry if we had to divert labour to this fr. construction
& repair.
- R.S.C. Sufferg. fr. shortage of passenger space. Hitting exports already. Can't get
our rep^{ves} away. We want more smaller ships running to other parts of
the world – Queen on N. Atlantic wd. indirectly relieve posⁿ.
- P.L. Agreed: Lack of passages to India.
- A. a. Don't fall down on "brides" p'mme.
b. Drowned with appl^{ns} for passages. Masses of people want to travel by
sea. Enormous demand from Canada.
- Barnes. a. Oct/Nov 1374 Civil Fr. India. 396 were below cat. 6 in G/India priorities.
G/India shd. clear top categories first.
b. Brides. Queen Mary can help in May. P'mme agreed with Canada.
- H.M. Can in presentⁿ of this case.
On merits – think B. is right provided trooping p'mme not interfered with.
Then ques. of future of our M. marine. By '47 big sea traffic in N. Atlantic
7 we must be ready for it.
- E.Sh. Competⁿ with new constⁿ v. serious. May be longer than 6 months.

Barnes If we don't get on with re-conversion now, we'll get a jam in autumn. What point in laying by these v. expensive vessels.

P.M. Is this economical use of ship. bldg. labour?

G.A. I. Wd. like to know what men they wd. need.

Barnes. Not askg. at present for addl. labour.

G.A.I. But I'm w'drawg. labour fr. the yards.

A.V.A. Not yet discussed with M/W.T. Anxious re materials as well as labour.
Cuts made in dockyard man power – inclined to risk row of doing civil work in dockyards.

A.B. C/Eng. labour is rising v. steeply.
Want more informⁿ about facts.

E.B. Why no inter. Dpl. talk beforehand?
But my bias in favour of using these ships – if she's re-converted right for lower income groups.

P.M. Put back for more informⁿ re {labour involved.
{cos. intentⁿ re future use.

J.J.L. Troops will assume tht. if she's taken off trooping will be delayed.
Future redⁿ of Python.

Referred to L.P. Cttee.

[Exit Barnes.

7. Scheme for Bringing Children to U.K. from Germany

Memo approved.

8. I.L.O. Constitution.

G.A.I. Nec. to enable I.L.O. to fit in to U.N.O.

Memo approved.

9. R. Indian Navy: Disorders in Bombay

A.V.A. Signal. Pl. send assist^{cc} to Bombay. Vessels of R.I. Fleet menacing shore
Add? also to Comms. E. Ind. Fleet. He will act.
Glasgow was expected 23/2. also 2 other smaller vessels.
Hitherto v. fine force. But after R.A.F. troubles in India, it spread first to
Indian A.F. then to R.I.N.

- P.L. No informⁿ yet fr. Viceroy – tho' I asked for it night before last.
- P.M. Can't understand that. Remind him – at once.
- H.M. Trials shd. have bn. outside India.
- A.V.A. But this is just what was foreshadowed by Viceroy in January.
- E.B. Pay? Took me 12 mos. to get G/India to accept rise wh. M/W.T. was
anxious to give – because repercussions on R.I. Navy. They were £19
a month below Chinese!
- E.Sh. Is this politics – or claim for more pay or food?
- A.V.A. Political apparently.
- R.S.C. Everything in India must be political now.
- A.V.A. P.M. to see C.N.S. before H/C. to-day in case this shd. be raised.

1. Egypt.

N.B. Note of protest put in v. action of students. King said – too strong. We declined to w'draw.

2. Spain.

P.M. Shooting of Garcia etc.

E.W. V. good man – deliberate affront to Engl. and French.

E.Sh. Possibility of collusion betwn. Franco & Salazar. Tho' we are on good terms with latter.

O.S. No evidence of it.

N.B. But I believe it.

E.W. Cdn't we apply some sanctions v. Franco.

P.M. Always told they were on point of throwing him out. But I will consider with F.O.

A.B. Resurrection of R.C. influence – Pope.

N.B. Sp. Republicans want no action wh. wd. precipitate civil war: or econ. action wh. wd. hurt common people: or early Left Govt. who wd. have to face serious food crisis before November. Gradualness.

E.W. That is appeasement.

A.B. Accept N.B.'s statement: but go on – great spiritual re-inforcemt. to Rep. forces in Spain if overt signs of U.K. sympathy. We shd. consider (soon) what we can do to assume leadership of Socialist movements in Europe, esp. in Spain.

3. India.

P.M. Statement H/C. Friday. Things quieter. P.L. has given me draft for statement to-day.

H.M. Everyone knows things are better. Doubt if you need, unless you get Ques.

P.L. I shall be asked to make one on Tuesd.

- P.M. Leave it until then, anyhow. Agreed.
4. Aldershot. Mutiny in Detention Barracks.
- J.J.L. Seen A.G. this a.m. Awaitg. fuller rept. ½ doz. brght. down fr.
Northallerton (trouth)
Overpowered N.C.O. & warders & broke loose.
Answerg. P. Notice Ques. today.
Mil. or public enquiry – will decide on basis of full rept.
- P.M. Is this isolated or symptomatic of unrest at cond^{ns} generally in
detentⁿ barracks.
- J.J.L. No. of old lags there. Reduced some sentences on deserters. Those
sentenced for more serious crimes want the same.
- A.B. Sugg^d there are men here doing heavy terms for fraternisation.
- J.J.L. Not aware of that. Must get full facts. H/C. satisfied with review of
sentences for desertion. But disposed twds. publ. enquiry – to
get across the facts on this.
- H.M. Doubtful. W.O. might invite help of H.O. experts.
- P.M. Consult me & prs. Cabinet before you decide wtr. or not to have public
enquiry.
[Enter C.Jones & M^cNeil.
5. Future of Trans. Jordan.
- C.J. Disc^{ns} with Emir will start to-morrow. Treaty prep^d after consultⁿ with
F.O., C.O.S., B/T. & Ty.
Project approved in principle by U.N.O.
Obj^{ns} – some fr. Zionist organisations.
Treaty of Alliance 25 yrs. No time limit for mil. convention.
Promise of U.K. mil. aid in return for compreh. mil. facilities.
Commercial treaty to be discussed later on.
Outstandg. claim by Saudi Arabia. But area covered in mandate.
Propose to leave that to trans^{ns} betwn. T. Jordan & Ibn Saud.
- M^cN. Our points have bn. met.
- H.D. Total charges. £2.200.000 = present cost. of wh. £200.000 =
balancg. their budget. That will be no longer a charge on us.
Favour this plan because it will reduce our commitments in future.
C.O. will consult with Ty. to secure further economies.
T. Jordan to be used as traing. grd. for B. troops. May we assume
corresp. economies in Egypt.
- J.J.L. Cl. 8 places addl. burden on B. Army unless we get relief in Egypt.

- H.M. We surrender a mandate – but we take on a good deal in the way of additional burdens.
- A.B. How does x/ in para. 3. agree with U.N.O. oblig^{ns}?
- C.J. Art. 11.
Articles 3 & 4 follow Iraq Treaty, on terminⁿ of mandate.
- N.B. All these mil. arrangemts. in M/E. are re. insurance v. possible failure of U.N.O. Similar arrangemts. with Iraq were useful in the war.
- E.Sh. Have we ever asked what is our interest in M/E. and what will it cost? Why don't we look at it as a whole?
Real ques: do we really believe U.N.O. will produce protⁿ for our special interest.
- R.S.C. Insert “and with the U.N.O.” in Art. 3.?
- H.M. Then you will bring in the Sec. Council every time.
- N.B. You cdn't have mil. op^{ns} going on w'out intervention by U.N.O.
- E.Sh. Doesn't that ask Russia into M/East. What do we want?
- H.M. Then why accept a unilateral burden under Art. 4.?
- S. a) Have we the right to station troops in T.J. – under Arts. 1-2.
- C.J. C.O.S. points have bn. embodied in this draft.
{ Re-consider Arts. 3. & 4. in light of discussion: and bring
{ up again on Thursday – m'while keeping Emir in play.
[Exit C.Jones. D. Sargent.
Enter Barnes.
6. Shipping. United Maritime Board.
- B. Got 6 mos' extension of present arrangemts. – incldg. our 3 m. tons on charter fr. U.S.A.
Want authy., when publishg. our ratification, to do so v. background of our policy as presented by B. Delegⁿ.
- P.M. Cont^{ns} to UNRRA.
- B. There is escape clause. But we want to do our best, qua prestige.
- P.M. Can't we get more U.S. tonnage on better terms?
- H.D. My advisers think M/W.T. have done pretty well. Better to charter

than buy & we have checked U.S. proposals for flag-discrimⁿ
& subsidies.

Ask, however, for revised M/W.T. estimate on b/payments posⁿ – to
go to workg. party. i.e. revised in light of this agreement.

R.S.C. Limⁿ of liner sailings. Can't we expand?

B. No: for 6 months. But we cdn't anyway. And review in June.

H.M. Agree tht. thereafter we shd. resume freedom of action.

E.Sh. Length of charter?

B. Review in June

H.M. Will B. consult his colleagues y re-constitⁿ of U.N.O.

N.B. Para. 2(3). Relⁿ betwn. this and U.N.O. system.

Agreed.

[Exit N.B.]

7. Ship-building Industry.

A.V.A. As in memo.

E.B. has told me he thinks seamen shd. be rep^d on Adv. Cttee. To
join in any discⁿ there re accommⁿ and also defence of m/ships
in war.

The owners feel strongly they shd. not be rep^d because not concerned.
These matters shd. be handled thro' Ministers rep^{res}.

P.M. a) Official vice unofficial Chairman? Prs. fr. outside both Dpts.
Suspicion.

A.V.A. We want a man of prodⁿ experience – not fr. shipbldg. industry. And
wd. consult P.M.

B. Don't want Civil Servant.

A.V.A. Have consulted R.S.C. – who sugg^d someone who had bn. tempy.
Civil Servant in war.

P.M. Indicated grudging agreement.

P.M. b) T of r. imply advice fr. industry to Govt. Won't Govt. advise
the industry?

A.V.A. Will do so thro' Govt. rep^{res}.

H.M. Omit ref^{ce} to "H.M.G."

- R.S.C. Must advise someone who will initiate action. Wd. have thought it was the 2 Ministers to act.
- R.S.C. c) Para. 4 of t. of r. "Industrial rel^{ns}" - fear it may cut across wages disputes.
- G.A.I. Have exam^d this: & satisfied as now drafted. No implicⁿ tht. they will settle.
- E.Sh. d) Repⁿ of sailors' & offr. unions. Feel v. strongly in favour. No harm & some good. A. & A.B. agreed. Those who have to live in the ships have an interest in design.
- B. Familiar problem – keep Cttee on efficient basis. Object of this = develop efficiency of shipyards. Seaman's pt/view can be represented thro' Govt. rep^{res}. Discussed fully with A.V.A. – I will appoint shipping rep^{res}. I shan't appoint owners in narrow sense. Will see that I include someone who can spk. for the men. Otherwise we shall get comm^d to rep^{res} of organⁿ of users of ships.
- H.M. L.P. Cttee – general view was that seamen shd. be represented. I can see tht. B. wants to be general. Say rep^{res} of shipping, both employers & employed.
- A.V.A. Shipbldg. – both sides – wd. prefer not to have shipping in on Cttee concerned mainly with efficiency of the yards.
- E.Sh. The users must surely be on. You can select. Then how can you exclude someone who can speak for the men. Don't mean you must have rep^{res} of organisations.
- A.B. Can't have owners w'out men.
- B. Wd. prefer to exclude ship-owners. And build up separate machinery for getting views of shipping (both sides).
- P.M. If you bring in owners you must bring in seamen.
Consider now wtr. it is better to leave out all shipping.
- B. If you have this composⁿ as in memo. I will nominate persons from Shipping who include someone who speaks for seamen.
- P.M. Rep^{res} of Shipping includg. rep^{res} of the merchant service. On p.5 of memo.
- B. That isn't far off what I intended.
- A.V.A. Must discuss again with shipbldg interests.
- E.Sh. e) Labour force to drop to 90.000. Bear in mind posⁿ of

developmt. areas.
Don't p'mme too much in e.g. So'ton where redundant
labour cd. be absorbed elsewhere.

- A.V.A. Must consider dockyard towns also.
- P.M. Cttee to work out stabilisation policy – in place & time.
- H.M. Read L.P. records on this point. Relation to emplt. policy.
Repeat in Cab. records.
Steering Cttee can guide this. H.D. Agreed.

8. Future Use of Queen Elizabeth.

- H.M. Reported discussions on L.P. Cttee.
- P.M. But already announced – e.g. in Sunday Times. Prob. by owners.
- B. Will enquire into this.
- J.J.L. Unfortunate – reactions on Services. S. Agreed.
- P.M. How will she be re-converted – luxury etc.?
- H.D. Dollar-earning capacity. The richer the Americans are who come here,
the better.
- B. This is matter for co. who will run the ship.
- P.M. No: we are concerned.
- A.B. Outrage r. feelings of S'ton, so short of houses.
- A.V.A. The real ques. is: which class of passenger was most profitable, on
basis of owners' past experience? Are you going to use space for
shops etc.
- A. More dollars from the multitude than the millionaires.
- A.B. If you interfere with design will you under-write it?
If you allow owners to please themselves, there will be Parly. trouble.
- H.M. It's a ques. which pays best. We must be competitive in Atlantic.
Can we settle every commercial ques. on basis of national scarcities.
- B. Must decide at once wtr. to take her off trooping.

1. Parliament.

Business for next week.

2. Benefits in Kind for School-Children.

E.W.

Problem: knew we shan't be able to provide meals 100% by time family allowances began to be payable. Recognised that this wd. provoke demand for cash payments in lieu. This wd. be fatal. Compromise therefore – continue payment by parents for meals until wider prov^{ns} made.

Snag: l.a.'s have assumed 100% grant on this service from time fam. all^{ces} began. They know we must pay 100% grant when the meals are free.

Problem therefore is interim period.

L.a.'s convinced tht. 100% grant ought to be paid & will be paid eventually.

They are therefore hanging back with expansion until 100% grant is available.

I have no power to compel them save for poor children's meals & meals for wh. parents pay. – i.e. gap is parents who can pay and don't.

It is to Ty. advantage to get this provided quickly to avoid pressure for cash.

I was asked to consider wht. we are doing to secure economy.

- a) Accommodⁿ - to plans app^d by M/Food.
- b) Food – prices fixed: quantities acc. to app^d menus.
- c) Wages – acc. to scales app^d in joint negotⁿ. Excess wd. be disallowed by auditors.
- d) Fuel – consultⁿ with M/F & P.

Ty. referred us to A.R.P. catering. Not, however, good analogy.

Our Insprs. carefully check the accounts.

J.W.

Ditto. for Scotland. Save tht. we were behind E & W. when Coalⁿ Govt. decision taken. This was new service for most l.a.'s in Scotland & they grumble at not getting 100% grant.

H.D.

Just as eager to get this service going. But uneasy at unwillingness of l.a.'s to go ahead w'out 100% grant. They will go ca'canny on other things too & we can't carry all local Govt. on 100% basis & let them continue to masquerade as indep. elected auth^{ies}.

Whole of financial rel^{ns} with l.a.'s will soon be reviewed - & I'm disposed to think Block Grant will have to be confined to poorer auth^{ies}. Don't m'while get too much 100%.

I don't accept posⁿ that we shall eventually have to pay 100%.

Can't decide ques. on basis tht. unless l.a.'s get 100% grant they won't do the job they were elected to do.

It is admitted tht. advantage of this to poorer l.a.'s is v. small. They already get 95%. The major part of this will go to richer auth^{ies}. Remember they get 100% already on capital expend^{te}.

Incompetence & inefficiency in staffing etc. Had thought a more intensive & far-reachg. investigⁿ was to be undertaken. That shd. come first.

M'while they shd. receive existg. grant. And we shd. reserve future grant for later decision.

P.M. Prev. argument in Cab. was 5/= or 8/=. Our argument was – better in kind. Didn't think we were intendg. to put any of it on l.a.'s. I wd. have assumed therefore whole cost was to be borne by Exchequer.

C.E. I had a talk with you (as L.P.) when I was at B/E. because thought some people wanted to put cost of social insurance on rates. We at D/Ed. always thght. no part of this shd. go on rates. If whole 8/= had bn. fixed no one wd. have sought to put any of rates. Found that because of overheads etc., this service wd. cost more than the 5/= cash. L.a.'s will look at this as part of insurance system & as such to be paid by State.

J. I also was in on this ques. Argument was: 8/= wd. have bn. paid by State. Then said: some check on extravagant adminⁿ by l.a.'s. (J.A.) Compromise: 100% on capital expend^{te}: current expenditure no decision – and all were to avoid committing themselves.

H.D. Quoted in support section 2 of App. A. of C.P.(46) 74.

P.M. Agree W. Paper left it open.

H.M. Supported J.'s recollection. Was handled in Parlt. in non-committal way. B/Ed. were invited to find supportg. ev^{ce} for their view – & this App. is all they can find. And statement by me on 18.2.43 is conclusive: for M/H. doesn't even claim 100% for maternity etc.

A.B. Bound to be drastic review of fin. rel^{ns} betwn. l.a.'s and Govt. But no doubt what public think about this. Background: Bev. recommended 8/=. In first debate: Govt. spokesmen said part of this (i.e. paymt. wh. wd. have bn. made by State) is better paid in kind. L.a.'s have bn. silent therefore they assumed whole cost wd. be carried by Exchequer.

No doubt what the assumed understanding was.
Not a ques. of what Govt. intended to convey: it's a ques. what impⁿ
was conveyed.

- P.M. Quotation from Butler suggests paymt. by State. What did he mean by "we".
- H.M. His instruct^{ns} were "the community."
- A.B. The concession wd. cost nothing. If you make l.a.'s pay part, you will have to pay out of yr. rate equalisation grant. For cost of new educational services is so heavy tht. it can't be met unless the Block Grant is used as rate equalisation grant.
- T.W. Seems to be common ground then wd. be 100% grant from 1948.
- H.D. No: I say tht. it need not necessarily start at all.
- E.Sh. Ques. is then one of principle – shd. whole of this cost ever be borne by Exchequer. Cdn't accept that. At some time State must accept 100% responsibility.
Defect in Ty. case. At some stage he is going to re-adjust rel^{ns} betwn. l.a.'s & Govt. He can then recoup himself for any loss on this. If you don't pay 100% some l.a.'s will hold back - & you won't get scheme running by '48. If therefore C/E. can recoup later, why not pay?
- A.G. Fam. all^{ce} scheme was envisaged as national. Govt. rightly split it into cash and kind. Reasonable assumptⁿ that kind wd. be carried by State.
- H.M. Much experience of negot^{ns} with l.a.'s – on both sides.
I have never claimed 100% for anything but Civil Defence. That was our best case & we never got it. I am opposed in principle to 100% paymt. for l.a. services. You can't hold the extravagance – it is diff. enough at 75%.
E.W. first argued at L.P. Cttee tht. we had promised 100% grants. Asked to produce ev^{ce}: and this is all she can find. It is clear tht. we were keeping it open.
Then she says – pressure in Parl. It's the job of Ministers to resist that?
Then tht. l.a.'s won't play. What is M/Ed. for, with its new power of dirⁿ? Yield to this & you put Govt. at mercy of l.a.'s.
This is a slippery slope. Why aren't mat. & child-welfare services on same basis? They were in same posⁿ as "Kind".
What was our attitude in Bev. Debate? There are existg. social services for children & we will see they are developed. Where do we get to if we admit 100% for any service for children.
100% grant is bad in principle – for local Govt. and State.
What is even more worrying is reluctance to w'stand l.a. pressures.

- P.M. Agree with general principles sugg^d by H.M.
But we have to remember public impression. Emphasis was on meals & we had to say “free to parents”. Reasonable assumption therefore that State not l.a. wd. pay. We shall be charged with running away & seeking to put it on l.a.’s.
Prep^d to stand up to Parl. and l.a.’s – but is this a good issue on wh. to fight.
- E.W. I have no power to w’hold grant fr. l.a. for not providing meals wh. they weren’t obliged to provide – i.e. the gap they won’t fill.
- J.W. This is an exception to H.M.’s general principles.
- A.B. Can we agree tht. here it is politically impracticable to avoid 100% x/ grant on this provided that a special scheme is made to secure economy.
- A. Support H.M. Think tht. RAB.’s quote is groggy: but hope still we will resist 100% grant. You’ll never be able to control excessive expenditure on 100% basis.
Take a stand on this. Tell l.a.’s frankly 100% grant is wrong in principle.
- A.V.A. On my past experience in local govt. can’t believe l.a. wd. expect to get a final settlement at 100%.
Gather Cab. accept principle tht. 100% grant is bad. I shd. hope that by negotiation we cd. get a cheaper settlement.
- S. Neutral.
- J.J.L. Not impressed by argument re 100% for air-raid shelters. Shd. be set aside.
Against 100% grant in principle. L.a.’s rod in pickle – wd. make it easier for totalitarianism to take hold. Support Ty.
- P.L. Support M/Edⁿ.
- G.A.I. T.U. Conf^{ce} on Beveridge. We were under impⁿ Govt. wd. give the other 3/= in kind. Almost comm^d to it. Inclined to favour x/ above.
- E.Sh. If we pay capital cost & food, let them pay staff. Bring them in some way. Fear control via x/ will be v. difficult.
- E.W. But reluctant l.a.’s will then use the teachers!
- T.W. Remember l.a. members are demandg. paymt. for services.
V. awkward to pay councillors for administering 100% grants.
- P.M. Opinions divided – with slight pre-dominance in support of Ty. view.

H.M. Cd. Ty. & Ed. Dpts. examine: if they can prevent extravagance on the food we might give 100% on that: the danger is in adminⁿ – staff etc., where we shd. avoid 100%.

P.M. Make sure the 3/= benefits the child: and isn't offset by rates.

H.D. They will have to pay thro' taxes.
y/ Am prep^d to discuss again with M/Ed. in light of discussion
Agreed: as at y/.

T.W. Warning: increased consumptⁿ of milk by these schemes will retard the abandonment of rationing.

3. Post-war Fire Service.

C.E. Pledge was – return to L.G. Service. Not to same l.a.'s as pre-war. N.F.S. had turned out better than anyone thought. If these pledges not given, I wd. have favoured retentⁿ of N.F.S. But l.a.'s not in least inclined to release us from our pledges. Ques. therefore is – to what l.a.'s shall we return it. To go back to pre-war multicplicity of small auth^{ies} wd. not produce efficiency.
Problem: how to secure efficiency with no power to w'hold grant. H'to no grant for this service. Essential now to give a grant.

J.W. In Scotland handing back wd. be to 228 auth^{ies}. Wd. be absurd. I cd. have carried a N.F.S. But pledged had to be honoured. Plan therefore to reduce to 55 the no. of fire auth^{ies}, grouped for operational purposes into 11 Regions.
Grant is essential to secure efficiency. Tho' we have not led l.a.'s to expect any. Amount of grant is matter for negotiation – but prob. about 50%.

T.W. Wd. H.O. allow inter-county arrangemts. or co/co. boro' arrangements.

C.E. Mutual aid arrangemts. throughout the Country.

H.D. Need for caution. Percentage grant sugg^d – for all auth^{ies}. Gather l.a.'s will ask for not less than 50% That is untenable. L.A.'s who have no financial need come in under this formula & get more than they need.
Agree tht. Exch. shd. help. But not on percentage basis: on basis of grant to aid only cases of need.

C.E. L.a.'s have asked for 50%, on basis of Police grant. Have given them no encouragemt. and don't believe 50% is necessary. 20% overall shd. be enough. But must be overall i.e. some to all if I am to have disciplinary control.

- A.B. a) Hope H.O. will resist non co. boros. comg. in.
- C.E. Yes.
- A.B. b) Don't prejudice main financial negot^{ns} with l.a.'s by starting a new grant-aided service, which pays somethg. to richer auth^{ies}.
Consider in relation to general financial problem.
- E.Sh. L.a.'s may want this back. But do the public?
- P.M. Can't cut into l.a.'s further, on this too, after these pledges.
- H.M. Consequences on l.a.'s of various changes.
Grant. This never was grant-aided. But how can H.O. control efficiency unless he makes a grant. And for that purpose it must be a percentage grant.
Legⁿ can't come in until next Session. Discuss ques. of grant before you make announcemt. Be firm.
- C.E. Must make some announcemt. to l.a. associations.
- E.Sh. We shd. first consider what is future function of local govt. We go on pre-judging it by piece-meal decisions.
- P.M. Does anyone else think you cd. hold N.F.S. against l.a.'s.
- J.W. I cd. in Scotland: but I won't do so against the pledges.
Agreed as in memo: but no decision on grant (disc^{ns} still procdg).

4. Financial Negotiations in Ottawa.

- H.D. As in memo.
Para. 6 (a) and (b) – fractionally better for us in money & gets rid of 1942 loan.
(c) - merges A.T. Scheme with the rest.
Beech 33 from Eady indicates tht. Canadians wdn't have the alternative.
Now therefore advise Cab. to close with offer in para. 3.
Advantages: £281 m. cash in a tight period: A.T. Scheme wiped away.
Old loan – awkward: but must accept.
Effect on U.S. Loan. If this broke down with Canada, wd. be prejudicial to success of U.S. Loan. Settlement of this wd. be somewhat helpful.
- H.M. Canad. Govt. wd. be friendly. Trouble is Quebec. Had hoped Canada wd. do somethg. v. much better than U.S.

- P.L. Strongly support acceptance. This is substantially more generous than U.S., specially the A.T. Scheme.
- A.V.A. And indicate gratitude. Recall the 1 bill. dollar gift. And Canada's popⁿ = 12 m. vice 120 m. in U.S.
How is amortisation scheme workg? Forced sales of C. securities.
- H.D. No forced sales. If they are sold, proceeds are earmarked v. the loan.
Agreed: accept. [Enter Barnes

5. Future Use of "Queen Elizabeth".

- H.M. As in B.'s memo.
- B. Seen Percy Bates: can assure Cab. tht. labour & materials will be v. little because 90% of equipmt. & fittings were available before liner was requisitioned. Her equipmt. is in fact on simpler scale than Q. Mary. Fewer shops etc.
Can it be adjusted to p-war demand. The cabin & 3rd can be interchangeable to substantial extent acc. to demand.
Much of the labour wd. be used whatever the plan adopted.
- A. Australians (H. Comms) concerned: 2.500 women & chil. wantg. to go to Austr.
Want assur^{ce} removal of Q.El. won't reduce amount of shipping available for that. Want them to have those assurances, thro' B. & me, before public announcement made.
- B. Have seen Beazly. 1.000 wd. brk. back of their problem. And I can do it in March.
- P.M. Announcemt. to be cleared with Service Dpts. }
} H.M. to co-ordinate
- S. Want to send Demob. Forms in advance to }
fore stall trouble. }
- J.J.L. Will available shipping cover increased p'mmes due to latest red^{ns} in Serv. strengths.
- B. Yes: to the extent that requiremts. have bn. notified to M/W.T.
W'drawal of Q.E. doesn't affect shipping for India.
{Exit Barnes.
Enter M^cN., C.J., N.B.

6. Treaty with Trans. Jordan.

- C.J. As in memo. Tried to keep w'in spirit of charter.

- N.B. F.O. are satisfied.
- A.B. Art. 4 assumes U.N.O. has broken down.
- M^cN. No. It conforms to Art. 55 of U.N. Charter.
If we don't have mil. alliance we shall make her independence look
v. odd.
- P.M. Art. 4 is a local arrangemt.
- N.B. After failure of Art. 3., Sec. Council takes on: but if attack m'while
Art. 4 comes in, in complete conformity with prov^{ns} of
U.N. Charter.
- J. Omit words in [] fr. Art. 4.
- C.J. Essence for Emir is mil. conventⁿ & promise of aid.
- M^cN. Removes reason for mil. Convention. Then Emir not interested in
Treaty.
- P.M. Two separate situations in Art. 4.
- N.B. And wording comes from U.N. Charter. Those words are intended
to legitimise such arrangemts. thro' mil. alliance.
Agreed. [Exit M^cNeil.

7. Malaya.

- C.J. Sultan's seekg. to go back on their agreemt. And opposⁿ aroused
among more vocal elements in Malaya – also ex-Civil
Servants etc. here.
Thght Cab. shd. be informed.
Obj^{ns} are to common citizenship (not transfer of jurisdiction) but
we regard that as basic. We therefore recommend tht. Govt.
stands firm on this.
In para. 5(b) we suggest a line of retreat if there's much opposⁿ in
debate on Straits Settlemt. Bill.
- A. Elibank and Marchwood were at back of diff^{ies} in H/Lds.
Stand firm.
- C.J. There is also informⁿ fr. Malaya of growg. feeling of Malays v.
Indians & Chinese.
Agreed – as in memo. [Exit C.J.
Enter Barnes & Smith.

8. World Food Supplies: Proposed Mission to N. America.

- H.M. Referred to me on Tuesd. No time to get full agreemt. of Dpts (esp. Ty.) so have put in memo. myself.
Prospect of continuing deterioration.
U.K. doing all in our power: need to get other Govts. to do all they can.
In particular, want Canada & U.S. to increase acreage.
Proposal: send mission to talk to Govts. & farmers
composⁿ to be settled by P.M.
long-term agreements to buy at fixed price over
no/years.
Urge Ty. to face implic^{ns} of not getting sufft. acreage sown.
Might buy on behalf of India & other countries too. But takes time to bring others in. Only 5 wks. to go in N. America. Must therefore secure our own interest first.
- P.M. I will hold over ques. wtr a Minister shd. go: & settle it myself.
Doubt if Minister shd. go & talk to their farmers.
How will it fit in with loan?
- H.D. Agree in principle to guaranteed price.
\$1.55 is top price now being negotiated with Canada.
Wd. be disturbed by commitments to buy U.S. wheat with dollars.
Where wd. we be if you didn't get the Loan. And just as bad to give India dollars with wh. to buy U.S. wheat. Especially as U.S. price is at least \$1.85.
What about Australia. That is where we want supplies fr. Natural source for India. Sterling cost. And a friendly Dom. Australia shd. feed India: and problem of payment fr. India's sterling balance is v. easy.
- B.S. You will only get wheat by price.
Australian & Can. prices are 3 times higher than pre-war. This shd. be incentive enough. Agreed to take all Can. wheat we can at \$1.55 up to end/47: & wdn't fall below \$1 for 4 years (? not further years).
Other source = Argentine. You cd. get them to grow at this price, if it were not that maize & rye is at higher price. You shd. get equalisation or rather adjustment of price relativities.
Canada: dust-bowl fears of M/Ag. wd. have to be overcome.
Australia: less animals if more wheat.
Missions: diffy. is now you wd. be going to free market, not controlled establ^{mts}. Might, however, be worth while to send someone to impress need for increased acreage – not talking about contracts.
- T.W. Must look after U.K. first. But in shortage many claimants & to protect our own supplies we must press for increased supplies.
Object in mind was tht. Minister shd. go & talk to Govts. in Canada

and U.S. And if thereafter thght. shd. be campaign in support,
we shd. join in it.

Mightn't be wise to send agric. experts on our own, to address
farmers. Diff. if we acted thro. F.A.O.

P.M. Two points (different) a) appeal on behalf of world.
b) our part in makg. contracts for ourselves.

A.B. If we approach Can. & Aust. on bulk-purchase basis, it will leave 2nd
problem as concertg. with importg. countries to get larger
acreage in U.S.A.

P.L. Awkward to ask India to guarantee purchase: & then say they can't
pay in dollars.
Point is producers fears in U.S.
Cd. I ask Indian Food Delegⁿ to stay on & join in.

H.D. Initial step – open discussions with Australia, on same basis as
Canada. Agreed.

Discussion on other points adjourned.

1. Spain.

E.B. Note rec^d protestg. v. interf^{ce} with intern. affairs of Spain.
Agree with U.S. note. France may wish to alter it. I propose to stand on U.S. draft & present it.
Beware of Sov. Policy here, worked thro' Fr. Communists.
Danger to Gib.
Don't want civil war in Spain. Also diffy. re supplies to U.K. fr. Spain, e.g. fertilizers thro' Spain. Have asked Dpts. to consider altern. sources.
Some processg. of phosphates now done in Spain shd., even on defence grds., to be done in U.K.

R.S.C. Diff. to get labour even for what processing we do.

E.B. U.S. have found way round that, by machinery. We shd. experiment.
M/S. must also consider iron ore, pyrites & resin: qua altern. sources.
Form of alternative Govt. If Franco goes, Sp. may drift into chaos.

E.W. Spoke in favour of a strong line.

E.B. Fr. proposed appeal to Sec. Council. Can't see how it can be got before them under the Charter. Will however ask Att. Genl. to verify.

2. Persia.

E.B. Have presented Note & await Sov. reply. Read out note x/.
If ref^{ce} to S. Council, better let it come fr. Persia – not fr. another gt. Power.
U.S. will support them if they do appeal: tho' they wdn't send a corr. Note.
x/ recited informⁿ: called attⁿ to Art. 5 of Treaty: as 2/9 was end of war with G.'s satellites 2/3 = end of 6 mos'. period: we have w'drawn: have you – if not, what are yr. intent^{ns}: any failure to go by 2/3 is regarded by us as breach of oblig^{ns} to H.M.G. under Treaty.

A.B. Has Press given sufft. publicity to fact tht. B. troops have bn. w'drawn?

P.M. I will mention to-day in Def. Debate.

3. Syria and Lebanon.

E.B. Agreed 30/4 as date of our w'drawal from Syria. Will get on with

Lebanon.

H.D. Hope equivalent will come home fr. M/East. Otherwise no saving.

E.B. Bound to increase total releases fr. overseas. 9.000 relief now
+ 6.000 more when we clear Lebanon.
[Enter N.B., Barnes & Summerskill.

4. Sabotage of Ships.

B. Enquiry appt^d. No informⁿ yet.

5. World Food Supplies.

P.M. Sent B. Smith over on immed. issue, particularly to support Indian
Delegⁿ.

H.M.'s memo. raises, however, more far-reachg. long-term issues.

H.M. Gap increasing at ½ m.t.p. week.

Evidence tht. Truman's advisers are not agreed in moving him to
vigorous action to increase sowings. Ques: wtr. we can do
anything to stimulate. Canada (reply to P.M.) is also
hesitant.

U.S. is not doing even what they have decided shd. be done
viz., falling down on existg. p'mme, which is not enough
anyway.

Unthinkable that we cd. hold our own posⁿ if Empire countries were
really short. When the time came we shd. have to surrender
part of our own supplies.

Why shd. we take lead – because largest importer & natural political
leader of importers.

Para 6(a) met by despatch of M/Food.

Para 6(b) – long-term contracts in principle app^d by Cabinet. Cd. we
not persuade French, Indians etc., to do same thing for U.S.
wheat? Remember how diff. an approach it is to U.S. farmers
w'out some such assurance. If U.S. Govt. will give the
assurance, good & well: but if not we shd. try to get other
countries to place contracts.

Para 6(c) - consequences of famine. Let U.S. Govt. know, too, as
well as Cab.

Picture of what is coming.

Conclude with warning in para. 7.

Problem: how to handle U.S.? B.S. can do it w' in limit^{ns} of present
Mission. But Truman & Acheson must be got going on this.
Wondered wtr. E.B. cd. go both to Washington & Ottawa mtg. of

S. Council: he might go out in advance of that. Our duty to
U.K., B. Comm. & whole world is to take early and vigorous
action.

- T.W. C.P.(46) 24. For 46/47 there will be 7 m. less for export than for 45/46. If that estimate is correct, next year will be worse than this – except to extent tht. Europe does better.
If Canada adheres to 2 yrs. wheat + 1 yr. fallow, we shan't get what world wants.
Canada exportg. 6^{1/4} m. this year, as against normal 4 m.
Agree with approach in C.P.(46) 90.
If surplus in 46/47, cd. be used for reserve – e.g. in India.
- P.M. How cd. other countries finance long-term contracts with U.S. ? Export & Import Bank, tied loans?
- H.D. Threat to our dollar & gold reserves.
Prep^d to agree to 6(b). \$1. Can. dollar – no higher – floor.
Wd. like to hear more of Australia.
- T.W. 1 m. tons this year: assumg. 3 m. next year. We are relying on Australia.
- H.D. Don't let us get comm^d to v. big quantities too far ahead.
How do we know what will happen to harvests of year after next.
France may recover quickly. And they are going to buy wheat from Russia.
- E.B. R. are offering wheat to Greece, too!
- H.D. Needn't yet look at Bank proposals.
- E.S. Our experts don't want us to give assurances of purchases from U.S.
- P.M. That is not proposed. We are talking about needs of other countries.
- A.B. Can you expedite mtg. of Agr. Ministers on 4/4.
- N.B. Summoned by EECE. Directed to autumn sowings & slaughter of livestock.
For spring sowing, trouble is seed. Trying to get alternatives to grain e.g. potatoes.
- A.B. Para. 7. W. Paper to show what we are doing & have done.
But c'dn't we get European P.M.'s before 4/4?
- T.W. Europe – dilemma: eat the seed or sow it?
We cd. get them to look fwd. to autumn: doubt if it wd. consider this spring's ques.
- R.S.C. Shall we try in these circs. to continue C.F.B.
- E.S. Yes – in diff. form.

- E.Sh. Remember not to forget Argentine.
- P.L. Austr. new sowg. not avail. until Jan. '47. India must look to N. Hemisphere for immed. needs.
- E.B. No time to make up my mind.
Reluctant to concentrate on U.S. I can't go to U.S. w'out implying tht. I shall discuss other things too.
Too much concentⁿ on N. America. Wd. rather diffuse it. What have we done to increase exports fr. S. Am. countries.
Drama no longer has any effect on U.S.
Acheson is only person who can get on with this.
If you want pol. issue pressed, I wd. rather raise it first thro' Ambassador. It is U.S. statesmen who must do it. Doubt if they will do it on my intervention. Get a slogan across e.g. "munitions for peace". First round via offl. channels. May be that someone shd. go over later.
U.S. farmers – trouble: went on until 1920 growg. wheat & got unbalanced agriculture: wheat sank to 35c. and countryside starved. Not until FDR. came in did they recover the balance of their agriculture.
How can the guaranteed price for 4 yrs. meet that?
- T.W. Wd. help them to plan the transition. Wd. emphasise fact that high wheat prodⁿ can't go on for ever.
- E.B. 20m. acres at 9 cwt. p. acre. in U.S.
Cd. you diffuse the demand. Is there world shortage of seed?
Have bn. assured whole of R. acreage will be filled this year. She cd. get export surplus of 2/3rds prodⁿ. Ought therefore to carry Poland, Czechosl. etc., and relieve UNRRA.
Not yet convinced this is right method.
- P.M. x/ Resume discⁿ at W.F.S. Mtg. Tuesday. Turned into a Cabinet Meeting.
- A. a) Shd. be much larger European prodⁿ next year. Not sure our estimates take enough a/c of that.
b) Some long-term assurance – at least 4 years – will be necessary for Canada.
Because they can't forget what happened last time.
Wd. have to apply to Australia.
- E.B. Supply India from Australia. Get Austr. to build up Indian reserve.
Wd. help pol. negot^{ns} if her food were coming fr. Austr. vice U.S.A.

Austr. wd. regard it as Pacific trade, wh. they like.
The less we are dependent on U.S. for India, the better.
Agreed as at x/.
Send immed^{te} instⁿ to M/F. on para. 6(a)

[E.B. Can A. and I talk to Beasley re Australia & India?
Put pol. issues in addⁿ to supply approach by M/F.

P.L. Ind. Food Delegⁿ to see U.S. farmers.

P.M. No need for special auth^y for that.

P.M. Will G/India give guarantee for Austr. wheat. Ask them at once.
[Exit N.B., E.S.]

6. Post-War Pay for Officers of Armed Forces.

P.M. Genl. explanation.
Agreed.

7. Japan: Policy towards Japanese Industry.

E.B. Para. 16. Problem: avoid German situation in wh. load falls on
B. taxpayer.
Outstanding issue = Jap. ship-building. Summarised views
pro and con.

A.V.A. Need to look after war potentials at home & abroad. Consequence of
failure to do this with Germany last time. Not enough to say
J. merchant bldg. reached only 400.000 t. That enabled her to
develop such technique tht. she cd. build up strong naval yards.
Realise you can't hold down J for ever: but can do until they
prove their bona fides. Referred to E.I.P.S. paper. This bldg.
cdn't be prevented by the steel ceiling proposed.
Import^{ce} of merchant tonnage in war.

P.M. Cd. her navy be effective if allowed no aircraft?

A.V.A. Both factors equally powerful.

E.B. 3.5 m. tons of steel wdn't leave much surplus for shipping. You
eliminate aircraft entirely. You destroy the big yards. That shd.
be enough.
If you allow no m. marine, there will be load on B. taxpayer.

B. Easiest to enforce. Most effective handicap for island race.
If aircraft prohibited, follows that shipping shd. too.

J.J.L. Island with that popⁿ must live on exports – must have some
m. marine.
Isn't this the chance to deal with cheap J. exports.

- R.S.C. Two aspects. a) security b) rival trade. Agreed we adopt only a) as criterion.
On a) you make minimum prohib^{ns} because otherwise the thing won't be enforced. As with G. before – not because we didn't try enough but because people reacted v. too much.
Concentrate therefore on minimum. She must export. If she has, not only to forego shipping earnings, but also to pay for shipping she needs, she will be forced into consumers' goods.
- A.V.A. Quoted, v. this, para. 12 of E.I.P.S. memo.
Also p.4 of that memo. – shipbuilding control is v. economic of staff.
- A.B. I believe E.B.'s memo. proposes too many rest^{ns}.
Believe all you can do is inspⁿ at finishing stage. Then have rest of economy free. Otherwise you impose on J. low standards of life. That is the biggest threat to world trade: and biggest source of future aggressions.
- H.D. What are views of Austr. & N.Z.?
- A. Haven't replied to our enquiry. Assume that means no strong views on our memo. 78. But I must consult if we allow them to build big ships.
- J. Agreed: must get Dom. views.
Shipbldg. is an easy thing to control: I sympathise with it fr. enforcemt. angle.
- H.D. Submit pros & cons on ship-bldg. & invite their views.
- E.B. Were told we were holdg. up. Doms. have had this for wks. Why don't they reply?
- A. Will get reply by Friday.
- P.M. Do so.
Adjourned until Friday.
8. Shipbuilding Advisory Committee.
- A.V.A. As in memo.
- P.M. We sugg^d person not necessarily rep^{res} of Unions as such. Was that put?
- H.M. Impossible to put shipowners on but not seamen.
Way-out: have no users permanently on, but bring users in (both of them) for specl. mtgs. affecting them.
- R.S.C. Principle: thought we wished to avoid syndicalist system

throughout.
Have had same opposⁿ fr. industries to my proposals for outside rep^{res}.
But have overcome it.

B. But here we have rep^{res} of Govt. Dpts.

A.V.A. Cttee of this kind has bn. workg. since '44 & seamen have never asked to be on it.

P.M. Either we put both on, despite obj^{ns}, or adopt compromise sugg^d above.
x/ General view: put both on, despite obj^{ns}.

E.Sh. What will shipbuilders say then?

A.V.A. Asked them if they wd. accept if Chairman got guidance to refer to sub-Cttees some users' points.
Agreed as at x/.

9. British Council in Spain: Employment of Roman Catholics.

Agreed.

World Food Supplies.

- E.B. 1946/7 prob. deficiency = 8 m. tons. Shd. we concentrate on N. America or shd. we spread it. On foreign pol. grds. favour diffusion. The more we appeal to U.S. the more we appear dependent on them. Don't like it. Sent B.S. already. If I went too it wdn't be understood here or in U.S.
First therefore see what we can get from outside U.S.
Believe Australia cd. supply 4 or 4½ m. vice 3m. Saw Beasley last night & put it to him – floor for price & tapering off in 3rd year. I said Japan wd. be out of export market, India on way to self. Govt: & wd. he look at it qua future triangular trade with India & S. Africa. He was attracted & promised to get on to his Govt. at once.
India: have G/Ins. given any increased rice target? She must step up rice production. Assung. no monsoon failure shd. be able to get another 1 m. next year.
Also maximise rice prodⁿ in Siam. Preparing transport m'while. Colonies. Not satisf^d tht. everything possible is being done in Malay. Burma cd. also do more for next year, if Govt. sets about it. Agree must have guar. min. price there.
Brazil & Argentine. Latter cd. do another 8/900.000 t. tho' much depends on politics.
The 8 m. deficit includes 3 m. in substitution for rice.
The measures outlined above wd. reduce addl. demand on N. Am. to 3 m. tons, wh. wdn't upset their balance of agriculture. Wd. prefer to concentrate on Australia, & wd. even contemplate going higher than 4½ m. from there.
Killearn's efforts shd. stimulate China: K. told to keep in touch with China: Koo told we wd. receive a liaison offr. with K. if they sent one.
Political disadvantages of my going to U.S.
- P.M. How far cd. addl. rice be secured in India. The wet fertile areas are v. crowded.
- A. With irrigation much more is possible – but that won't help next year.
- R.S.C. With a price policy you cd. do something. And Burma is best source.
- E.B. Govr/Burma looks at this more like a farmer than as war operation.
- A.V.A. Do E.B.'s figures allow enough for contingencies.
- E.B. N. America wd. have to be pressed to do 4 m. anyway.

- A.B. Thought approach to U.S. was on behalf of countries other than Commonwealth?
- E.B. But no one wd. believe I went there for that purpose. Wd. be supposed I was arguing for B. Empire.
- T.W. The real point is – tho' we meet our needs fr. Can. & Austr. – we can't hold our posⁿ v. demands of foreign countries in need. That was why approach by E.B. was sugg^d.
- P.M. x/ Consider then best method of stimulating U.S.?
- E.B. Do better with others if we are helping ourselves. Do our job first, and then invite U.S. to do theirs.
- A.B. Simultaneously – otherwise not enough time.
Can we agree to E.B.'s plan: then ask U.S. what they will do.
- R.S.C. Put it to them thro' B.S. while he is there.
- P.L. India & Burma already pressed to increase rice acreage. In dry areas all depends (w'out irrigation) on the weather. Can't be sure therefore tht. extra acreage will produce extra production.
- P.M. Approach U.S. on idea of world granary. F.A.O.?
- N.B. Cd. be done thro' F.A.O., I believe. Broadley is discussg. with Orr.
- R.S.C. Burma is key to rice: is D. Smith the right man for it?
- P.L. Not a good administrator: we've had to push him.
- A. He'll never do this job.
Remember always price for primary producer. Give him a fair deal: he's never had it in India/Burma.
- E.B. A floor for rice is essential.
- T.W. cf. palm oil: higher the price, lower the output – w'out consumer goods.
- P.M. Come back to x/.
- E.B. D. Acheson is only man to move in U.S. F.A.O. will lead only to resolutions.
Let me get Halifax to talk to Acheson at once. He's handicapped because all countries appealg. to U.S. – “sucker”.
Don't want to make this worse.
Let Labour Attache in W'ton to see A.F.L. & C.I.O. and get them at work.

G.A.I. Also Lewis.

Agreed: Start w'in B. Empire.

{ Approach U.S. as proposed.

{ Get at Canada via Macdonald – Gardiner.

{ Follow up later thro' F.A.O.

Canada. If obdurate at this approach, go higher via M. King or visit by A.

H.M.

Not happy. Have pressed thro' out tht. B. Empire must do their maximum.

India's record isn't good. No attempt to get acreage to keep pace with popⁿ. Want to know what they are going to do.

Burma: change Govr.

But only 4 weeks left in N. America. How push N. Am. in that period. Can't afford to relax pressure on N. Am. in gamble that B. Emp. will do better.

Canada can't be moved by telegram. If A. will go, well & good.

U.S. Promises but no performance. Agree Acheson: said so: ques. is who can move him.

Never sugg^d suppliant to U.S. for ourselves. What I meant was leading foreign countries in their approach to U.S. Business not supplication.

P.M.

Politically disadvantageous to us to be assoc^d with France in appl^{ns} of any kind to U.S.

Prefer to put Halifax on to this.

And put A. on to Canada.

E.B.

In reply to suggⁿ, don't mix Can. with U.S. by askg. A. to go on to U.S.

A.B.

From Parly. pt/view action vis-à-vis U.S. must be overt.

R.S.C.

Thro' Ambassador. That isn't covert.

A.B.

White Paper.

P.M.

Get it out at once.

N.B.

F.O. and M/F. are doing it.

Telegram to be shown to P.M.

1. Wheat for Germany.

- P.M. Facts as in my minute. We shd. take this risk.
Agreed. 75.000 to be advanced from U.K. stocks in March.
- H.M. Coal to E. Germany?
- J.B.H. Only in exchange.
- E.W. Better cond^{ns} in rural areas?
- P.M. Monty's explⁿ: refugees put in rural areas.
- C.E. We also agreed to put children out.
- J.B.H. And we've done it. 30.000 to S. Holstein
- E.Sum. Put point raised in Trib's minute. re physical possession and export licence.
Is now suggested tht. we supply in advance of procurement?
- P.M. Yes.
- E.Sum. Old story about 112.500 tons.
.. .. Canadian wheat.
- E.Sh. Russian wheat for R Zones – if true tht. R. is offering wheat to France.
- P.M. Pooling will bring in Russia.
- E.B. This is politics: there is no wheat. Poland and Austria can get nothg. from Russia.
- P.M. We're also trying to swing on to R. supply of Czech., Poland & Yugoslavia.
- E.Sum. Is it clear tht. we shan't have to part with 150.000 until we've bought 260.000.
- P.M. Yes.
- H.D. M/F. shd. prepare plan for bread rationing.
- P.M. Yes. [Exit. Hynd. Summerskill.

2. Parliament.

- H.M. Pressure y'day for debate on World Food. Will hold off as long as we can. At least not for 2 wks.
- A.B. M/F. shd. tighten up on black-market.
- H.M. Tuesd. Air Estimates. P.U.S. will open: who will spk. second?
P.U.S. twice.
- C.E. Wed. Police Bill. First fight on l. govt. Ask for Ministerial support.
- W.W. Meeting the dissidents.
- H.M. Thurs. Army Estimates. S/S. & Fin. Secy.
Frid. Discussion on Delegⁿ to India. Will P.M. speak?
R.S.C. supported.
- P.M. Agreed. [Exit. W.W. & A.G.]

3. India: Proposed Directive.

- P.M. They will be faced with discussing on basis of India's independence. Think it must be faced – on basis of giving them free choice in or out of Commonwealth.
- P.L. Para. 5(b). C.O.S. advice still awaited.
Para. 5(d). Diff. issue, incldg. pensions of I.C.S. & I.A. personnel.
Still disc. with Ty.
- E.W. Hope we can avoid handsome concessions on sterling balances.
- P.M. Won't arise at this state. Para. 5(d) is only procedure.
- H.D. No Commitment by Delegation. Negotiations must be open & free at later stage.
[Enter. Barnes.]

4. Japan: Ship-Building.

- E.B. Gave particulars of bldg. already carried out in Japan since end/war - with leave of McArthur. Read from brief.
In spite of Austr. views I wd. still give our rep^{res} there free hand to y/ discuss with ref. to rep^{ns} & control. I wd. not tie them down to rigid prohibⁿ to under 2.000 tones.
- A. Austr. reply is not v. restrictive or precise. They are against big ships but await techn. advice on smaller bldg.

- E.B. I was concerned to avoid our present troubles in Germany. Allow J. no industry & they will be a charge on us.
- A.B. When do we get consultⁿ before McArthur acts?
- E.B. C. Commⁿ is now establ^d: but only just getting under way. Austr. is on it. Let whole ques. be exam^d. But add; "in determing. x/ these issues it must be clear tht. we aren't going to subsidise Japan from B. Exchquer." Whatever limit^{ns} imposed on their industry we aren't going to pay. Austral. has a big voice on Commⁿ: & she won't pay. Japan must feed itself.
Agreed at x/.
- A.V.A. Strengthened by Dom. support. Can't w'draw my case. Will study E.B.'s new facts. Cd. we obtain views of C. C.O.S.
- P.M. Good thing.
- Barnes. Supported A.V.A.
- E.Sh. Supported E.B. Maritime nation of 70 m. can't be prevented fr. bldg. ships.
But a) Prohibit them fr. bldg. ships for sale to other countries.
b) To our advantage (repar^{ns}) to restore J.'s economy.
rep^{ns} not objectionable now in view of world shortages.
- R.S.C. Supported E.B. Cdn't be effective & wd. damage our trade still more.
- J. Supported A.V.A. – provided we don't have to feed them. Other Ministers supported E.B.
- P.M. Predominant view = in support of E.B. as at y/.

5. Japan: Reparations.

- E.B. As in memo. Agreed.
Noted that C/Duchy wd. not handle this.
Proposals to be comm^d to Dom. Govts.

[Re-enter Greenwood.
W.W.]

6. Supply & Transport Organisation.

- C.E. If Cab. can approve principles we cd. proceed when T. Disputes Bill is thro'.
- P.M. How will you work last para.?

- C.E. Dock strike. ??
- A.B. Cttee were directed to establ. orgⁿ. My view is we oughtn't to do it at all.
Such an organisation wd. be extravagant. If it were not, it wd. create more pol. diff^{ies} than it's worth.
I'm not prep^d to defend this theoretical plan – M/H. wd. be the organⁿ. Cdn't be done w'out Parlt. knowing. Playing with fire.
- E.B. I helped to work this out in last war, when Gough's Army was brkg.
And I watched it fr. the other side in 1926!
In strikes Govt. must not allow panic, or children or hospitals to suffer.
Don't agree going to Unions & employers. That wd. imply setting up a strike-brkg. organisⁿ. This must be offl. All you need do is to prepare plans – no Union wd. object to that. Can be done w'out publicity. It is a paper scheme – like the War Book.
Keep it on paper.
- J. Prefer improvised scheme when need arises.
- C.E. We thght. it might be more than strike-brkg. There might be trouble with extreme right or left-wing movements.
- H.M. Shoulder your responsibility as a Govt. or amend the Act of 1920.
You must be ready incldg. prepⁿ of draft Reg^{ns}. Object to disc^{ns} with employers & Unions.
- P.M. Alternative is to rely on Military in an emergency.
- R.S.C. a) Do we accept the principles.
b) If so, does that involve consultⁿ with Unions etc.
Reason was: wide Dpl. consult^{ns} wd. be followed by a leak: & awkward pol. re-actions wd. arise, unless we cd. say we were acting with employers & Unions.
b) is for Cab. But a) must be laid down clearly.
- H.D. Overwhelmg. objⁿ to consultⁿ with Unions etc., or Regional offls.
Keep it to planning in W'hall.
- P.M. H.Q. business: planning by high & trusted officials: no consultⁿ with Regions. Sealed orders etc., need not be sent until emergency is foreseen. There will be time.
- A.B. I accept the Govt.'s response. for maintaining supplies etc.
But what use in planning for hypothetical situation. All depends on what strike & where etc.
Can't conceal it if P.Q.'s asked.
- P.M. Plans must be made: they are adaptable.

- E.B. Plenty of warning when trouble is coming. Doesn't happen so quickly as R.S.C. suggested.
- A.V.A. E.B.'s knowledge of Govt. machine (co-operatg. with Govt,) was what made it easy for e.g. Co-op. to work during 1926.
No need to issue sealed orders until Precautionary Stage.
- G.A.I. Must prepare some plan.
At one point I favoured consultⁿ with Unions. On consⁿ, don't now recommend it. Their Communists wd. blow it.
Unions have taken dec^{ns} wh. will prevent their being dragged into genl. strike.
Don't print.
- J.W. Cdn't improvise at last moment. Need for emergency organⁿ – in skeleton form w'out diffused discussion.
Not only strikes. Political organisⁿ might give us trouble.
We were in doubt on final para. Now favour no consultⁿ.
- E.W. Political honesty to our supporters requires that when we've made the plan we shd. publish.
- P.M. I wdn't object to saying we had a plan – tho' details shd. never be publ^d.
Wdn't say there was an organisation – a plan.
- J.J.L. Agree there shd. be a plan: & no publicity now. [Exit R.S.C. P.L.
But wdn't we need military help? A.V.A.
The W.O. & Commands wd. need to prepare.
They want to be brought in.
- P.M. Not too much detail.
- H.M. Volunteer no informⁿ.
- A.B. I don't agree.
Agreed: prepare plan: no publicity: work at H.Q. only.

7. National Health Service.

- A.B. As in memo.
No gt. opposⁿ fr. I.a.'s expected. L.C.C. (best hosp. auth^y) have agreed to support.
Total compensⁿ £66 m. for practices will be criticised.
Payment for loss of remunerative time.
- J.W. I wd. be met on last point by freedom to announce app^{mt} of Cttee.
- A.G. Under Ty. chairmanship.

H.D. Agreed.

H.D. Want further consultⁿ with Ty. { re financial clauses
 { re statements to be made re block
 grant.

A.B. Be quick.

H.D. Today.

P.M. What about Parly. position?

H.M. Lucky that C & B. Bill has dropped out.
 Wdn't be fatal if Sc. Bill didn't pass.
 Bills will be more controversial than A.B. implies. L.C.C. support is
 reluctant & given mainly out of loyalty to Govt.
 Guillotine or allocⁿ of time order will be required. But must allow
 time for fair argument.
 Our time-table suggests we might just manage it. Heathrow cd. go into
 c/Av. Bill. Others (Annex III) might be endangered.

H.D. Exchange Control held back only because of loan disc^{ns}. And must
 pass then.
 C & Wireless – pledged. Ought to go thro'.

A. Doms. want that Bill. Cd. start in H/Lords.

H.M. T.W. concerned re Atomic Energy Bill.

P.M. x/ Carry over? Massacre of innocents argument doesn't apply to
 this Govt., which wants legislⁿ.

A. Can H.M. and I concert re p'mme in the 2 Houses.

W.W. Want 2 mos.' break. Want Bills to start in Lords. [Exit. E.Sh.

P.M. H.M. to consider x/.

A. Want to discuss with M/H. H/Lds. arguments re vol. hospitals.

1. Germany.

E.B. Diffy. over G. level of industry. Rpt. (to be circ^d) looks more promising.
Told V. we wdn't agree to level involvg. payment by us: & wdn't accept rep^{ns} agreemt. to contrary effect. Signs of change in R. attitude. Diff^{ce} only on prodⁿ of electr. industry.
Pp. on Ruhr & Saar now ready for considⁿ. Confined myself to industrial side of this problem. Fr. however concerned re political side too: & Fr. Comm. now asking for united Germany. (on inst^{ns} of Russia?).

H.D. Need for better stats. fr. Germany.

H.M. Will it cover duration – peace terms?

2. Greece.

E.B. Have stood firm on elections being held – can't help it if EAM boycotts them. W'out elections we shd. drift into v. unsatisf. posⁿ.
Sophoulis will stand firm, whoever leaves him.
Must get B. troops out - £34 m. p.a..
It was their date & part of our econ. reconstⁿ bargain.
General agreement of whole Cabinet with this view.

E.B. Tipped Thurs. tht. R. wd. turn on heat again thro' Union/Demcr. Control.
It has come this a.m. – signed too by 70 Labour M.P.'s. Urge for postponement of Gk. elections.
Must stand firm, even against this sort of pressure.

A.B. On F. Af. Cttee – There is another group trying to start up in opposⁿ.

H.M. We cd. raise this on Liaison Cttee (?)
We shall have to face this issue sooner or later in Party mtg.

3. Manchuria.

E.B. Complt. tht. R stripping equipmt. wh. under agreemt. = rep^{ves} stuff.
They have bn. delaying take-over by Chinese, also in contravⁿ of agreemt.
W. Koo asked me if this was auth^d at Moscow – I said no.
In Germany – they stripped the east & then demanded share of

remaining total. May try same again: i.e. strip Manchuria & then seek share in equipmt. in Japan.

Cab. agreed Fri. to shares of Jap. Rep^{ves}. To preserve our posⁿ I sent note to R. suggestg. it be left in charge of custodian – tho' hasn't bn. so left it preserves the principle tht. what was in Manchuria is w'in total to be divided. Agreed.

4. Persia.

- E.B. a) Enlarged Az. on Caspian. ? R. have.
Second U.S. note – re movemt. of troops s. towards Tehran.
Asked me to support. Wasn't sure of facts (wh. came thro' U.S. Consul at Tabriz). So contented myself with askg. for reply to my first note.
- b) Have agreed to support U.S. in askg. tht. it be brght. again to Sec-Council.

5. Mr. Churchill's Speech in U.S.A.

E.B. Sugg^d in U.S. Press tht. we were consulted in advance. Hope all will make it clear that we didn't see it in advance. V. embarrassing tht. it was circulated here by M of I. some hours before speech was made.

P.M. The U.S. asked for M of I. to handle it.
But if Truman spoke in U.S., M of I. wd. normally handle it?

E.B. Think not. Reverse: speech made here is circulated thro' B.I.S. in U.S.A. Now if Tr. spoke U.S. agencies here wd. handle it. Anyhow, it's v. embarrassing to me. And policy on this for the future shd. be made clear.

J.J.L. In H/C. AE. sincerely denied tht. WSC. was going to spk. as McGovern said he wd.

P.M. B. Embassy att^d a man to W.S.C.

R.S.C. And M of I. handles any important speech made abroad.

H.M. B.I.S. was handling this in U.S.: M of I. had it, & all newsp. wanted it. As a pure matter of mechanics M of I. helped them.
You can't ignore the offl. posⁿ of Leader of Opposition.
And cd. you discriminate acc. to nature of the speech.
Can we deny to Leader/Opposⁿ the mechanical resources of M of I.
Let us consider future policy by all means: but all arguments aren't on one side.

P.M. Don't believe M of I. cd. have refused when they had the copy. They

were comm^d by action taken in U.S. And I believe B. Embassy started it, by agreeing to attack press offr. to W.S.C.
It was news & M of I. handled it as such.

R.S.C. Thought our policy was that M of I. was news service not Govt. organ.
If so, it must handle all speeches which are news. This surely was.

E.Sh. Why wasn't it shown to Ministers before to Press?

P.M. It is a service to Press.

E.B. I will enquire into B. Emb. part in this.
On the merits, I have decided not to offer any comment on this speech.

A.B. I hope E.B. won't follow this line. We shd. have a view on this. And
if we are assoc^d with it in world opinion, we shd. say when we disagree. We'll be pressed in H/C. to say so.

P.M. We can say – our posⁿ has bn. made plain in Debate. And will be
again.

R.S.C. Cd. you add to reply to P.Q. tht. there was no consultⁿ with H.M.G. It
has bn. specifically alleged in U.S. Press.

P.M. "HMG. had no knowledge of contents before delivered" I will add
that. That will cover Driberg's P.Q. to P.M.G. Tuesd.

E.B. I want Party to stand on my last speech. That is our policy.

6. Egypt.

E.B. Some elements began to play with fire - & its now beyond their control.
Told on Sat. signs of great upheaval to-day. And tht. Sidky wdn't be
able to control. Have therefore told mil. (after consultg. P.M.)
they must intervene to prevent its getting right out of hand: tho'
to w'draw as soon as they can.
King is now alarmed. No news yet: may pass off.

[Enter W.W.]

7. Parliamentary Procedure.

H.M. Campion has natural bias in favour of H/C. We are more concerned
with Govt.
a) Summ^d proposals. G.G. recomm^{ns} re supply based on assumptⁿ
tht. H/C. has abandoned use of Supply to control finance & using
it to watch adminⁿ.
Points out tht. H/C. is hampered by rule against disc. future
legⁿ in Supply.
We propose reducg. 28 to 26 – elastic, not spread thro' year.

Cd. take the risk up to 4 days – and it wd. be a concession. Some gamble in it fr. Govt. pt/view. Sessional S.O. & cd. be reviewed.

- b) Budget. We agree procedure is too long-drawn out. Propose Rpt-stage be dropped. Or para. c. Rpt. Stage on all Bills other than Finance Bill – debate & amendmt. be restricted as proposed.
- c) Rest^{ns} on motions for re-committal.
- d) D^y Spkr. to be empowered to accept Closure Motion.
- e) Business Cttee.
- f) Debate on “Clause stand part.”
- g) Financial Resolutions.

Who shd. give evidence? P.M. H.M. H.M. with help of Fin. Secy. Recomm^{ns} considered seriatim.

Paras. a) and b) agreed.

.. c). A.B. Right of Spkr. to select wd. depend on Minister’s statement.

x/ Need for formula wh. Minister must use.

A.V.A V. severe restⁿ on rights of Opposition.

A.B. And if Minister doesn’t use formula as at x/ Opposⁿ wd. press in Cttee.

d) – e) agreed.

g) – h) ..

P.M. Any support for Campion’s suppressed proposals?

E.W. Time limit for speeches. - No support.

A.G. Aff. Resolⁿ procedure. Hope H.M.’s proposal will be adopted.

Agreed.

[Exit W.W.

Enter C.J.

8. North Borneo.

H.D. I offered £2.1 m. – quite enough. Really too much. Wd. enable them to pay 13/=. They were 10/2 on average over 16 years.

Want it agreed we shd. not offer more than £2.1 m.

I sugg^d arbitration – net maintainable revenue. They know that no arbitrator on that formula wd. give as much as £2.1 m. They want t. of r. at large – so tht. they can bring up argument re HMG – failure to keep the war away from Borneo.

Agreed

x/

On second point I wd. prefer to ask mil. govt. to continue to ask C.O. to put in caretaker adminⁿ.

Opposed to allowing Co. to go back at all.

J.J.L. It is C. Aff. 50% Australians. And planned for them to w’draw.

H.D. Why not ask Austr. to let them stay.

R.S.C. Don't let Co. go back.

C.J. Must be either Co. or mil. We have no sovereign rights to administer civilly.
Cd. hardly legislate before ¼.

H.D. y/ Accept principle tht. mil. adminⁿ shd. continue. And let C.O., D.O. & W.O. consider how. We haven't asked Australia.
Agreed x/ and y/.

[Exit C.J.]

9. Transfer of Ships to French Navy.

A.V.A. As in memo. Paragraph 11. (b) helps us to sell F.A.A. aircraft. Our policy = help Fr. to rebuild their defence forces.

H.D. Agree. Review 11(b) at end/2 years.
Must get a figure for Colossus if we sell. Worth at least £1 m.

E.B. Agree.

E.W. Cd. Fr. public be told tht. we are doing something to help? Memories of Oran.

A.V.A. They don't read their own Press. We've helped with German ships too. Tillon has made a most gracious speech in welcomg. our gift of G. ships.
P.Q. in H/C. on this new deal.

[Enter J.W.]

10. Bulk Purchase of Cotton.

H.M. As in memo.

R.S.C. Cttees & Control are convinced tht. Control can handle it.

A.G. Powers?

R.S.C. When M/Supply powers are transferred to me.

J.W. Para. 5 of memo. Stress this.

H.D. Timing. E.B. & I might inform Halifax – saying it's decided but askg. for views on relation of announcemt. to Loan: i.e. date & manner.

R.S.C. Wd. like to announce before I leave.

[Exit J.W.]

11. Admission of Women to Foreign Service.

- E.B. "Insalubrious spots" – is protectⁿ to prevent all women being sent to those spots.
- E.W. No need for anxiety. Even re Ambassadors husbands.
- H.D. Collect publicity for this too.

12. Accommodation of Students & Tourists in 1926.

- E.B. Tho' schools etc. not available I'm worried about failure to provide for students. Want Cttee to look for other possibilities. Mustn't miss the opportunities arising to bring such people over. Cd. Cttee be given wider t. of r.
- H.D. In war visited RAF. stations. Many no longer used.
- S. We wd. consider that – thro' Airfields Cttee.
- R.S.C. V. isolated: accommⁿ must be used to house those concerned with stores etc.
- E.W. Wrong approach – fr. accommⁿ end. My offls. cd. get some good schools e.g. Stowe if linen, rockery & staff made available. M/S. have the materials. Ques. of staff. Cd. WAAF. or ATS. or WRNS. be seconded?
- R.S.C. We cdn't release linen. Bn. trying to do somethg. for hotels. Can't do more than 30.000 beds – even that will w'draw sheets from public.
- P.M. V. unpopular to give to tourists what housewives require so keenly.
- H.M. Better wait until we can provide somethg. up to N. Am. standards. Do it imaginatively & well. [Enter Marquand.
- M. We have explored these possibilities – incldg. approaches to Universities & Schools. Conclⁿ – not good enough to try this year. If we wait until '47 we shd. make a better go of it. This doesn't mean no tourists in '46. See second para. of annex. Scheme for Swedes – moored in the river eating own food! Limits on what we can do in '46.
- E.B. Ask that we shd. have Cttee retained & enlarged for 1947. Bring in Service Dpts. Use of troopships.
- J.J.L. We can release hotels before '47! As demobilⁿ continues.

- A.B. Want Cttee to consider also accommⁿ for medical education.
 Post-graduate – which wd. attract students from overseas.
 While Berlin etc., is out.
- A. M/L. hostels.
- E.B. Use 3 organisations – W.T.A., Hol. Fellowships, Nat. Hostels Assocⁿ
 taking it on contract.
- T.W. Competing claim – accomm. German p.o.w.

1. Parliament.

Business for next week.

[Exit W.W.
Enter C.J.]

2. Ethiopia.

- E.B. Want F.O. to begin negotiatg. on this basis & communicate with U.S. Govt.
This will provide sound econ. basis.
Eritrea – Lake Tanza – other diff^{ies} to be discussed.
2 yr. agreemt. nearly expired.
- A. Smuts will have strong views – suspicious of any trusteeship in Africa. Cd. E.B. find means of letting him know what's in his mind.
- E.B. A. cd. send him document. - Agreed.
I can't determine wtr. it will be single or 4-power trusteeship.
C.F.M. handling that.
Smuts may have views – but doesn't pay. We are paying £1½ m. p.a.
This scheme based on memo. circ^d to Doms. before Yalta.
- C.J. We support the memo. Go ahead.
- P.M. French?
- E.B. If I bring them in, I can't get any settlement.
- E.Sh. We may have to consider oil exploitⁿ. Concession to Ricketts (US) fell thro', but others since given to U.S. companies. Shell now proposg. survey in B. Somaliland. If oil discovered there, wd. be gt. advantage to us.
Anglo-U.S. agreemt. – thght. speedy ratification, but now p'poned in U.S. But even that wdn't prevent Shell fr. exploiting such a find in Somaliland.
- E.B. I will warn F.O. to keep an eye on that.
- H.D. Support memo. Para. 9 – no commitment to further expend^{re}. If oil found in B. Som. it wd. affect present posⁿ, wh. is tht. it is a drain on our resources economically. No point economically in staying there.
There may of course be strategic reasons for staying.
- P.M. Have C.O.S. considered strategic aspects?

- E.B. They are content if demilitarised area v.3., no one else gets there.
- A.V.A. This memo. leaves open who is to be controlling auth^y.
- E.B. And must do, for I can't decide alone future control of Italian colonies.
- J.J.L. C.O.S. wd. like to look at this.
- E.B. See para. 5(b) of memo.
- C.J. Care in handling people if United Somalia.
- P.M. Also in para. 5.
- E.B. Notice of new memo. re surrender of Gugsu.
3. Political Resident: Persian Gulf. [Exit C.J.]
- E.B. As in memo. IO want me to leave it over. If ????? want a rep^{ve} in Persia he shd. be properly accredited to Persian Govt. This = 19th century survival, now quite out of date.
- P.M. Not impressed by telegram from G/India.
- P.L. Ready to change in time, not in a hurry.
No ev^{ce} of real trouble in Persia.
V. awkward to do this quickly. Nowhere to go: & will cost a lot. £2/300.000. Can't put all that on India.
- P.M. It's not Persia who'll object: it's Russia.
- A.V.A. Cost £357.000. We are thinking of shifting our man in Bahrein to a sloop. And we cd. give our bungalow to Pol. Resident.
- P.M. Why not leave him in Bushire as a Consul. And put another man in Bahrain.
- E.B. Immed. action – may be raised at Security Council in a fortnight.
Agreed: separate the functions: put Pol. Resident in Admy. bungalow: Dpts. to work it out forthwith.
4. Arms for Wales.
- H.M. This doesn't - & isn't intended to – meet the agitⁿ for a S of S. for Wales.
- H.D. Consult some Welshmen?

- P.M. Add senior Welsh Privy Councillor?
- H.M. Believe composⁿ is traditional.
- A.B. Wd. be rec^d with decision if proposed at time of agitation for S of S.
Proceed v. slowly: and put fwd. at time when no agitation procdg.
- J. Putting ideas in their heads w'out satisfying them.
- E.B. Regular visits by R. Family to Eisteddfod. Wd. have helped.
- H.D. Or residence in Carnarvon Castle.
- E.B. Let H.O. consider.
Agreed.
5. Industrial Disturbances.
- G.A.I. a) Arranged Fords will meet to-morrow under chairmanship of
Gould.
Union Offl. behaved foolishly in leaving when Fords asked for
repⁿ to be present.
- b) Coventry. AEU. took unusually quick & firm action.
Humber workers still declining advice of offls. Odd tht.
Wal. Harrington shd. be one of those advising workers
to return.
In genl., situation is easier.
- T.W. Wages 72/6 betwn. 14/16. £4.4.0. betwn. 16/18.
Agricult. workers wages still 40/=.
Parents not allowg. children to go into agriculture.
- P.M. Relative rents?
- E.Sh. If wages go up in engineering (as recently in docks) doubt if I can
hold miners. They claim they shd. be in 1st grade. They also
point to success of those who agitate. – and get support of Govt.
Wonder if we oughtn't to face ques. of wages policy. Can we allow
the spiral to run freely because of relative rates. Inflationary risk.
Is it enough to rely on pegging c/living.
- E.B. You cd. pay miners higher wages if they were on paymt. by results.
- A.B. Much politics behind this eng. strike. Comm. in offl. pos^{ns} in Unions
are finding it more diff. to keep changing their policy. Firmness
by Govt. may break posⁿ of these Comm. leaders.
- E.Sh. 4-5 scrambling for important T.U. posts. Playing to the gallery in
putting up v. extravagant claims. Competitive bidding.

Remedy: peg wages.
Unless this can be done, I foresee trouble.
My reply to Charter applⁿ. - Objective – high prodⁿ fr. a contented
body of men. I will arrange for you to come into full partnership
with Coal Board to thrash out all ques. incldg. wages & cond^{ns}.
If they reject this, for pol. reasons, we shall have gt. diff^{ies}.
Prospect now – get thro' winter w'out factories closing down. Not
true there is any impediment to steel prodⁿ. Much better than I
dared hope.
But trouble with miners & I can't hold the posⁿ.
New Secretary – conflict betwn. Horner & Bowman. But large
section of N.U.M. are favourable to this Govt.

P.M. Suggⁿ of pegging wages. Diffy: we must raise some wages to get
recruits.
But then relativities come in. And a spiral.

H.M. I have a working party about to report on this. Many diff^{ies}.
If we raise rates in unpopular industries, we must be firm with
demands from the popular industries.
Danger of M/L. conciliation offr. doing too much conciliation & not
standing firm enough on occasion.

G.A.I. Can't go on with negative attitude twds. wages. Always being pressed.
Better to announce we have no policy.
Cdn't we be auth^d to discuss with T.U.C.

P.M. Yes: but only when you have the report.

G.A.I. Or R. Commⁿ on wages structure.
Better-paid industries must be persuaded to stand still until others
catch up.

E.B. State has complete control in one place – Services. And always
forced into giving increases. Once start State fixing wages & you
must have sanctions to enforce. And you can't use the sanctions.
And hybrid industrial system with state fixing wages, every
dispute is a dispute with the State. Playing with fire.
Agriculture. Need is for graded system. And the Unions are preventg.
that.
Surely the Wages Bd. cd. take initiative in puttg. fwd. a scheme.
Farmers cd. afford it.
Miners wd. never have accepted Porter award if I hadn't bullied the
Executive.
Excitement about spiral is overdone. Take wages in terms of
purchasing power. Apart from a few low trades (bricks, gas,
asbestos etc.) which represent only 600.000 outside agriculture,
not

Told during war how badly off soldier was. Now he complains that
he can't drop down to civil rate!

Area of dispute – demarcation – was worst & now is v. little. No demarcation dispute for 2 yrs. in bldg. industry.

Coventry. Same move at end/last war. Non-Union town right up to '39 as a result. This time bulk of men not going to have it again. No response to unoffl. movement.

No connⁿ betwn. Cov. & Fords.

High-paid occup^{ns}: v. diff. men to find, e.g. furnace-men. Not overpaid for what they do. Docks: 16/= at end/last war & 19/= now. And more work from much lower labour force.

Wage rigidity will be enemy of increasing efficiency.

- H.M. All I care is – don't drift because we're afraid to tell the truth. Don't forget how much subsidy is going into pegging c/living. Let the people know. Not advocatg. rigid control. But don't get into posⁿ that this Party daren't put any brake on wages.
- P.M. Not a ques. of rigid wage – fixing. Need is to talk seriously to T.U.'s.
- E.B. Let M/L. get out a table showg. wage relations etc.
- A.B. Can't have full emplt. with Ty. assistance & leave wages to free negot^{ns} betwn. T.U.'s & employers. Some T.U.'s not doing their job. Esp. in low-paid trade Unions aren't workg. E.B. must realise tht. if we are to rely on independ. T.U.'s we must make them work. All recognise pol. intervention in some ind^{ies} – e.g. mining. Thro' prices. We are intervening: but refusing to examine principles of our intervention. What we shd. do is to settle those principles & explain them. Examine that qua Socialist theory – don't try to combine Socialist planning with empiricism over wages.
- T.W. Can't go on making psychic bids.
Agreed: Report of working party to come to Cabinet via L.P. Cttee.

6. Albert Hall Meeting.

- C.E. In addⁿ to Police arranged for Miss Nunn to go too. Read her report. P.Q. by Piratin. In supplementaries – might offer to read the report. Ridicule is the most effective weapon v. these people.

1. Speeches by Persons not Members of Government.

P.M. Have considered Cab. remit, with H.M.
Deal ad hoc: as it arises. No further directive.

2. Food Debate.

H.M. Had arranged – 25/3, on Consol. Fund Bill.
P.M. thght. diff. to do it until M/Food back.

P.M. B.S. now leaving 20/3. But can't be back for certain. Better
postpone. [Exit W.W.]

3. Persia.

E.B. U.S. proposed to put on Agenda for Sec. Council if Persians didn't
because believed Sov. were pressing P. not to bring it up.
Thought better tht. U.S. shd. make the challenge esp. as we were
parties to Treaty & had w'drawn our troops. Also Anglo-Persian.
U.S. publish their notes too soon. But they've done it.
Heard this a.m. tht. Persia are persistg. despite pressure in bringing it
fwd.
Satisf^d tht. R. objective is oil – not territory or warm water. Believe
U.S. operators in S. Af. cd. draw off the oil fr. Baker fields – will
M/F & P. verify this. Wd. make boundary issue more acute.

4. Egypt.

E.B. Seen our rep^{ve} (?) Some prospects of reasonable Treaty.
Trouble a) WafD b) Russian activities: 80 persons in their Legation.
Campbell on his way. 12 appt^d to negotiate: not our affair to ques.
these because Wafd not included. But can & will ask for
assurance tht. they are rep^{ve} & it will be ratified.
Campbell will take prelim. talks. Then a team of experts, mil. &
other. Finally, I think I wd. go there vice bringing them here.

A.V.A. Shall we hold it afterwds. if WafD not included.

E.B. But if I decline to negotiate, I'm interfering with domestic concerns
of another country. And might come to Sec. Council – where I
wd. be rep^d as willing to negotiate only if I cd. choose whom
I negotiated with.

- A.V.A. Wafd have gt. resentment v. G.B.
- E.B. .. boycotted last Eg. election: I can't tell E. Govt. they aren't rep^{ve}.
5. Levant States.
- E.B. Out of Syria by 30/4. Reducg. in Lebanon. Diff^{ies} with Fr. Leb. proposg. to put it back to S. Council. I can't be tied to Fr. on this. We cd. get out by June '46. Reasonable date for all wd. be Aug. Believe Fr. exaggerate the physical diff^{ies} of w'drawal. I propose we come out by June. Agreed.
6. Denmark.
- E.B. Want all B. troops out of Denmark. Planned to come out. Result = rept. tht. R. are w'drawg. fr. Bornholm. This is result of Danes being able to say we are going out. V. great gain. Clears Baltic.
7. Greece.
- A.B. Statemt. by Gk. P.M. tht. he can't guarantee elections in free cond^{ns}. If we adhere to our policy. I suggest early statement on ships we have taken to protect free elections.
- E.B. V. well: will do that. At right opportunity.
- H.M. Can E.B. cover the point tht. there will be free elections w'out force & violence. Don't know how far B. troops cd. be used or Gk. police relied upon.
- T.W. See tht. B.B.C. give full publicity to the statement when made.
8. Dejazmach Gugsu.
- S. What did he do in our war?
- P.M. Lived on Ty.
- R.S.C. How far are we comm^d by auth^d statement of behalf of B. Govt. tht. we wd. not hand him over. M/State was then a member of the Cabinet.

- H.M. And subsequently confirmed by War Cab. anyhow.
H.D. "Posⁿ will be reviewed" means in my view re-opening whole matter.
That legalistically meets RSC. point.
- P.M. Hand him over & say he shd. be tried.
- R.S.C. Para 4 of memo. – in support of my point.
- J. What matters is, now W. Cab. decⁿ (wh. is domestic), but what was
said to G. And if original statement was as stated in para. 1,
our hands are free.
- R.S.C. Make a statemt. indicatg. we aren't going back on undertaking.
- P.M. Need we say anything?
- R.S.C. Don't want right of asylum whittled away. Consult O.L. ? (Not
favoured.)
- E.B. In an aside – I will see the Ch. Pol. Officer.
I'm ready to consult A.E.
Proposal app^d in principle.
9. Brabazon I Aircraft. [Enter Wilmot, Barnes &
I. Thomas.
- P.M. Two points – as in memo.
- A. M/C.A. not v. keen on project: other Dpts are, however.
View of Cttee was tht. project shd. proceed.
If so, other proposals (for runway) follow. Must be ready for next
year, when machine finished, & work must therefore start this
year. Minister has power to take the land for runway alone:
otherwise hybrid Bill, which wd. be too late.
- P.M. Anyone against continuing scheme?
- H.D. I was in favour before: but disturbed re para. 9. View is now
balanced.
- I.T. Mustn't overstate views of operators. Tho' not interested in earlier
model, they are interested in model with jet engines. Ministry
do favour project.
This won't be in service until 1950. By then other aircraft
development will be on the way.
My Minister does support the project.
- A.B. Cause = pre-occupⁿ in M/C.A. with U.S. aircraft: now being weaned
away.

- P.M. Then will Minister see tht. his Dpt. & B.O.A.C. support B. aircraft and this project.
- R.S.C. Reason for puttg. this into bldg. was our concⁿ tht. we must experim. with large aircraft. Had to put Cent. engines in first: always meant to substitute jet engines later.
We have nothg. else in prospect which cd. compete with U.S.
- E.B. Equal to anything U.S. have in contemplⁿ?
- R.S.C. Yes: they are in fact copying it.
Agreed: Proceed with project.
- P.M. Then by Def. Acts or Hybrid Bill?
- H.M. a) Cdn't this, like Heathrow, be covered in C.A. Bill?
b) Land Acqu. Bill wd. cover him too. Cdn't that Bill be extended to cover M/Supply & M/CA. (?)
General support for that.
Agreed: no hybrid Bill.
- J.W. Ques. of time. We must start the runway this spring. Want therefore to use Def. powers to acquire only runway land.
Rest can be brought under one or other of Bills at a) or b).
- Barnes. Abolishing v. import. by-pass.
- E.B. Use the Poles.
- H.D. Wish to reserve ques. of B'tol airport. Agreed.
- E.B. See tht. our decision re State airfields is said to prevent agreemt. with B'tol Corpⁿ.
- A. Not so. Anyway that ques. is reserved.

10. Civil Aviation Bill.

- P.M. Deal first with B/Trade point.
Have you considered RSC formula?
- I.T. If Cab. rules against me, I want Parly Council to consider wtr. we shd. rely on Cl. 3(2) dir^{ns} vice new formula sugg^d by R.S.C.
- E.B. These Corp^{ns} may interlock with Europ. corp^{ns}. Some accessories may be made e.g. in Italy. Don't want to be tied up too closely.
V. dangerous clause.
Support R.S.C. Don't think of this problem wholly in terms

- of U.S.A.
 Don't deliver yrself. into hands of manufrs., who aren't nationalised.
 Effects on other forms of transport. Interests wd. demand similar
 protⁿ.
 Awkward from F.O. point/view generally.
 Even G.P.O. have never bn. restricted like this.
- J.W. No objⁿ to either alternative – so long as we secure tht. Corp^{ns} can't
 buy foreign aircraft w'out permⁿ of Minister. Must be satisf^d
 tht. Minister will give dir^{ns} to Corp^{ns} on the 3 pts., {acquisition
 { manufacture
 { execution of
 { major repairs
 prev. agreed by Cab.
 Corp^{ns} are disposed to rely on U.S. prodⁿ – as, fr. operators' pt. of view
 alone, is more convenient.
- P.M. Cab. can so direct Minister at any time.
- R.S.C. On ques. wtr. Cl. 3(2) wd. be enough – that Cl. is limited to functions.
- E.Sh. Why set up a Bd. & then hamstringing them at every turn. R.S.C. clause
 is too restrictive. It's wider then 4(1) – for that is limited to
 foreign aircraft.
- P.M. But that is discrimination. That's why we widen it up.
- E.Sh. Wd. rather have it on basis of preventg. purchase of foreign rather than
 regulating purchase of all.
- A.B. Too much of powers of Corpⁿ derive fr. Parlt. itself. More shd. be
 derived from Minister. Otherwise conflict betwn. Corpⁿ &
 Minister.
- P.M. Minister shd. make the schemes – not Parlt.
 Half Agreed: Omit Cl. 4(1). Let Dpt. consider what amendmt.
 required in Cl. 3 to cover the R.S.C. formula.
- H.M. I still prefer R.S.C. formula: Parlt. will expect some explicit ref^{ce} to
 this ques. of B. aircraft prodⁿ. M/C.A. shd. want it too. May
 be necessary also to use this power for full emplt.
 Repairs – C/A. & M/S. must consult together & Cab. can decide.
- A. &
 A.V.A. Endorsed H.M.'s view.
 Agreed: Accept R.S.C.'s formula vice Cl. 4(1).
- P.M. Clauses 2 & 3 cover it.

- E.B. Why not decide – Delete Cl. 4(1): & let Dpts consider wtr. any amendment of Cl. 3 required to give effect to R.S.C.’s formula.
- T.W. Clause 32. Shd. also be power to build farm bldgs. as well as houses.
- I.T. Will do so.
- A. Why shd. M/C.A. decide if it is desirable?
- A.B. Won’t do it w’out consultg. M/H. And only when l.a. won’t build.
- P.M. Take that up at Legⁿ Cttee.
- P.M. Title: to cover B’tol Airport?
- H.M. Legⁿ Cttee can consider that.
- H.M. Longer than I had hoped. Rigmarsh on pp 2-3 – cd. be done by subsequ. Regⁿ. Open to much amendment.
- R.S.C. If you appoint statutory Corp^{ns} you must define their job.
- P.M. Put it in a Schedule.
- I.T. Will consider that.

[Exit Barnes, J.W. & I. Thomas
Enter J.B.H.]

11. Level of German Industry.

- P.M. Preliminary discⁿ with a few Ministers.
- E.B. Steel: now agreed at 7.5 m. capacity. Ty. paying now £80-90 m.p.a. This scheme shd. reduce obligⁿ in 2-3 years to about £25 m. Have put in C.P. 115. – what our rep^{ve} shd. say in Berlin, mainly to safeguard our financial posⁿ. Potsdam dec^{ns} reached on assumption of unified Germany. And other conditions in para. 2 of memo.
- J.B.H. Attentⁿ to followg. points –
- a) 66½ m. is not factual estimate, but political compromise. If not realised we shd. have to demand revision.
 - b) Level suggd = 1932 & that was cond^{ns} which produced Hitler.
 - c) Plan not agreed wth countries closely affected.
 - d) Rep^{ns} deliveries to Russia etc., are using resources (inclgd. timber for packg.) which G. can ill spare.
- Risk tht. R. is using this plan to weaken W. Germany.

These are the pts. to be borne in mind. But on the whole accept – if
(i) assurance of early appt^{mt} of central adminⁿ – so we don't
have to carry too much in our Zone.
(ii) review if posⁿ contemplated isn't realised.
This, however, is the best we can get by quadripartite agreemt.

H.M. We may have to accept pro tem. as best we can get. But v. unhappy
about this & its effects on European economy.
Need to control G's war potential: but with least harm to her general
economy.
Heading for heavy unemployment – wh. smashed Weimar regime.
Financial prospects. Nothg. for occupation costs. We shall be £40 m.
at least on wrong side of b) paymts. this year.
Provision for elimⁿ of synth. ammonia. Shd. be suspended until the
fertiliser posⁿ is secured.

A.B. Revision?

E.B. Year to year.

H.D. Share H.M.'s apprehension: but believe this is best we can get now.
Inst^{ns} in C.P. 115 give some safeguards.
Can't force R. further now. But we can bring it up again at any time.
Delay wd. be a gt. evil.

P.M. Agree. We were thrust into this attitude twds rep^{ns} by our Allies.
Can't get away fr. it yet.

J. Need for potash & timber.

E.B. Potash is in U.S. zones.

E.W. Packing. Cdn't we ask R. to fetch it?

J.B.H. Are looking into this.

R.S.C. This is a starting-point; & it's a much better one than we looked like
getting.

A.B. We are being asked to accept a situation wh. we shall find it v. diff. to
explain to our people.

H.D. Look again at timber generally. Agreed.

J.J.L. Welcome this as foreshadowing abandonment of Zone system.
[Exit J.B.H. Enter. C.J.]

12. Trans-Jordan.

E.B. Want consultⁿ with F.O. on Art. 6. Indicating tht. they invite presence of B. troops.

A. Art. 9(3) wd. include Newf. & N. Rhodesia. Consult with C.O.

J.J.L. (i) Art. 7. Annex cover NAAFI. supplies? } Take up with
(ii) Offrs. provided for discipline of Amir's } C.O.
men shd. be paid for by him. }

E.Sh. Art. 2 of Annex. Does this safeguard us enough?

C.J. Yes: as wide as we can draw it.

J. Why appoint the Kings as plenipotentiaries for the Kings.

O.S. The names of plenipotentiaries will be filled in.

13. Cabinet Mission to India.

P.M. Good wishes.

1. Unemployment Insurance: Eire Nationals.

- A. a) Soldiers. 40.000 volunteers fr. Eire to Forces. Unfair to deprive them of benefits due in resp. of contrib^{ns}.
- J.G. Almost all have ret^d. We will ask Eire to pay as agents up to max. of 180 days. Then they will be entitled to no more.
- S. 7/10.000 in R.A.F. Gratitude & future recruitment.
- H.D. Against the law for anyone not remaing. in U.K. to draw benefit outside. This means specl. exemptⁿ in favour of Eire nationals wh. won't be extended to other Dom. citizens Poles etc. If they had stayed in U.K. they cd. have had it.
- P.M. But these men cd. not have joined up in Eire – as other Dom. citizens could.
- J. Can't go on paying benefit without control. Can't say wtr. man cd. take work.
- E.Sh. How wd. it operate in practice in Eire? Cd. Eire Govt. do it? What if their benefit were higher than Eire benefit? Have Eire Govt. bn. consulted?
- J.G. Proposed tht. Eire Govt. shd. pay as agents on proof to them of unemployment.
Remember 7.000 of these men deserted from Eire Army.
- J.J.L. 30.000 in Army: served well: came at risk to themselves: friends to us w'in Eire. Favour payment.
- A.B. Men from N. Ireland will get benefit. That makes anomaly worse.
- E.B. Once Eire have accepted agreemt. their adminⁿ work it well – that was my experience in war. Worked smoothly. If you get agreemt. re cond^{ns} etc., the Eire Govt. wd. carry it out.
Cdn't we get Eire to accept U.K. rules, incldg. provⁿ for transfer to U.K. if no work there. Opportunity for bringing Eire closer to U.K. And helping U.K. man-power. Don't miss this chance. Also wipe out any feeling v. the 7.000 deserters.
Provisional decision in favour of this concession to soldiers.
- H.D. b) Workers. No compassionate case here – they knew what the law was, ran no risk & made good money.
If accepted that nothg. be done for them, I wd. accept concession for

soldiers.

- A. Agree that merits are diff. tho' techn. the same because contributors.
But if concession made re soldiers I wd. make no trouble over workers.
- E.B. And you c'dn't settle workers w'out bringing in N. Ireland – because of
movemt. of labour fr. N. to South & vice versa.
Wd. like Minister to be able to say, however, tht. we are ready to look
at a reciprocal arrangement.
- E.Sh. Can't see how you can discriminate betwn. soldier & worker.
On principle, when you've forced a man to contribute, how can
you default?
Tho' no reciprocal plan made, its diff. to deny benefit to a man who
has contributed. If they remained here, benefit or work.
We needed these workers as much as the 40.000 soldiers. If an Eire
man knows tht. he is entitled to benefit, he won't necessarily
remain in Eire.
- A.B. Decisive argument – if you pay them benefit in Eire, you imply they
can't be found work in U.K. But we can – all over G.B. And
these in hypothesis are mobile.
- P.M. Give them title to benefit & they can go home merely for holiday.
- J.G. Terms proposed are not the same. Eire Govt. say a) they facilitated
recruitment of these workers, at some risk. b) They came on
permits: & if when they expire are unemployed they are
forced to return to Eire.
We therefore sugg^d we wd. pay 75% of men's cont^{ns} into Eire
Unempl. Fund on condⁿ they paid similar amount for benefit of
these men.
- A.B. Amend b) so that they can stay on – we need them. And then say you
can have benefit if you stay here.
- E.B. This wd. mean another conflict with Eire – attractg. man-power away
permanently.
In a few years' time you'd get a problem of Irish labour here.
Man-power argument is conclusive only for short-term
needs.
This can be better solved by detailed study of reciprocal plan –
bringing in Eire and N.I. administrators.
Feeling in Eire turning – chance of better feeling.
- A.B. Don't dissent from that.
- P.M. Commend disc^{ns} at admin^{ve} level with Eire and N.I.
Take care of long-term problems as well as immed.

short-term shortage.

C.E. H.O. and M/L. shd. be associated with these disc^{ns}.

H.D. W'd draw opposⁿ to soldiers on basis no commitment re workers.

2. Parliament.

Business for next week.

3. The Nelson Pension.

H.D. Has caused comment for some time – only one left. P.Q. by W. Harris – reply as in memo. Ty. Solr. has taken it up with Ld. Nelson's solrs. Ld. Nelson has no direct issue – going further still out of direct line. The brother (86) has children. Wrong tht. it shd. now go to them. But sentiments also. Mustn't be too clumsy. Quid pro quo cd. be offered for termination of pension after the old brother. There is an estate called Traf. House: no artistic merit, poor repair & mortgaged. But he is prevented by settlement fr. disposing of it. We cd. free Traf. Estate so tht. the brother's children cd. sell it. Wd. mean hybrid Bill. Don't ask for it early. Can I have auth^y to get it drafted when opportunity offers. In reply to P.M., this is sole surviving case of perm. pension payable fr. Exchequer. I wd. like Ty. Solr. to indicate to the solrs. tht. this is how C/E. views it.

Agreed.

4. Heathrow Airport.

A. Decided Heathrow land powers shd. be taken in C. A. Bill. But l.a.'s & others have bn. told wht. scheme involves: & factories on fringe who want to do extensions. Suggest therefore clear statemt. of Govt. plan so tht. all affected may know where they stand. Wd. be made clear tht. it's subject of course to Parlt.

1. Persia.

E.B. No def. informⁿ beyond public radio announcement – unless anythg. unforeseen occurs is a big loophole. Can't tell wtr. it's a ruse to dodge S. Council & m'while get oil concession & the kind of P. Govt. they want. Can't therefore advise Cabinet on this. May be change of policy – rpt. this a.m. of w'drawal from Manchuria.

E.Sh. Oil concessions. Rpt. going to F.O. to-day: copy to P.M. to decide wtr. to circulate to Cab.

2. Greece.

E.B. Stood my ground. Rpts suggest cond^{ns} as good as you can expect for such a country.
World opinion turng. twds. me.
Wd. like some vocal support fr. Labour Party.

P.M. Rally to Party Mtg. Wed.

3. Spain.

E.B. I'm as anxious as Labour hot-heads to get Franco out. But so much trouble elsewhere tht. I can't advice Cab. to go too fast with Franco.

4. Egypt.

E.B. Moving out will put fat in fire. Better to wait & make 2 moves.
Will see P.M. re effect on Defence Cttee.

5. U.S. Bases.

A.B. Suggⁿ in wk.-end Press tht. R. wd. raise Iceland issue as against U.S. on S. Council.
What wd. our attitude be?

E.B. Comm^d on that. Warned Byrnes tht. this situation wd. arise both on Iceland & Azores. Need really is civil aviation – no need for bases. R.N. hadn't many bases when it policed the world. If U.S. goes on claiming so many bases R. is bound to do the same, unilaterally. e.g. Spitzbergen, even Faroos. Advised Byrnes as

lease expired June to ask for 12 months' extension & give time for UNO. to handle it. He refused this. All I've done is to claim right for aircraft to use these bases: but I've refrained from askg. for any B. bases.

Hope I've dissuaded U.S. fr. askg. for base in Azores. I propose it be a free for all civil avⁿ base. Have promised B. support for that scheme – on basis of “free post”. U.S. now want exclusive rights in one of the 2 airfields. Bound to provoke R. if U.S. took one & we the other.

Conflict in U.S. betwn. War Dpts & State Dpt.

Doubt if Salagar will yield to that U.S. request.

Iceland: warned Byrnes tht. I. Govt. wd. lose election if it yielded to U.S. request.

6. World Food Supplies.

P.M. Complained again about conference held by P.R.O. M/Food.

B.S. Arrival in W'ton delayed. Cereals & rice Ctees were examg. deficits with no hope of reachg. agreemt. Supply & demand for wheat & rice.

Prelim. talk with Cl. Anderson – helpful.

CFB. met 14/3. – full meeting. Succeeded in maintaing. U.K. figure.

India – definite antipathy in U.S.

Ex. en. countries to 1.000 cal. level.

France – took a/c of R. offer.

Rice – 567.000 deficit uncovered. U.S. tried to reduce India to 900.000. I got Cl. A. to accept my figures as workg. basis.

Final allocⁿ to India 150. vice 200.000.

Reasonable quantities for other L.F.C. countries. But need to get supplies fr. Siam.

U.S. acreage: no hope of further increase above 1 m. wheat:

1 m. soya: 1 m. corn.

Reason: Fear of dust-bowl cond^{ns}.

Ditto in Canada.

Believe, however, some increase in Can. & U.S.

India: I got 140.000 & 170.000 rice. Problem now = get enough in time.

Indians v. displeased.

Will circulate full report.

U.S. doing best to reduce consumption wheat 40% oils & fats 20%.

No hope of their re-introducg. rationing.

Oils & fats – discⁿ at offl. level. Thought it unwise to approach

Ministers at this stage: wd. antagonise officials. U.S.

consumptⁿ is being reviewed. They press us to get supplies fr.

N. Guinea, Sumatra & W. Africa.

N. Guinea = Austr. mandate; & Austr. usg. supplies for own soap & marg. manuf.

Some temp^y redⁿ in U.K. consumptⁿ seems inevitable largely

- because the Indian ground-nut decⁿ – wh. I will discuss with Indians on L.F.C. to-morrow.
 Visit successful on the whole. But U.S. are tiring of our continuous appeals.
 Wd. be wise to lay off now.
- P.M. Details of W.F.S. mtg.
 Consider now – debates, b'casts etc.
- A.B. Ground-nuts. Exporter told me he was refusing to export because riots in India. Cd. we press them to do so when Cab. Mission arrives.
- P.M. Thought they weren't short of this sort of food.
- B.S. Trying to make ghee of it – I believe ground nuts wd. go thro' them.
- A.B. Large nos. of poor Indians do eat ground-nuts.
- B.S. I've bought ½ m. tons & can't get them. Believe they can export them, with the wheat & rice alloc^{ns} they've now got.
- H.M. Debate. White Paper: if it cd. be app^d to-morrow, we cd. have debate next week. Cd. hold House until week after next. Mon. week wd be about the latest.
- T.W. Wd. it be wise to publish W. Paper before EECE mtg.
- P.M. Can't consider that to-day.
- H.M. Must decide at W.F.S. mtg. Tuesd.
- B.S. Mission to Argentina: 3 men (genl. supplies: cereals, wheat: meat). U.S. have a man there. Wd. like Marris to go: also Thorn (wheat).
- E.B. Sugg^d Friday co-ordination of B. agencies there thro' B. Embassy.
- P.M. B'cast?
- B.S. After debate in H/Commons.
- P.M. Yes: will consider it then.
- E.B. Are we talking too much re food? Annoying to housewives.
- H.M. Reasons a) diff. times ahead: need to warn them re background.
 b) peoples of the world shd. know the facts, so they can judge their duty, e.g. in U.S. & Canada.
- [Exit B.S.]

7. Security Council: Use of Veto.

- E.B. Attempt to clarify – “dispute” “situation” ques.
R. have put in amendmts. wh. we haven’t had time to consider.
- J. Real point = does a controversy come under Chap. 6 or 7.
But Ch. 6 deals with both disputes and situations.
Real need is to clear d. or s. under Ch. 6. and a threat under
Ch. 7. (Art. 39).
By this definition you don’t meet the real point.
- E.B. I wanted a simpler approach – dispute if originating Govt. wished it
so treated.
Others disagreed.
- J. In deciding wtr. a ques. is to be treated under Ch. 6 or 7, regard be
paid to.....
- E.B. Ready to accept views of F.O. lawyers & J. on method: if Cab.
accept the [substance] principle.
- J. Save for Art. 34 – wh. because in Ch. 6 – does raise a point of
principle. That is both d. & s.
- E.B. But in addⁿ to Charter there is the 4 Power Interpretⁿ – which is worse.
Also consider R. amendmts.
Agreed: J. & Beckett to consider methods of giving effect to
the principle.

8. Victory Celebrations.

- T.W. Any power to control hotel charges?
- P.M. Let H.O. enquire.

1. Parliament.

Business for next week.

2. India.

[Exit W.W. and H.M.]

P.M. Procedure for handling Cab. Mission business

- a) India Cttee
- b) Circulation of telegrams.

As in my minute to P.M. Agreed.

3. Sarawak.

[Enter E.B.]

G.H. As in memo.

Para. 6. This point was raised over Malaya. Complete examⁿ will take some months.

If any delay over Sarawak, there will be diffy.

P.M. Uneasy re Tuan Muda & his son. Justice shd. be seen to be done.

They are entitled under the will to succeed. You are going to get that set aside – isn't it a bit much to refuse him leave to go out.

You say he has no rights: I'm advised tht. he has a claim to go & state his case. He's bn. asked by Paramount Chief to go out.

J. Wdn't it be wise to give him a sweetener – raising his allowance.

P.M. Not a ques. of that – it's his legal rights.

J. If you don't give him right to state his case, give him some more cash.

G.H. Tuan Muda himself has relinquished claim because ill-health in favour of his son.

But if we try to over-ride Rajah, he will refuse cession.

P.M. Is there any law in Sarawak?

G.H. He is autocrat – complete powers over Council Negri.

P.M. But not in respect of the wills. V. high-handed to forbid him to go.

At the moment we, not Rajah, control the territory.

E.B. This is a bad moment to get a cession of territory durg. mil. occupⁿ.

c.f. Persia.

G.H. Adminⁿ will be handed over to civil power.

- E.B. V. dangerous in those circs. to allow Tuan M. & his son to develop a grievance.
- G.H. The offer of cession was volunteered w'out any pressure from us. Cab. auth^d me to arrange the cession.
- P.M. Not asking you to abandon the idea of cession. Don't do something which looks bad.
Remember we control the territory now.
Must see Rajah & press him to allow Anthony Brooke to go out.
- E.B. Cdn't we get them to accept an arbitⁿ here under High Co. Judge – the tribunal in Sarawak wdn't give an impartial verdict.
- G.H. But it is the territory which Anthony Brooke is claiming – not the money.
- E.B. If he makes a fuss, anyone cd. get the ques. put to Sec. Council. Must devise some judicial means of settling this.
- G.H. I will see Rajah & press him to allow Bertram Brooke to go out.
- P.M. Ld. Chanc. to consider first. No action meanwhile.
- H.D. On para. 6. L.O.'s went outside their t. of r. & made a bad recommⁿ.
- [Enter G.T. & Dugdale.
4. Building: Shortage of Brick-workers.
- A.B. Can't expect to hold posⁿ if bldg. delayed in July/Aug. for lack of bricks.
Recited the course of earlier discussions. Decision by Housing Squad undermined by Man Power Cttee. All this involved delay: and wastage fr. brick-works equals intake. Don't care what method is used so long as I get the men. M'while best bldg. weather of the year is on us - & no prospect of bricks.
Class B. releases – months ago thousands of names given & now have come out.
All the recomm^{ns} made by For. Secy. are dependent on readiness to come out in Cl. B.
If housing is a priority, the men ought to come out as a priority.
E.B. suggests getting bricks fr. Belgium to wake up the industry.
They can't be awakened if they have no labour force.
- P.M. A v. one-sided statement.
- a) Not true tht. Services have bn. un-cooperative. Brick-workers weren't first priority class in housing – experts, bricklayers etc., came first.
 - b) Housing Squad scheme wdn't work.

- J.J.L. All requests made have bn. properly considered.
On b) if you offered Cl. A. benefits to brickmakers, at least 90.000 men already out wd. claim same benefits. Wd. break down Cl. A. releases – discontent.
- A.B. I accept that. Don't care what methods Service Dpts. adopt, so long as they produce the men.
- E.B. Came to M. Power Cttee in Oct. re B. releases. This Govt. shd. be careful not to dishonour pledges re demobilisation scheme.
I suggested raising B. releases to 15% - & no complaint since made to M. Power Cttee that it isn't working properly. Heard no complaint until after Housing Squad.
Believe it's 200.000 men affected in Cl. B. – not 90.000.
In addⁿ to raising Class B. to 15% I brght. June dates back to May.
These two decisions shd. have given 450.000 extra.
Belgium. I believe brick trade is complacent – on both sides failure to make the industry attractive. Frighten them by bringing Belgium in – as the bldg. trade always did pre-war.
How many affected? 1.500/2.000
- G.T. These are the named men. 6,000 is the real need.
- E.B. However you w'd draw fr. Army they must come in ones & two's & fr. all round the world. I thought, in addⁿ to starting this flow, wise to get big quantities of bricks in to meet the gap in summer.
Even if you get the skilled men out of Forces, you'll have diffy. in getting the b:1 unskilled labourers. You need 36.000 apparently.
Can't get the bricks in time by man-power means, whatever you do.
That's why I made the supplementary suggⁿ.
This man-power scheme isn't final.
I took 6 days on this job, when referred to me.
- A.B. Was already looking into Belgian bricks – a) don't know what stock they have b) don't know about transport.
- H.D. I wd. raise no financial diff^{ies} over import/bricks next few months.
- G.A.I. a) Records of pre-war labour in all brick-works.
b) Many works choked with stores e.g. 1 m. bricks in one place.
c) Must get p.o.w. & Poles to back up the skilled workers.
Accommⁿ then.
- P.M. Put p.o.w. in tents.
- G.A.I. d) Have convened this complacent industry.
e) Why won't these key men come out? They are the well paid men who don't have the dirty work to do. We therefore favour further appeal.

- f) London Brick Stewartby are willing to take p.o.w. & Poles.
- P.M. Nominated men?
- G.T. 3.107 to W.O. up to 15/3. 1.644 position not known.
3.935 to all Services up to 15/3. 2.977 sent to M/L. by 30/11.
Delay is in respect of men overseas.
Housing Squad – 6 recomm^{ns}: all but 1st are going ahead.
I wasn't surprised to hear diffy. over 1st. I agreed at M.-Power Cttee
tht. it cdn't be pressed. I was told, however, that men wd. be
directed to this work. Was satisfied with that. But the present
plan isn't "direction" & wdn't produce the men in time.
- S. 520 applied for 360 out.
- D. We cd. do this – a handful of men only.
- P.M. Why was it turned down?
- E.B. If you use power to call up for mil. service to direct to civil labour,
disobed. will involve mil. penalties. Can Serv. Ministers accept
that?
Durg. war we never applied mil. penalties. The men who went to
aircraft factories went voluntarily.
Cd. you really enforce direction? Using Army Act for that purpose.
Cd. you do in peace what we never did in war?
- J.J.L. Cd. supply Pioneers for unskilled labour.
Asked for 1.500 in Feb. Asked for 3.000 volunteers for
Cl. B. (Feb. 27th).
- E.Sh. Caution re use of compulsion.
Why weren't we warned earlier of impending labour shortage in
brick works.
We shd. know how many bricks we need over 2 years.
- E.B. In (c) omit words "unless objⁿ" & tell Commrs. no mil. penalties
if they refuse deliberately.
Agreed { E.B. to consider wording of scheme, to make it
{ firmer.
{ Rpt. to be made to P.M. re import of bricks fr.
{ Belgium.
- E.B. Shipping must be improvised – by M/T. and Admy.
Coal from Ruhr.
I wd. talk to Belg. Minister if Ty. & M/H. scheme were prep^d.
- A.B. I will approach E.B. when I have the facts.

E.Sh. Can I be told early what coal will be needed for bricks over future months.

1. Greece

E.B. Elections seem to have gone fairly well – abstentions not v. heavy.
Won't be overwhelming victory for Right. If this abstentⁿ hadn't been
urged, left cd. have had a reasonable share in Govt.

2. Indonesia

E.B. Asked to keep quiet – while v. Mook is in Holland. If we use our influences
well, looks as tho' there may be a settlement.
I must see Ambassador. We shd. be prepared to have a mtg. with the Dutch
when they come back to report. – P.M. and I, to make it clear to Dutch
Govt. tht. here is settlement fr. rep^{ve} advises you to accept & we can't
go on giving B. mil. support.
Agreemt. here will have steadying influence on Malaya & on disc^{ns} in India.

P.M. You can promise, Amb. tht. we will have such a mtg.

3. Egypt.

E.B. Prelim. soundings. Strong delegation (E). On reflection incline twds. Cab.
Minister is head our Delegⁿ for this discussion vice Ambassador. As a
defence matter, I wd. like S/S. for Air. Wd. supply political, economic
etc. advisers. I wd. remain pro forma head of Delegation – but wd.
work from here.

Agreed: no early announcement.

4. South-East Asia

E.B. Telegram fr. Killearn. Want early mtg. between P.M. & me & interested
Dpts. to tackle procuremt. & supply in June/July.
Conference successful – requirements firm – want phased shipping etc.,

P.M. Will have mtg. Tuesday morning.

1. Greece (cont^d)

C.E. When can I be relieved of my respons. for watchg. King/Greece & prevent
him from leavg. U.K.

E.B. Intend to ask him to let Regent carry on pro term.
M'while, I'll take the risk of removing any H.O. control. He won't go.

5. Malaya.

G.H. Latest informⁿ – Sultans will attend swearing-in to-day – No boycott therefore likely.

6. P.Q.B. Occupying Troops.

H.M. Read draft answer.
I'm being pressed for debate on pol-sitⁿ in Europe. Will be irresistible if W. Papers.

H.D. & E.B. No such W. Paper shd. be publ^d w'out ref^{ce} to Cabinet. P.M. Supported.

P.M. He must confine himself to promising considⁿ.
Check up on alleged promises in H/Lds.

1. Greece (cont^d)

E.W. 70% poll. a peaceful way in wh. elections conducted & personal triumph for E.B., who stuck to his guns v. criticism.

E.B. People in Europe are tired of disorder.

[Exit Sargent.

7. Sarawak.

J. B. Brooke may write to Tunis. Can be awkward for us.
New constitution, if sound, cd. over. ride the wills. But not clear it is sound.
Clear tht. there'll be a bad row unless Bertram B. allowed to go out & state case.
Wants to take adviser with him. Wd. abide by result, whatever it be.
We shd. avoid being accused of sharp practice.
Propose – get Bertram B. (preferably with Anonym) to go out, if he undertakes to abide by result.

G.H. Seen Rajah, Sat. with Pam's consent. If wish of H.M.G., he will agree to Bertram going out with Pollard. He does, however, object to Anonym.
There was diffy. when he was in Sarawak before.
This a.m. recd. from his P.S. copy of or. intimate. tht. he will resign because of agreemt. to let Bertram go. Rajah still stands by his Sat. Dec^{of}

J.J.L. Worth while to remind Brooks tht. m'while we are supplying troops for the mil. adm^{en}.

G.H. Done this – on Sat.

Agreed: allow Bertram to go out, as proposed.

- P.M. What official have we there?
G.H. Someone of Col. Secy status.
G.H. Not subject to Parly. ratifications?

Agreed – no. Further consⁿ.

[Enter W.W.]

8. Select Committee on Members' Expenses.

- H.D. a) Good Cttee. Ques: full-time or not – some of each, prop^s may vary from time to time. Proposals not excessive.
Tax-free proposals are not much ahead of current practice. M.P. now allowed to claim up to his £600 - & many are claiming £500.
Cost: £228.000. Worth paying that for efficient services by M.P.'s.
b) Ques. of Ministers under £5.000. Grievance was £1.500 memo – Junior Ministers & Whips. Tho' same expenses as ordinary Member, they can get no income-tax relief. Support proposal of Rpt. tht. Ministers in H/C. under £5.000 shd. have tax free expense allowance of £500. This is simple solution & in line with proposals for ordinary Members. Wd. correct present posⁿ under which Member loses money on become. a whip. Cost £22.500.
Legⁿ required for b). – not for a).
- H.M. In Finance Bill?
- H.D. Doubt it – because it's an expenditure.
- A.G. If Conservatives agree, no diffy. in getting it thro'.
- H.D. Yes – hope this Session. Don't retrospect it. Start from 1/4/46. Agreed.
c) The "awkward Shapes". The tax-free £500 gives them in effect another £1000. This cd. be examined at leisure. Omit it fr. this legⁿ.
- E.Sh. d) Anomaly if they get more than Cab. Ministers.
- H.D. I wd. consider Cab. Ministers, who were outside t. of r. of Sell. Cttee.
e) Agreed.
f) Hesitate. Decⁿ between Speaker & C/Each. Must be clear tht. Cttee is advisory. On this basis I can accept this.
g) Glad Cttee haven't gone in for frills.
Press unanimously in favour – save for one discordant note in D.
Telegraph suggestg. postponement until after next Genl. Election.
Will sound Opposⁿ – believe they will support.
Favour early announcemt.

- P.M. As we have to amend M/Crown Act. I wd. favour dealing with (c) if Opeⁿ agreemt. can be secured. egg. M/Pensions & Asst. P.M.G.
- W.W. Opposⁿ do agree. But think tax-free £500 may be argued. Might be better not to have a lump sum but to allow individuals to prove their expenses.
- H.D. Administratively more inconvenient.
- E.Sh. But our figure will create anomalies – as betwn. London: country member.
- A.B. Financial advantage of being London member is undoubted: but can't earn it by differential allowances.
- E.W. The net of Cab. Minister is only just over £2,200. And he gets no allowances for expenses.
- P.M. Anomalies of high salaries.
- H.D. On merits arguments for giving Cab. Ministers the £500 allowance.
X/ But tactics. Better to have Opposⁿ to make that suggⁿ: if they did, we cd. accept it.
- E.Sh. I wd. prefer to allow individual claims.
This makes a dint^s betwn. M.P.'s and private citizen. If you allow them to prove a claim you put them on same basis as others. Then the Cab. Minister cd. enjoy the same privilege.
On (d) – especially if you reject my first suggⁿ – I wd. put in plea for expenses of Ministers when they go around the country. One is always out of pocket because of need. for entertaining. Present rates don't even cover cost of the hotel room.
- H.D. I can meet (d), administratively. If Cab. ask Ty. to see that Ministers get reasonable expenses.
- A.B. Spoke v. E. Sh's suggⁿ.
a) Diff. for I.R. is estimate: & awkward for M.P. to have to argue his claim with I.R. How can I.R. say a miner shd. live at one rate and a Tory at another.
b) Everyone is familiar with part remuneration by expenses (tax-free).
- P.M. Cttee recommend it – no opposition to it. – why not accept it?
- H.M. Was worried. Tory Press have welcomed it. But what will public opinion think in the end? Do nothg. for Cab. Ministers – we appt^d Cttee on basis tht. they were excluded. We shdn't volunteer extendg. their recomm^{ns}. Don't like legislators who vote taxation to enjoy exceptⁿ from it. I wd. have preferred to see Cttee recommend £350 or £300.

If you adhere to the recomm^{ns}, I wd. prefer to see M.P.'s claim & prove their expenses or adopt a £300 lump sum vice £500. Fear tht. country members will show they are worse off than London and ask later for more. Fix it at £300 & there is some margin for that.

E.B. Why say £1.000 of which £500 = tax-free allowance?
Why not have existg. salary of £600 and add tax-free allowance of £400?
Workers will claim similar treatment.

H.D. I'm willing to put it as salary of £500 + allowance of £500.

T.W. Provincial member won't pay any income tax on £500.

Accept substance & Ctee of Ministers to consider presentation.
C/Exch. Home Secy. & Chief Whip.

Approval for x/ above.

[Exit W.W.
[Enter Att. J.B.W., B.S.
Barnes

9. Food: Draft White Paper

T.W. Para. 41. Wd. rob us of bargaining power with C.F.B.

B.S. Must have some facts re fats.

H.D. And has there bn a parallel induction in N.America?

B.S. Not in U.S.A.

Agreed: amend as shown in my copy.

T.W. Must we have para. 52-54?

P.M. Yes.

S. Para. 67. Too rosy a picture. They have refused to come out of R.A.F.

T.W. Only 5.000 are out.

Approved. Publish first thing Tuesday.

[Exit: B.S., J.B.H., A.H.,
[Barnes
[Enter Listowel

10. Re-organisation of B.B.C. Home Services.

H.M. As in memo.
Cab. shd. be aware of possible criticisms.
Must be a White Paper.
Parlt. must expect some limit^{ns} as cost of keeping U.K. on Europe's air.

A.B. Position of Wales is preserved?

H.M. Yes.

Agreed.

[Exit Listowel.

11. The Social Survey

H.M. Relict of Cooper's Snooper.
M/H. have used for estimating tastes of nonservices on M/H subjects.
Consensus of user Dpt. opinion is in favour of retaining it.
Propose it be attached C.O.I.

P.M. Dangerous. C.O.I. will have diff^{ics} anyway. This is a vulnerable spot – why
risk it.
Much of these enquiries cd. be done thro' commercial agencies.

E.Sh. Why does H.M. take such a poor view of this?
Closely related to economic planning.
We shd. get as much informⁿ as we can about views of people on Social &
economic ques. e.g. dietetics: factory operations
Wd. prefer to keep it & develop it.

H.D. Much money being spent on this. M/F want £132.000 next year on this.
B/T. want £35.000
Kind of thing. The £63.000 isn't the total by any means.
If this is cont^d M/F and B/T. shd. be brought in to this.
Doubt if there's much in this.

E.B. Caused much trouble during the war – among work-people.
Had to ask Cab. to stop it: & I called Harrison up into Army.
Most of this informⁿ is in possessⁿ of Dpts. already. of. industrial health:
Knowledge of Factory Dpt. That's where I relied on getting informⁿ
during the war.
T.J. cd. get me any informⁿ I wanted thro' organisations of his own. I
discounted there pseudo – scientific services of informⁿ.

E.W. Valuable services.
Commercial agencies will bring you the informⁿ they want you to have.

Postponed: H.M. to pre-digest & bring it up again.

1. Parliament.

Business for next week. Ref^{ce} to Dom. P.M.'s mtgs. Hours of sitting, as in memo.

2. Prime Minister's Visit to Australia.

P.M. Invited to go (with M^{rs}. A.) to Austr. (& N.Z. afterwas): end/July. Disposed to accept.

General approval.

1. Parliament (cont^d).

A.B. Will Health Bill be taken week after next.

H.M. Aimg. to complete Cttee Stage by 4/7. Opposⁿ askg. for longer interval before 2nd Rdg. of Bills.
We are pressing them on 4/7 basis – whr 2nd R. before or after Easter.

A.B. Want 2nd R. before Easter.

H.M. No diffy about time – it's ques. of handling Opposition.

[Exit W.W.]

3. Leakage of Information.

A.B. Parly. Labour Party Mtg y'day – remark made by me reported in Ev. Standard.

Said at opening M.P.'s approached for paras. on payment.
V. serious breach of payment.

P.M. Mention at next Party Meeting – stringently.

[4. Iron & Steel Industry.]

P.M. Leakage: in "Times".

E.B. Observer leak on Ruhr problem.

J. Formal investigⁿ into simultaneous leakages?

P.M. Never get anywhere with that.

Let Jowett enquire into these.

[Enter J.W.]

4. Future of iron & Steel Industry.

- J.W. As in memo. Recommend natⁿ of central core – as Minister responsible for Supply, but recognise that there are wider conc^{ns} for Cab. e.g. because will involve v. complex v. diff. tasks.
An early decision - & announcement – essential + financial arrangemts. to ensure that 3 most urgent development schemes can proceed w'out delay.
- P.M. First consider timing. Danger of overloadg. machine. After legⁿ comes adminⁿ. Coal – insurance – transport – gas & electricity. Risk of break-down of adminⁿ machine if this Bill taken into 2nd Session. On that ground favour takg. this in 3rd Session. Tho' that raises diff. ques of preventg. stagnation.
- H.M. From Parly. angle I wd. prefer 3rd Session.. But then must find a satisfy. means of ensuring that development continues.
- H.D. Important to decide & announce – but no commitment whr. we take it next Session or followg. No promise yet given when we will proceed with electricity or gas.
Finance – discussed with Catto & Hyndley. We can find the money. If we take a firm line, the industry may be co-operation. The 3 big schemes are ready to proceed. R. Thomas wd. like to go ahead. Believe Colville scheme for Scotland is ready too. – and Dorman Long on Tees-side. Think Govt. shd. help with the money.
- E.B. To avoid stagnation – Any reason v. apptg. now a strong Control Board? Process by agreement on Fedⁿ (no powers) v. slow. Unions are ??? about this.
Serious situation in tin-plate – because young men won't work the old process. Need therefore to get ahead with new strip-mill in S. Wales. If you announce you will nationalise & tht. m'while you are going to appoint a strong Control Board. – no inconsistency. Risk = stagnation thro' incompetence not thro' opposition.
V. good younger men on both sides of this industry.
Even if you went for big Bill in 2nd Session, it wdn't be thro' until 1948; and we can't wait until then.
German p.o.w. cd. lay the site of the new strip. mill. The existg. one at Port Talbot was so built. Or Italians on wages. Or Poles. From man. power pt. of view, gt. advantages.
And thro' Control Board you may evolve yr. machinery for running a nationalised industry.
- A.B. Support E.B.
At Cardiff found vacancies in tin-plate advert^d by M/L. The men won't go into it.

- E.B. If Control Bd. Establ^d – v. introduce electrolytic method in tin plate you can save much import of time – $\frac{1}{2}$ 1b vice 2lb.
- J.W. Wd. take 12 months fr. now to define what you are to take over.
Welcome E.B.'s suggⁿ.
But essential to say we are going to nationalise.
- E.Sh. Cd. we not have settled policy before timing or interim arrangements.
a) Sound note of caution – as at Socialisation Cttee – formula or incantation “nat^m” is not enough. Must know what is the scheme.
What part of the industry is to be taken over? How provide for severance?
J.W. needs 12 months to define area for natⁿ. That confirms my fears as exp^d at Soc, Cttee. Composites undertakgs. – G. Keen & Nethfold e.g. – producg. also engineering products of various kinds. Had trouble over severance with coal – which seemed easy.
Conclude = more time to consider what part of industry shd. be nat^d
b) Coal = indigenous product. R/ways etc., also.
Here, however, dependent on import of raw materials. More diff. therefore to nationalise the industry.
c) Coking coal – as in memo. Seems to be O.K. for 50 years.
d) Interim arrangemts. If you make an announcemt. you must have only short interval before procedg. to take over. In coal, we provided for interim period development: but those $\frac{1}{c}$ industry reluctant to undertake it.
Also, uncertainty among employees (esp. higher ranges) who lose all interest in industry. Has happened in coal. The longer the interim period the greater the diffy.
e) Wd. like to see E.B.'s suggⁿ on paper before we decide.
Remember you had control system for coal durg. war - & trouble therefore of control w'out ownership.
Must see the end of the road before we speak about the beginning.
Think we shd. nationalise this in the end. But not same demand for this as for coal.
- E.W. There is on Tees.
- E.Sh. Because they assume more emplt.
- [Exit H.M.]
- P.M. Danger about the interval. Must be clear statement of precise & detailed intention.
Agree also with E.Sh. that E.B.'s suggⁿ needs examⁿ.
- T.W. Supported E.Sh. – must know what we are going to nationalise.
E.B.'s suggn: wd. Control Bd. be able to proceed with rationalisation while preparing for X/ nationalisation.
Agree there is now stagnation in mines.
Wd. prefer X/ for time being.

- J. Supported T.W. In last Govt. I made investign. Duncan did nothing. Wright was hopeless. But agree must be short interval between announcg. & doing.
Wd. therefore prefer a Bd. (to do x/) w'out preliminary promise to nationalise.
- E.W. Against. No industry made subject of closer investigation for natⁿ. Not a step in the dark. Wd. request delay beyond next Session. Much work done; & natⁿ expected.
Statement shd. not be merely fulfilment of election pledge – but on basis of business like proposition.
- A.B. “Diff^{ies}” will increase with passage of time. Vertical integration & composite firms will increase. These arguments for p’poning are arguments for never nationalising at all.
- P.M. No. Point is: must be clear in statement what you are going to take over. Argue to ques. of interim period.
- A.B. V. well, I will. The analogy of control w’out ownership in coal durg. war is inapt – because here you will have pledged yourself to Natⁿ.
Wd. accept E.B.’s proposal: but do it quickly.
- H.D. Further statement in views of E.Sh.’s statement.
Definition of area for natⁿ: not so diff. to decide what to say.
Gather J.W. can get better definⁿ if he can discuss with industry on basis tht. central core will be taken over. Essence wd. be tht. we say at once we are going to take that over.
A possible (tho’ inferior) alternative wd. be for J.W. on his own to submit quickly his own definition.
This Govt. can’t funk nationalising this industry, throughout this Parlt.
- E.Sh. But J.W. said 12 months to get a complete definition.
- J.W. Definition – fairly complete in para. 13. Shorter one para 20. The central core can be easily defined. What will take time is defining exact line of boundary, plant by plant. You can’t get a more precise definition w’out discussions with industry.
- H.D. Hope we can decide to-day to make announcemt. includg. definite decision to natⁿ. Stagnation – we’ve got it now.
Development areas. The 3 schemes are in those areas.
Economic power: we don’t begin our Socialist advance until we have collared coal & steel. Public utility stuff wd. be done by a capitalist Govt.
- E.B. Capital cost in this industry is so great that I doubt if private enterprise can carry on with it. ???? - £11M. financed at 5-6 1/2%. We must find

means of financing steel at around 2%. Even Corby was financed at 4¹/₂% - and that is too much.

Argument for this is business, not politics.

With a Control Bd. – why not rest new mills in the Bd. not the companies – publicly owned from the outset. You'll attract best managers to new plants.

Catto knows this v. well.

Many old firms grew up as family business – but no family in there now & no attraction to outsiders either. Natⁿ only remedy.

No money in the trade for research. We've had to buy results of U.S. research.

All Duncan did, under tariff, was to pay dividends to redundant firms.

No announcem^t. until interim arrangem^ts. worked out, after discⁿ with Catto & some members of Steel trade.

P.M. Work out Control Bd.
Announce it: say it will work out natⁿ in detail & carry on m'while with rationalisation.

H.D. May E.B., J.W. and I work our means of announcg. this quickly?

P.M. Yes. Plus Jowitt. To Cab. next week, if possible.

[Exit J.W.
[Enter G.T.

5. Victory Celebrations: Order of March

C.E. Origins C.O.S. My Cttee doesn't dissent in principle.
a) Comment. No provⁿ for E.E.B. on dais.

P.M. I talked to him. He is doubtful. Civil Service not represented in March.
He wd. be only civilian save Home Secy. & P.M. & Winston.
Might be others – e.g. other Ministers.

C.E. He held office longer than any Minister.

P.M. He feels this is a military affairs.

A. This = demonstration of country's effort. Includes civil as well as military side. I sugg^d a section of housewives. If that is conception, head of Civil Service shd. be there.

A.B. Hope Cabinet will be exempted from attendance?

G.T. This is only Saluting Base: & room only for 15.

E.B. & A. Supported inclusion of E.E.B.
b) C.O.S. worked this out w'out consultⁿ.

I think W.S.C. shd. ride with C.R.A. in first carriage – not in second with Pug.

I shd. go in second carriage. Agreed.

- c) C. O.S. have ignored Qu. Mary & other Members of his Family.
I intend to take H.M. Pleasure.

E.B. What about Diplomatic Corps?

P.M. This is only the dais.

A. d) At least one person [on dais] representg. each Dom. and India.

P.M. They will be behind the dais.

Ministerial Cttee shd. examine all these sugg^{ns}.

[Exit G.T.]

6. Council of Four: Publication of Records.

E.B. Propose to agree. Not to consult Italy

Agreed.

7. Food: Reduction in Cheese Ration

P.M. B.S. will announce to-day reduction in cheese ration.

T.W. Ham-handed P.R.O. – talk of more butter etc., when E.E.C.E. conf^{ce} meets.

E.B. Don't let B.S. announce this to-day.

General talk of inefficiency of M/Food.

1. The Budget.

P.M. Must introduce a Bill. U.S. & Can. will be legislatg. Propose introduce & get 2^{ns} Rdg: but prob. leave it to be introduced again next session.

A.B. Believe M/H. have to legisl. on radio-active effects.

P.M. Ask M/Supply: see how it goes in.

3. U.S. Demand for Bases: Azores.

A.B. Have persuaded U.S. to drop claim to Azores base & to proceed instead to seek free-for-all civil aviation base. V. secret. V. satisfied.

4. Fascism.

J. Summ^d report of Cttee.
Arnold Leese: A.G. is considg. prosⁿ for sedition qua anti-semitic campaign.
He is likely to decide to prosecute.

P.M. Don't volunteer a statement – Agreed.

H.M. Para. 4 H.O. tells me there's good ev^{ce}: I wd. like to bring this out, in separate P.Q.

H.D. H.O. told me there was quite hard ev^{ce}. I wd. favour statement

E.Sh. On Cttee. I doubted whr Mosely put much of his own money into Party. He must have got it from somewhere.

A.B. £65.000 from Nuffield – thro' Postal!

[Exit O. Sargent
[Enter G.T.

5. Production Campaign: Results of Conferences.

G.A.I. My experience (Leeds) – ques. are valuable. Recommend therefore continue campaign: prepare W. Paper to answer ques.

H.M. Pamphlet by C.O.I. – not W. Paper.

- G.A.I. No objⁿ . Let central Cttee under L.P. consider means.
- H.D. Little new in what I said. Steering Cttee have a draft already.
- P.M. Par. 3(iv) – targets – is dangerous.
- G.A.I. I was doubtful.
- G.T. Not an ordinary W. Paper.

[Exit G.T.]

6. March of Time Film

- H.M. March of Time – “Britain Faces Peace”. Come to see me = & gain their help.
Can't put C.O.S. on this. If Cab. agrees, however, I will arrange for Ministers to help.
- A.B. Don't let them release w'out approval.
- E.B. Don't bring F.O. in to this.

World Food Situation

- P.M. Indications tht. U.S. are going back on allocations & seekg. to put that on us.
a) Hoover thinks food shd. go into Poland – anti-Russian.
b) La Guardia for U.N.R.R.A. – Kalliano
c) Dislike of India.
Cereals & oils & fats.
- E.B. Inform^{tn} last night. Now telegrams from Halifax.
Read them out. Tues 2271-73.
These don't mention bread rationing – threatened by La G. We thought last night that on this our line shd. be “we will ration if Canada & U.S. will do so.”
- B.S. No faith in any guarantees from U.S.
From U.S. only 208.000 t of which 100.000 received. This is all L.F.C. was to get fr. U.S. Canadian supplest to U.K. are to be halved over next 3 months.
Must save 100.000 t. for bldg. up stocks v. the winter. By 30/9 I must have 900.000 t in stock. Must find 600,000 t betwn. now and 30/9.
- P.M. Consumption p.m.?
- B.S. 250.000t or 4¹/₂M. p.a. in U.K.
- E.B. In current world situations, how can I justify 2 months stock replenished at this rate.
- B.S. 750.000t was minimum pre-war – when you cd. rely on rapid replenishment.
- P.M. But face posⁿ as seen from U.S. – other countries with much lower stocks.
- B.S. Small countries find it easier. Belgium is comparable & she wants 7 wks.
- P.M. But won't get it. If some countries have v. small stocks, can we justify ours?
- A.B. Can further transport guarantees be obt^d. for rapid replacement.
- B. Cost of interruptg. import/export p'mmes.
- A.B. Problem is general, not ours only: if transport pooling can also be arranged.
- B. No readiness h'to to pool shipping. U.S. promised 1M. this month: and achieved only 1/2M.
- E.B. But we are trying for firm guarantees. Ques. is what price can be paid for firm guarantees. If we make a firm offer, U.S. will largely follow us.

What condⁿ can we make – can we run a risk at 8 wks. supply if firm undertakg. we will be maintained at that. We now have 11 wks. incldg plant. Put the balance in the pool: if we get guaranteed shipping p'mme for import of 450.000t p.m. to keep us steady at 8 wks. Firm bargain – not a resolⁿ.

Cd. we exclude home harvest – reserve at 30,000t a wk. That wd. cover biscuits etc. If they will exempt home harvest fr. the calculⁿ & maintain us at 8 wks., we cd. do a deal.

Add that, if they will ration, we will.

And get ahead with mission to Argentine.

B.S. Haven't got the men yet.
Can't take these risks.
Prefer to call the bluff on rationing - & await reply.
Don't be hustled by Hoover & La. G.
What's the use of asking U.S. for guarantees? They will fall down, as now.
Argentine – if Rank can't get wheat out, no one can.

- i) interval transport.
- ii) Strikes.

E.B. What if U.S. cut us to-day?

B.S. Make a deal with Canada.

P.M. Will that carry us over.

E.B. And can we be sure of getting it unilaterally.

P.M. And what about India & Germany.

B.S. They won't get anything anyway.

E.B. That won't do. That is M/F. responsibility for U.K. only.

T.W. Allocations are meaningless if ours is cut to 1.9. w'out consultⁿ.

B.S. It hasn't bn. cut yet. Discⁿ to-day starts on 2.3 figure.

T.W. In that event, we cd. take a gamble on stocks as proposed.

A.B. We know they are going to try to cut our alloc^{ns}.
But know they haven't fulfilled delivery promises.
If we have to yield more of our theoretical wheat, we want a quid pro quo,
viz. tht. eventual alloc^{ns} will be actual & delivered.

B.S. Since Tele. 2271-3, in wh. we co-operated, Hutton has telephoned tht. we can't count on supplies fr. Canada. He thinks therefore tht. we can't afford to take the line in Tels. 2271-3. Suggests we say we can't help – others must do so. And go for public announcement in Canada of 2-year contract at 1.55\$.

1) Offer to ration bread if they will (U.S. & Canada) } Agreed.
Make it public here if offer made at this mtg. }

B.S. Long-term Canadian contract. I wd. like to carry 1.55\$ guarantee from Dec. '47 to cover 1947 harvest. i.e. June 1948. That will fetch it out.
Publish in Canada.

Agreed.

H.D. Cd. we say that at that price we will buy the lot? – all you can let us have.

B.S. No: because if there is cheaper wheat elsewhere I want to be free to buy it.

T.W. M/F cd. agree with Gardiner on minimum quantities. And that will fetch it out.

A.B. Favour fwd. buying in principle – guarantee purchase price for primary producers.

B.S. Don't risk losing grain market. Don't therefore offer to take the lot – minimum quantity.

H.D. But talk big.

E.B. Must have Cab. ruling tht. in reviewg. world wheat situation, we shall have regard to Commonwealth requiremts. not to those of U.K. alone.

A. Supported – that is fundamental.

B.S. Agreed.

1. Parliament

Business for next week.

2. Major Bills for Next Session

[Enter Barnes.

P.M. As in brief. Never done before.

H.M. a) Get ahead with prep^{ns}.
b) Review of King's Speech. Doesn't necessarily commit Govt. re content of K.'s speech
Parly. time. Estimate that even this selection will fill us up. Remember this was abnormally long Session & next will be unusually short.
Approve in principal – and let legⁿ Cttee review, as we go.

G.A.I. Note room for Mil. Service Bill.

H.D. Cable & Wirelss Bill shd. be included in this – second half of it.

[Exit Barnes

Approved.

3. Parliamentary War Memorial

H.M. As in memo.

Agreed.

[Exit W.W.

4. Egypt.

E.B. Delegⁿ shd. begin by offering to evacuate E. If we begin bargaining we may land ourselves in S. Council. If we begin with offer to go, it will be easier.

Shall I announce this in reply to P.Q. or leave it to Delegⁿ. Will consider that.

C.O.S. are considering mil. implications. Subject to their concurrence, may I have Cab. approval for pol. advantages of these tactics.

P.M. Right psycholog. approach. Other Ministers agreed.

J.J.L. And our troops are in v. diff. position.

S. Have Australians exp^d any view?

A. They will now be told.

[Exit S.

5. Wages policy

H.M. Demand in some quarters for nat. wages policy – but those who advocate this haven't administrated such a policy. Other quarters: strong feeling that State shd. stand aside & leave this wholly to collective bargaining. We have to face fact we are living in changing age – e.g. nationalised industry: agriculture (as illustrated by next item on Agenda): full empl. will produce situation in wh. old bargaining factors affecting wages have disappeared & State has definite interest. We can't be wholly laissez-faire over this.

Can't yet take a positive Govt. line.

Memo. propose no more than develop machinery est^d by M/L. in war for associatg. Govt. with genl. discussions on policy between employers and workers. Process of economic education – based on facts wh. only Govt. can know in full. Attempt made in W. Paper of 1941 – tho' slight: tentative it had some effect.

Leading Dpt. in new body wd. be M/Labour.

Doubtful whr F.B.I. shd. be bight in – open for decision. Tho' remember this isn't wage fixing: & "education" needn't be w'held from F.B.I.

Re proposal for W. Paper on economic situation, minute from E.E.B. – no publⁿ of quantified forecasts before '47. Delay until we are sure of facts – but we cd. do much by confidentl. explanation thro' the machinery proposed in this memo.

G.A.I. Room for considering whr old means of wage-fixing suit this period of change-over fr. capitalist system to somethg. diff. Don't throw away the old machinery. But put something in to assist organise growth to something new.

J.C.C. est^d during war – successful – kept its secrets & ours. First step wd. be for me to convene new Corpⁿ proposed – other Ministers cd. attend. Loose talk re natl. wage policy. We ought to have means of examining these ideas, in consultⁿ with industry. Govt. policy for wages wdn't work unless industry co-operated.

Against incorporatg. F.B.I.

- a) They are on B/T. Conf^{ce} & can find their forum there. They are commerce mainly not production. The Confedⁿ wd. oppose their inclusion. Negotiate direct with Confedⁿ.

H.M. Co-operatives?

G.A.I. We are mtg. them in May on Prodⁿ campaign. They were excluded by Confedⁿ & F.B.I. If we take this line, co-op^{ves} will join in with employer's organisations. Otherwise, we shd. have to create separate means of consultg. co-ops.

- E.B. My diffy. this is called “wages policy”, but nothing said here about wages.
I object to any more machinery on wages.
Socialised industry: model shd. be machinery est^d by (me for)
M/Supply.
- P.M. That was for one industry alone. This memo concerned with general issues.
- E.B. Doctrine growing in Party tht. there shd. be one level for all wages &
everything above paymt. by results. I will fight that. All our progress
made by “cycles”. I want repercussions.
Citrine tried for centralised machine. But Executive wdn’t let it go to
Congress. The Unions won’t give up their separate powers & rights.
If it’s only educational, you have it in J.C.C. But when will management of
socialised industries stand? On cross-benches?
- Dangers of discussion w’out powers of decision.
Thro’ war we kept wages ques. out of central body. But it discussed other
problems in knowledge of what was being done on wages e.g.
arbitration machinery.
No interference with separate negotiations of wages trade by trade.
Attendance at mtgs. of L.P., C/Ex., etc. when wages discussed – will lead to
two sides ganging up against the Ministers. Much safer to have the
two alone then they will differ inter se.
If you create large central body with wages on Agenda in any form, you give
opport. for mass action on wages v. Govt.
Executive responsibility of Unions undermined by excessive recourse to
arbitration.
I was compelled to avoid this by summoning conferences & getting the
2 sides to agree. Signing agreemt. gave new sense of responsibility to
T.U. Executives. This was the history of 1944/45.
Right course – go on with what critics says is untidy machine, but allows
men to play their part in negotiations. The Joint Councils can be given
economic educⁿ – but keep wages out of it.
If a new machine, greater freedom to express opinions & less atmosphere of
two sides.
We have avoided inflation better than any country. Save for about 1M. men
workers are well satisfied. Near a balanced budget – steady- afraid
therefore of jerking somethg. new into our establ^d machinery. In this
matter I am conservative.
- H.D. On L.P. Cttee was broadly in favour of proposal. Safeguards in para. 29(a)
& (b).
Yet see E.B.’s point about danger of new machinery in which 2 sides
cd. gang up v. Govt. Main purpose was educational – think that shd.
be fostered – wd. like opportunities to talk confidentially to responsible
men on both sides of industry.
This shd. not be wage fixing body: but educational.

Said at L.P. Cttee we must do somethg. about socialised industry. We must. Don't know what. But this Confr^{ce} won't be useful unless it includes somehow the important socialised industry.

P.M. Kernel: how can Govt. avoid some responsibility for level of wages in socialised industry.

E.Sh. E.B's opinion valid for old system. But we have to consider wages in state of full employment w'out (as in war) high sense of discipline. Un-coordinated wage structure. because movemt. in dirⁿ of higher wages is unregulated separate series of movements. We've endorsed subsidy of e/living – that is concealed subsidy of wages as a whole. Go on with that and you must have some interest in wages levels.

P.M. You subsidise more than wages.

E.Sh. But it was because wages you did it. At least it has a bearing on it. No-one has sugg^d State shd. fix wages. But remember extent to wh. in fact Govt. has had to intervene in one way or another. We must go on doing so. Face these facts. Are we seekg. to construct a new wages policy or merely to examine problem? I objected to memo. in L.P. Cttee because this was discⁿ w'out power to decide. I wd. prefer Govt. to go on considering what is meant by "wages policy". Can't have uniform wages – must differentiate acc. to type etc. of work. Must be careful in approaches to T.U.'s. But can't get anywhere if we don't talk to them – not re wages but re ques. principles & views.

..... out of room

P.M. We are moving into new situation – because of
a) socialised industries
b) full employment
This doesn't really solve it. We must think harder. L.P. to review further.

J.J.L. Danger of increasing sense of irresponsibility.

P.M. Yes - study that effect in Australia due to arbitrations system.
L.P. to consider further in light of discussion & submit further rprt.

6. Agricultural Wages.

- G.A.I. Advance – some measure of agreemt. that graded wage system shd. be devised as long term policy.
But m' while must seek some early settlement of wages unrest in agriculture, short-term.
How can we break the deadlock?
Must get some move on the minimum. Union mistaken in askg. for £1.
Believe 70% or 75%. wd. be acceptable, to the men. Then they cd. argue differentials in the talk about grading.
Ques. is – how can we give the hint that a rise to 75% wd. be reasonable ?
New factor – would food shortage: need to increase agric. prodⁿ.
Wd. like to tie it up with stabilisation for a period – cd. we give some indication of that also? For we want stability in prices also wages.
Repercussions on rural workers. Several recently fixed, with stabilisation prov^{ns}
- T.W. Too dangerous to hint to farmers tht. increase wd. be covered by price increase. Wd. interfere with independence of wages boards.
Rather than give informal hints to one side or both, I wd. prefer to make a public statement on lines of P.Q. & answer in memo.
- P.M. This wd. be direct invitation to Bd. (or independent members) to grant an increase.
Repeated previous decision of Cabinet.
- T.W. But alternative course then suggested by M/L. was tried and failed!
- A.B. If wages increased as result of Govt. hint, what does that mean as regards prices & Govt. subsidy to them.
- H.M. One factor is – T.U. is misleading public by concealing extent to wh. wages above minimum are being paid. M/Ag. shd. give publicity to the facts. Agree they shd. have somethg. on the minimum – prob. 5/= or a little more.
Real problem = how to make farmers pay some part of the addition?
Don't like private hint or public direction. Wdn't it be better for M/Ag. & Ty. to discuss prices & put them up a bit = then say there is fair opportunity for wages discussion. Better to do it that way round.
- P.M. Trouble: average farmer can pay higher wages & do: but marginal land warrants higher prices & lower wages – and big farmers make a lot out of it.
- T.W. But large propⁿ of B. farms employ only 1 or 2 men.
20/30.000 invited to come from Army in Class B. - & v. few are willing to come out.
- E.W. a) Can't you subsidise marginal land?
- P.M. No.
- E.W. b) Can't afford further increase in prices of vegetables.

- A.B. Satisfied a) most farmers are prosperous. b) worst black market in war. If price increases, ought we to put a time limit on the higher price? How shall we ever get increased efficiency otherwise? They must have a target date by wh. they will absorb the increase in quarter efficiency. Done this in bldg. – they say they will absorb the extra 4% p. hour in increased output.
- H.D. a) Avoid any promise of any price increases. Food subsidies v. high already: & don't want to push up that cost..
 b) Don't believe it's necessary. Most farmers cd. afford the additional 5/= or 7/6. Even if problem of marginal land cdn't be solved by Coalition, doesn't follow that we can't solve it.
 c) Get Wages Bd. mtg. again – M/Labour say workers will apply on 23/4. Let Bd. know informally we wdn't object to another 5/= increase or so. But no commitment at all on prices.
- E. Sh. More publicity on facts – wages above minimum etc., - before Bd. meets. Nothing here about effect on prices of a 5/= increase. What will it cost?
- H.D. My point in general: at this stage of financial year & this Parlt. we shd. not give any more subsidy to farmers.
- T.W. Food is important: anti-farmer and ant-landowner psychology shdn't govern Cab. decisions. Cab. must face the fact that we can't hold labour force in agriculture w'out improving conditions.
- G.A.I. Public enquiry? a) delay: but b) might disclose what profits are made: c) effect on Wages Bd. – “no confidence”: d) workers aren't keen on it. Don't believe therefore it wd. give us a settlement. Might be worth havg. it afterwds.
- A. Competent farmers are doing v. well: & most of them pay above the minimum.
 Marginal land – generally farmed by the larger farmers. They have no case. Efficiency of B. farmers is greater than in almost any country. (save prs. Holland).
 Fatal to admit that wage increases will be reflected automatically in price increases.
 Conclⁿ: they are bringing up their claim: let them proceed: take no overt action meanwhile.
 Believe they will succeed in getting somethg. on the minimum. And industry can bear it.
- J. Agreed. Another 5/= won't solve man-power problem of industry.
- T.W. Govt. have accepted duty to fix prices. They were fixed in Feb. on basis of independent estimate of cost. Any subsequ. increase in cost gives farmers a right to ask for prices to be reviewed.

Agreed: {Let it take its course.
{don't even try the publicity line.

7. Channel Islands: Constitutional Reform.

C.E. Constitution establ^d by King John & not changes since.
General desire in Islands for liberalising reform. Resolutions passed in
States. Islands want to ensure tht. King-in-Council will approve what
they propose.

H.M. Cttee in 1925. Consisted of D/Devonshire & various Members.

C.E. Will consult with H.M. on composition.

Agreed.

8. India: Constitutional Discussions.

P.M. Read Tel. Index 14.
Course B. wd. produce a weak defensive posⁿ. But it wd. be better than
nothing.

H.M. Let Cab. agree – subject to P.M. securing views of C.O.S.

World Food Supplies: Allocations of Cereals.

- P.M. Our offer puts us on good wicket pro tem. How keep the initiative?
- B.S. My para. 2. MacIvor tells me Canada won't shift 50.000 t. in each of 3 months. July-Sept. vice 200.000 assumed in para. 4.
Telegrams = panic, to prevent La Guardia resigning. If I'm to find wheat for any. why for U.N.R.R.A.? via Ceylon etc.
Guarantees from Truman – what are they worth? Given them twice already: and U.S. have fallen down. Promised 1M. in Apl: got 300.000 t. wheat and 200.000 & flour only: they can't now catch up on p'mme to June 30.
That's why I say we are riskg. U.K. lives – it's July-Sept. I'm concerned over. They can't get June harvest over here in time.
Still I put a proposal. Resist loan to U.N.R.R.A.
a) Concurrently with offer to lend 50.000 a month for 2 months
Apl/May raise extenⁿ to 90% + 5% barley – saving 50.000 t p.m.
b) U.S. Govt. shd. formally undertake repayment by 15/6. of total amount lent.
c) Repaymt. not to cause redⁿ in U.K. allocation. So as to rebuild stocks.
d) U.S. to give formal pledge to ship in June & July what we ask for not exceeding.... 600.000 t.
U.S. won't pos. accept: but worth trying. Lend nil w'out acceptance of all cond^{ns}.
As Tr. says 90 days' shortage only – if true they cd. do it.
Canada's failure means we may lose 700.000T.
{ 250.000 T to be saved by (a)
{ some may come out of Argentine.
{ Must recoup from U.S. – as in (d).
If further economies have to be made in U.K., will have to ration bread, cakes & oatmeal. Ration of 1¹/₂lbs p.wk. for sedentary worker. 7 categories: 3 months to do it: 10,000 staff!
Re x/ on para 2 of Huttons telegram. How can U.S. help?
a) Close futures markets & take over on Govt. contracts.
b) Farmers to retain only 5% of millable wheat.
c) Requisition wholesalers stocks.
d) Cropping dir^{ns} for 80m acres next year & full disclosure of figures.
- P.M. What cd. U.S. do in practice to get wheat off farms? With their admin^{ve} price might be better incentive.
- E.W. How much of this is due to L.G.'s vanity?
- H.M. We cd. use his efforts – for we too are anxious to squeeze U.S. for our needs.
Halifax says some offer from us – if we are to retain initiative.
Period of danger – 160 days not go – until October.

With guarantees we might divert 10-12 cargoes. But not to U.N.R.R.A. countries. Say 4 to U.N.R.R.A: 4 to Germany: 4 to India & S. Africa.
Conditions:

(a) U.S. must at once take obvious steps of adjustg. prices so as to draw out wheat and stop feeding wheat to livestock. Duty to state this publicly: push U.S. into reversing their cereals policy.

(b) Emergency body – with full support – for world cereals can we make an offer & push these conditions?

P.M. Wd. (a) in itself do the trick – w'out raising extraction rate & diluting?

B.S. If (a) were done, yes. But they can't stop feeding to cattle. They would have cattle dying on the hoof. – 174.000.000 bushels already taken from stock to keep them alive. And next year we wd. have no meat.

P.M. What about holding back on farms?

B.S. If \$1.8b won't get it out, what will? They cd. call in their agric. loans.

E.Sh. Isn't it really a ques. of shocking U.S. public? Wdn't L.G.'s resignation do that?

P.M. He wd. say we were at fault.

E.Sh. But we offered bread-rationing.

B.S. Read telephone message from Hutton.
We must make an offer for April if we are to keep initiative.
Can we contemplate reduction in stocks? Against dilution or increased extraction.

A.B. Must we raise extⁿ rate even if we assume U.S. will keep their promises?

B.S. Yes – because of shortfall on Canadian supply; and to insure v. U.S. failure.

E.B. Stock figures don't include stocks on farms & distributed stocks. How much is there?

B.S. 2 wks. supply.

E.B. Believe there is more. Something like 4 wks.

B.S. No home supplies in August.

E.B. When do we start to draw in house stocks?

B.S. September.

E.B. Then no danger of starvation – if end/June we had 9.8 wks + distributed = 12 wks. That carries you to mid/September even if nothing is

imported. Then new harvest will come in. And new harvest from exporting countries.

A. How much does home supply cover?

B.S. Can't answer.

E.B. $33\frac{1}{3}\%$ home supplies at peak of war. time extⁿ & dilution.
To keep initiative, not too great a risk.
For negotiating – maintain end/June figure: but July/Sept. risk dropping to 8 weeks. And borrow that from current supplies. That wd. be a contⁿ to pool, not to U.N.R.R.A. alone. i.e. a contribution of 200.000 over whole period – on condⁿ of repayment before end/September.

A. Support E.B.
Don't dilute with barley.
Believe much wheat on farms.
Take risk of 200.000 over period subject to cond^{ns} of replenishment.

P.M. Conditions on lines of B.S. proposals. (w'out extrⁿ & dilution)
Offer 100.000 t. on those conditions. Firm guarantee by Truman of replacemt. w'in 90 days.

[Exit E.Sh.

Go into the pool – not to U.N.R.R.A. alone – [claim for Germany – no]

E.B. Say nothing to U.S. re raising our extraction rate.

P.M. Leave over domestic consequences.

Telegram from Halifax.

1. Greece.

A.B. Populists takg. action in resp. of Request as makes Cab. residuary legatee for King. P.I.D. Summary – Press to-day confirms.

E.B. Latest telegram suggests it's being cleared up. Gk. Cab. considering resignⁿ. No final decision – must wait – but looks as if it's clearing up.

[Enter J.W.]

2. Iron & Steel Industry.

E.B. Reviewed by Silk Cttee. Doubt whtr emergency powers will suffice – regulation only, but no power to acquire or build. Legⁿ necessary therefore - & tht. will raise the genl. issue. But anxiety in Unions of industry re stagnation: short Bill wdn't drag on & cd. be introduced earlier. Cd. make a start on development by agreemt. Proposal therefore to discuss with industry – as in memo.
Delay of 1-2 yrs. for major legⁿ wd. be serious for e.g. Wales when industry can't recover w'out new plant because men won't work old processes. Govt. wd. anyway have to find large sums for redevelopmt. This gives unusual hold over trade even w'out natⁿ powers.
Spurt at present – exceedg. 1938 output: but unbalanced & can't be maintained w'out development & reconstⁿ.
Unions are reasonable. Say if legⁿ is difficult, tell us: & we'll accept a compromise interim solution.
Think M/Supply shd. bring Transport Union into consult^{ns} re finishing side.

P.M. Announcement: v. important.

E.B. P.M. & L.T. can settle that.

P.M. Sugg^d talks first. Leakage already. Can't let it come out thro' trade. Think some announcemt. shd. be made this week. Talks beginning afterwds.

H.D. I had put that point in discⁿ with Cttee. But authorise M/S. to send for leaders on both sides in day or two. Then you might p'pone announcemt. until after Easter Recess. Wd. help to secure co-operative attitude of leaders of industry if they were told first. But if
} you like Parly. announcemt. cd. follow next day. e.g. trade on
X } Tuesday
} Parlt. Wednesday.

E.B. Wraugh on severance. Terrible problem. Schedule of definitions will be v. diff. Wd. help that if we moved thro' interim plan.

- A.B. Developmt. by Bd. in co-opⁿ with trade – much better than by legⁿ – I favour prior informⁿ to the trade.
- J. Supported X/. So did M/Supply.
- E.B. If you get a good agreement you mayn't need legⁿ. You will have to make it clear tht. you will take powers if you need them: but if this is clearly stated they may come in & co-operate.
- H.D. Agreed – younger men. are ready to co-operate in development.
- P.M. Statement shd. invite co-operation. Needs revision.
- E.Sh. Severance will be the diffy. – are we ready enough on that to meet the industry?
- J.W. Yes – for we propose Control Bde. shd. work out detail of severance problem. We shall be inviting co-operation again.

Agreed: as at X/.

[Exit J.W. & O.S.]

3. Wentworth Woodhouse: Working of Open-cast Coal.

- P.M. Fitzwilliam coming to see me to-day re Wentworth.
Is the coal really necessary? Must it be worked on surface?
- E.Sh. This was Cab. decision. Work there began in 1942, incldg. Dorie Site: this is only continuation. Deep mining impracticable
- a) 2 yrs. vice 8 mos.
 - b) wd. have permanent surface undulations thro' subsidence.
 - c) much spoil wd. have to be dumped.
 - d) wd. need underground workers.
- Agitⁿ in Yorks. inspired by handful. Parly Secy. T.C.P. – formerly opponent – is now an advocate of the scheme. T.C.P. agree: contracts signed. Joe Hall, who is stirring this up, is repudiated by N.U.M. & Yorks. miners.
- Fitzwilliam also has bn. stirred up.
- Urgent need of coal – especially these special types. Consumptⁿ of coal by industry is rising steeply. Called for 100.000 t. of bunker coal because of U.S. strikes. Disputes – in Scotland especially.
- To abandon this now wd. be sign of gt. weakness.
- T.W. Has bn. said we cd. get it out this year. M/F & P. say 2 years. Technical question.
- H.D. Don't re-open the compromise wh. we reached.

[Enter Barnes, Dugdale, A.H., Strachly & Genl. Homes.

4. Passenger Shipping Requirements

- B. Vital to get min. p'mme of releases if I'm to avoid interference with labour arrangemts. in ship-yards. Want at least the Apl/May minimum.
- P.M. Serv. Dpts. accept – with revision of M'batten's trooping?
- J.J.L. Diffy. = 2 months' p'ponemt. of w'drawal from N.E.I. (if settlement reached) - & transfer to India: also V.G. and Greece.
- H.D. Mustn't stop flow of repatriation.
- E.B. How will this affect repaⁿ of Poles? Overland we'll never get them out of Italy.
To send them to Tripolitania wd. be v. provocative – to Senussi & to U.S.S.R. 4.000 on way now by sea.
- P.M. Cost of hiring U.S. ships?
- B. Don't pay until end/Apl. when Q.M. comes off the Atlantic run. Then \$1¹/₄M. for whole of 3 months' p'mme.
- H.D. Worth spending money on repatriating troops.
- P.M. Can't afford to delay repaⁿ or to get ourselves cramped. so we can't move.
- B. Users must be severely tested – to make best use – otherwise whole pressure comes on shipping & ship bldg. industries.
Suggest Cttee for this. E.g. told men are posted overseas for 2/3 wks. & then brght back for discharge.
- J.J.L. That is against policy: may be a few slipping thro'.
- H.M. M/W.T. have done Service Dpts. v. well & demobilⁿ scheme has gone smoothly & fast.
a) Ques. now: room for give & take, w'out affectg. genl. rate of demobilisation, to give this handful of civilians a fair deal. Many have bn. out for 8 years: children growing up: they are as homesick as Servicemen: can't be indifferent to their position.
b) If some ships can be reconverted, sooner we can get our mercantile ??? into being – to take chances offering thro' departures of G. It. & Jap. Matter of months to get in.
- G.H. Civilian mainly admin^{ve} officers – morale v. low.
Arrangemt. discussed on Sat. is least we cd. accept.

- P.M. But E.B. is being met with demand to w'draw troops. Must have some ships.
- E.B. U.S. sympathetic about movemt. of Poles. Are there U.S. ships now on charter to us – cd. I ask U.S. to leave them with us for this purpose.
- B. Yes: v. helpful indeed.
- Agreed: F.O. and M/T to consult.
- B. Can't miss the shipyards opportunities – and cause unemployt. Barrow is waiting for Orion.
- Holmes Crucial period is from April – assistance fr. U.S. ndn't come in until May. Our lack is – back lift from India in May. Mountbatten if he lent me 5.000 places can still get troops out of N.E.I. = but delay in moving Indians fr. Malaya. If I got 5.000 places from M'batten, I cd. relinquish Orion.
- Dugdale a) Support release of Orion – to check drift from shipyards.
b) 5 largest aircraft carriers cd. carry up to 2.000 men with conversion (wh. wd. take weeks rather than months) Wd. ease problem.
- Agreed: Study this: also Y/ below.
- Str. a) Civil. lift will be decreased by re-conversion of Orion.
b) Any delay in repaⁿ of Servicemen will cause trouble. Arises from speeding up release scheme. We warned M/T. of this in Jan. – he then said it wd. be all right.
Offls. on Sat. said reconversion demanded by M/T wd. permit of repaⁿ from India but only at expense of cutting back S.E.A.C. p'mme & having no margin for contingencies.
- Holmes (i) Releases for repaⁿ & Python. Civil movemt. reduced buy ²/₃rds. to 6.000 a month. That is agreed.
(ii) Orion. Must let her do 1 or 2 trips unless M'batten is cut down from 40.000. I can release Orion if I take 5.000 lift from M'batten.
- E.B. You won't be asked to clear all B. troops from N.E.I. by October.
- H. M'batten's plan assumes clearance by Oct. Let me take 5.000 places fr. M'batten and I will release Orion.
- Agreed: release Orion on this basis.
?
- (iii) P'mme assumes we shall get [10.000] places on loan from U.S.
- J. Further use of R.N. ships?
- H.M. Supported this suggⁿ – on genl. economic recovery grounds /Y
Can R.A.F. machine be used by ex-pilots recruited thro' C. Av.ⁿ?

B. Bringing them over short distances to ports more convenient for shipping.
Remit this to working party.

Dugd. We have brght. back 45.000 ratings.

[Exit Dugdale: Holmes:
Strachey: A.H.
[Enter G.T.

5. Nationalisation of Transport.

B. Summ^d memo.

Controversy mainly on road haulage & municipal transport.

C. Licences. Pre-war no restⁿ: durg. war limit of 60 miles.

Now propose limit of 40 miles. wh. shd. cover 70% of C. journeys.

Above 40 miles only by licence on proof they are operatg.
necessarily.

P.M. Applies also to C.O.S. moving own goods.

Only a few large organisations run C. journeys above 40 miles.

A & B Licences. No control under 10 miles. 10-40 free competⁿ. Over 40
N.T.C. monopoly.

Unions will press for lower limits. C. Licence holder for full freedom. This
is a compromise.

P.M. Most vulnerable point – man can't carry own goods above 40 miles w'out a
licence.

Is it necessary to stir up this political trouble? Is it necessary for protⁿ of the
monopoly.

J.W. Will be a resistance to attractg. firms to establ. in developmt. areas.

T.W. Farmers – own system for quick movemt. of perishables. This wd. cut into
that.

B. They cd. get their licence.

P.M. But we shall be criticised for imposing the control at all – to bolster up
monopoly.

A.B. Diff^{ies} of adminⁿ. I want to carry own goods 50 miles occasionally – no need
for licence: must I on that occasion change over to State lorry after 40
miles.

T.W. Why interfere at all with people carrying own goods. They aren't offering to
compete with State carrier.

- B. All I propose is tht. they prove they are bona fide carrying own goods.
Otherwise, it will be this type of traffic which will break the scheme.
If these people are free, they can play ducks & drakes.
- P.M. But you said majority wdn't go over 40 miles. It is only a few therefore who
will compete. If this monopoly is efficient, it cd. stand this
competition.
- H.M. B/Trade brief v. this plan – especially qua attractg. new firms to developmt.
areas.
Often a factor is willingness to go tht. they can carry own goods.
B/T. argue in favour of exemption of all C. Licences.
My own view: Cttee reconsidered on P.M.'s suggⁿ & decided in favour of
M/T.
Old competition system wd. wreck transpt. Case for natⁿ is to end road
anarchy: fit road & rail: so tht. State can offer comprehensive &
efficient service.
a) W'out reasonably. compreh. monopoly State will be at
disadvantage. If it can only pick up what is left, overheads will be
too heavy.
b) Railways with large fixed capital & maintenance charges not reqr^d
by road transport – history of pre war losses to road transport.
If you ignore basis of scheme you may imperil it.
No argument re A & B Licences. Proposed to wipe out A Licence over 40
miles. B Licence = mixed – own goods & others.
a) C. Licence carries own goods only. Given free right over 40m.
area: will cover most, incldg. many farmers.
Remember farmers will do well out of efficient State transpt. system.
Cttee view: if no limit on C. licence, they might unnecessarily extend
their own transport. And not easy to enforce provⁿ they can carry only
own goods – may pick up other traffic.
- P.M. Cd. you exempt man who has only one vehicle?
- H.M. Cd. consider giving direction to Traff. Commrs. on that.
a) Man can go to (quasi judicial & independent of Minister) Traffic
Commr. for licence to travel beyond 40 miles: with appeal to a Nat-
Tribunal. Perhaps apptmts cd. be made by Ld. Chancellor.
- E.B. Or by the Crown, as under y. M/L Acts. See instrns. re C. licences in
Appendix. (i) meets developmt. area point.
Cttee thgt M/T. had made his case – subject to makg. it a bit easier, as he
has. Feeling tht. if we have this quite free, we may lose or endanger
whole scheme.
- P.M. Inflexible for isolated journeys by man who normally doesn't go above 40
miles.

[Enter. L.S.]

- H.M. Can't meet that w'out according complete freedom.
- P.M. Diff. to check evasion., on isolated journeys.
- A.B. Demarcation betwn. State & private enterprise then based, not on function, but on distance. Awkward case to argue.
Don't believe that free C. Licences wd. endanger the State system. Carriage of goods is so complicated tht. people won't be able to do it undetected.
Factory with depots throughout county must know how much capital to allot to transport. Shdn't interfere with it.
Cf. Fletton bricks.
- H.M. They will get a licence.
- A.B. Another works with sudden order beyond 90 miles.
- T.W. Movemt. of perishable goods. Mileage criterion will introduce v. complicated new factor.
- E.Sh If you are going to nationalise transport, you must isolate nat^d system from blast of free competition.
[Exit E.B.]
- No reason to suppose Tr. Commrs. wd. be unreasonable in dealg. with appl^{ns} - & wd. grant licences in most of extreme cases quoted this a.m.
If you allow C. licence travel any distance, larger indust. firms will expand their transport organisation – wh. will be formidable competⁿ for nat^d transport.
Too big a risk.
- P.M. Thought you said big firm wd. readily get their licence. It is the small man who wd. get frozen out.
Will it be politically possible to refuse C. licences to these larger firms?
- E.Sh. Cap. good prodⁿ firms – if they find N.T.C. cheaper & as efficient – will use it.
We're really arguing re small men, who won't want to use N.T.C. because own transpt. carries own advertising. Can't let that grow, uncontrolled.
Directions can be given to Commrs. – makes for flexibility.
Coal: biggest controversy was over ancillaries not collieries. Can't make the severance – for otherwise natⁿ wdn't pay.
- H.D. Ques. of degree & phrasing. At one stage, Barnes said in certain classes applicant wd. get a licence as of right. Hurecomb didn't like that – but I believe it wd. be politically helpful, while preservg. essential needs of stage.
- G.T. No undue restⁿ on carriage of goods by C. Licences. Gather my interest cd. be met by directions etc.,. Must be – effects wd. be serious otherwise on bricks & bldg. materials.

- A. If N.T.C. is efficient, firms will wish to use it. Askg. for trouble to try to curb those who run own lorry for own purposes. Politically v. disadvantageous to hamper this. Perishable goods. I wd. prefer to exempt C. Licences – unless satisfy. formula on H.D.’s lines.
- J. Largely agree. But remember most of these men will want to discredit our scheme – boycott N.T.C. on grds. of pol. prejudice. On other hand, if licences to be granted readily, why have them? If not, how defend the delays.
Conclⁿ = I remain on the fence.
- A.G. Support P.M. We can try to do too much in natⁿ scheme.
Cross. country journeys, firm to firm, in collⁿ etc.,. of components & carriage of goods fr. one process to another.
- C.E. Support P.M.
- G.A.I. Support Cttee Rpt. Was doubtful re development areas: but now see how that can be met.
- E.W. My doubts met. Need for flexibility in country areas. Wd. back M/T.
- J.W. Favour P.M.’s view – on pol. & economic grounds. Thought nat^d of “transport” meant the industry carrying – not carriage of own goods.
- T.W. Favour P.M.
- G.H. Support M/T., in my view of discussion.
- J.J.L. Support P.M.
- P.M. Evenly divided!
- B. Licensing system. Bn. going for some years: traders familiar with it. Cases will fall into classes. Decision on one will apply to the class. Whichever way you decide you can’t escape controversy. T.U. opinion is on my side - & even wants me to go further.
- H.M. Unless N.T.C. is protected, fear it won’t be able to provide the Service. Cd. Cabinet endorse other proposals: & let my Cttee review C. Licences again.
- P.M. Yes: consider
a) distⁿ btwn. single vehicle owner & others.
b) precisely what is danger to N.T.C. Big firms? If so, it’s just they who can’t be refused a licence.
- B. And preliminary consultⁿ with firms.

[Exit A.B.]

- P.M. c) H.D.'s formula.
- J.W. Para. 2 (a) Highlands & Islands Steamer Services. Shd. be power to take them over.
- B. Main services wd. be automatically taken over.
- J.W. Optional powers in Bill.
- J. Furniture removers? Incidental to depository.
- B. Covered by trade classifⁿ decision.
- E.Sh. Para. 42 of original memo. Compensⁿ for displaced staff. Must be consistent as possible with coal scheme.
- G.T. 2nd Altern. in para. 15 is preferable – for A & B Licences.
- A.G. Draftsman. Many details to be worked out by Dpts. first.
- P.M. Like A.I. priority demand.
- H.D. Will do our best to help him. Refuse “full-time” demand. Allocate a draftsman as soon as instructions are ready.

H.D., A.G., H.M. to settle.

Scheme otherwise app^d – as basis for discussions.

6. New Towns Bill

Approved. £50M.

1. Parliament.

P.M. Business for week after Easter Recess.

[Exit W.W.]

2. World Wheat Supplies.

B.S.

Summd memo.

U.S. shdn't be allowed to cover their shortcomings by raiding our stocks.

Favour public pressure for measures in para. 6. La. G. wd. back this.

Prospects for July-Sept. Supplies & consumption economics need to meet deficit.

Effect on animal feeding stuffs.

Ask Cab. to adopt all measures recommended – but no public announcement.

Bread-rationing not possible before 15/7 & wd. involve addl. staff of 6.000.

A's ques. re wheat on farms. We assume ½ m tons at end/March, incldg.

tailings & unmillable: we expect 400,000 t. to mills. Stocks in bakers etc., can't be estimated.

286.000 t. sent (all grains) to B. Zone/Germany from U.K.

T.W.

Diff. memo to follow because large no. estimates not all of wh, may be realised.

M/F suggest shortfall in Canadian supplies + need to maintain assumed stock level & consumption economics follow. Effect on livestock wd.

be catastrophic. With agreemt. of M/F I said 3 days ago in reply to

P.Q. tht. no redⁿ in rations this summer: these proposals wd. involve

cut of 50%. Loss of even 140.000 t. coarse grain wd. mean cut of 1/3 rd in animal feed rations.

My estimate of collection of wheat fr. farms = 400.000 t. in Aug & Sept.

giving 300.000 T. for milling – as cpd. with M/F. figure of 150.000 t.

Pessimistic forecast for winter shipments from Canada. 3 to 500.000 t. last year.

All-over demand for 900.000 + 400.000 flour constant stock.

Propose no. cut involvg. loss of animal feed before inter - departmental review of these estimates. 3 Agric. Dpts + M/F.

M/F. propose extⁿ & dilution (maximum effect on animals) at once: but bread rationing not until July.

P.M.

Basic ques: what is minimum stock we must keep. On what figure of consumption is stock figure based.

Closing stock at 900.000 t. wheat. More than 11 wks. at present consumption

What no. of weeks at reduced consumption levels.

- B.S. Peak & valley. Must have this insurance. Para. 23
- E. Sh. Memo. is based on assumptions that we shan't get supplies fr. Canada, U.S. and Argentine. Sec. of para.12: but calculation then based on assumption of only 150.000 t.
- B.S. MacIvor has said only 50.000 t. in next 2 months.
Hutton says Gardener expects more.
- A. Perplexing feature: 150.000 t. fr, Canada is assumed by this memo. But y'day told 285.000 for May/June and 200.000 for July/August. This = 970.000 t. wh. is v. diff. from 150.000t. Must know wh. is the more reliable before we take these drastic decisions.
Own farms: Aug./Sept. 400,000 t. Believe tht. in May-July we cd. get a good deal more than this 400.000. Shdn't these figures come into a/c also.
- E.Sh. Para. 12 deals with Canadian supply – but it blows hot & cold.
- B.S. Deficit of 430.000 t. even if we got the 970.000 t. from Canada.
I can't get firm figures.
- A.B. Assume all pessimistic assumptⁿ are realised, & no economics introduced, what wd. be stocks at end/Sept?
- B.S. Practically nil.
- J. Choice: What risk shall be take? These estimates are only instructed guesses. Yet M/F recommends policy wh. he admits is disastrous to livestock.
Why not cut loaf by 10%
- P.M. Being done.
- J. And Dpts. consider figures.
- P.M. Distilling is stopping already?
- B.S. Yes. Barley: for Beer. Saving of
- E.W. Dilution with barley wd. cause waste.
- A. Don't do it.
- E.B. Assume you risk 100.000 t. contⁿ to pool and introduce more of these economies, & you will have 6 wks. stock at end/Sept. And home harvest will then be coming in.
Tragedy to introduce any of these measures.
What are these risks comp^d with sinkings?

- B.S. But then there were huge stocks in exporting countries.
- P.M. Stocks fr. N. America will be moving in September, won't it?
- B.S. But I can't rely on U.S. guarantees.
U.S. harvest begins in June & cd. begin to reach U.K. in July.
- H.D. Get Canadian supply estimate on Ministerial level via MacIvor.
- A.B. M/F. rightly called attenⁿ to risk – our stocks falling when world stocks low.
But we shdn't accept certain calamity for sake of calamities wh. will never occur. And Cab. shd. take collective respons. for risking it.
- E.W. Extraction rate. Effect on school milk. Wd. affect health of children.
- P.M. Immediate ques: what do we say to C.F.B. to-day?
- B.S. Nothing.
- E.B. Then you won't get 25% set-aside order in U.S.
Insist on firm guarantees.
Tel. fr. Halifax. State Dpt. are in diffy. over 25% proposal. Pressure against it: higher levels of U.S. adminⁿ are wobbling. They are being asked what other countries are doing. Anything further we can say will be helpful. ? Once concerted statement vice unilateral statement by 3 countries.
Equivalent action here wd. be 200.000 t. from our stocks.
If they fail to carry their 25% proposal, don't let them ride out on grd. that we wd. do nothing. Let it be their failure.
Handed in note given to Winnant on 16/4.
- P.M. What more do we need!
- E.B. Tell Hutton 100.000 stands. If he gets 2.3 confirmed, he can go up to 200,000 as against firm guarantees. Give him scope in discussion – as a negotiating method.
- B.S. Hutton now says 285.000 fr. Canada in May & June dropping to 114.000 in July & August.
He now wants informⁿ on specific points – read out.
What supplies do we ask U.S. for? – return of 200.000 t. + any Canadian shortfall.
Wants to know what consumption economies we offer to match their 25%.
- P.M. Preferable to put our 200,000 t. against the 25%.

Agreed: despatch telegram on above lines.

[Exit Barnes, B.S.]

3. Future of the Ruhr.

- E.B. R. favoured centralised adminⁿ in Germany: included in P. Protocol. Fr. posⁿ was reserved by us at P. But Fr. have always repudiated Potsadm agreements.
Early thought re Ruhr. Talk of socialisation of ind^{ies} in Saxony: we don't now what is happening.
At Lanc. House Bidault demanded pol. Sepⁿ of Ruhr. Have resisted that on financial & economic grds.
Thought then of economic separation. Heart of G. war. making power – financed & organised G. wars. If R. prodⁿ left for Germany alone, war will follow.
From 11 to 33m. tons expansion in steel prodⁿ betwn. the wars.
Reparations agreement: level of G. prodⁿ: steel at 7.5m. But when we took 11m. as our aim, we assumed ammonia plant wd. be closed. Found we can't close them because we wd. have to buy fertilisers for them with dollars. Forced to this, at expense of security.
Draft U.S. Treaty. Four power commⁿ to give security v. G. aggression to other Europ. powers – w'in U.N.O. framework.
Looked at it again in light of draft Treaty.
Idea of international holding co. Reluctantly abandoned because diff^{ies} which F.O. found in it incldg. prob. views of Dutch, Belgians etc.
Come back to original idea. Separate Province. So designed tht. it cd. be fitted into a Federal G. or, otherwise, cd. remain as it is. Pol. & mil. control for many years. Advantages: Germans wd. feel their bosses had gone. Wd. be like our Coal Bd.
Political: Communists in G. makg. play with out intentⁿ to separate Ruhr. Communists in France makg. play with need to separate.
Gomin's speech, Harvey found split betwn. Gomin & Bidault.
Many snags to be got over. But must start to talk to other Govts. Wd. Cabinet support me on these lines.
Fr. our angle, we shd. be very vulnerable to a renascent warlike Germany. But doubt is she will go that way.
C.O.S. views.
Ready to consider any better plan.
Diff^{ces} with Belgian & Dutch. Rotterdam can't survive w'out production Ruhr. Drifting to economic ruin. Dutch are scared stiff of consequences of Fr. solution.
- H.M. Best solution. Prefer Germany public corpⁿ subject to pol. control. The other solution wd. have brght. R. in permanently. Worth trying.
- H.D. Was attracted by earlier plan. Start of an international requirm.
Greatest threat on long view = gt. mass of Germans. Fearful therefore of lettg. Germans control Ruhr w'out lasting international control. Ownership wd. have given us lasting interest.
Risk of forgiving our enemies.
Can we get G. Socialists into controlling posⁿ in west.
Disappointed that diff^{ces} of consortium have proved too much for E.B.

- P.M. If Germans are to run this, who will they be? Not Social Democrats: they won't know how. Fear it will be G. technicians & industrialists: the old gang. When control removed, will fall into Nazi hands.
- E.Sh. They will be so efficient they will be able to export coal at a price disadvantageous to us. Afraid of Nazification.
Preferred E.B.'s original consortium plan.
Russian menace can't be set aside.
Our line shd. be to cement friendship with W. Europe. Need a strong industrialised France.
- E.B. My consortium wdn't be French.
- H.M. Directors appt^d by no. of Govts. – not likely to be successful, is it?
Diffy is – can you go on permanently with an internat^l control system. We must decide whr we are trying to make G. an enlightened Social democracy: or clear out in a few years, giving it all up? If we cd. succeed in makg. G. a democracy it wd. be a gt. comfort to our foreign policy.
- J. We must attach France to ourselves: allay her fears. Real International control, therefore: not a German national co. subject only to a system of international control wh. experience shows will be relaxed after a few years.
- C.E. No Social Democrats can be found in G. to wh. control cd. be handed over.
Favour international co.
- A.B. Decide acc. to ultimate policy re Germany. Need to avoid creatg. Nationalist revulsion – wh. we shd. provoke by carving up G., internationalisg. the Ruhr etc.
Russia is starting United Germany movemt. – will put themselves on side of G. masses. Give G. a healthy psych. context. Avoid causes of grievance. Can't hold G. down for ever.
Must stimulate growth of democracy.
Fr. attitude unreasonable. G. irredentism due to French policy of this kind after 1918.
- P.M. Circs. in Germany diff. to-day from 1918.
- A.B. Policy sh. be to take our chances of getting G. industries socialised, but leave them German.
The small economic group is the war like danger.
- E.W. Support E.B.'s memo. because it is realistic. Accepts the fact tht. Europe is being divided. If we want to promote democracy in G. we must provide an alternative to (?) Russia.
Potsdam levels wd. have to be altered if we ran this as a Province efficiently. It wd. be the answer to R. case – what are you doing in W. cp^d with our efforts in E.

E.B. Cd. we marry the two? Wd. like the Provincial Govt. Don't know re. actions of Belg. Dutch & Fr. – more concerned with them than Russia. Must begin elections in Germany U.S. zone Gauleiter system: won't do for us. We've had municipal elections: but not big enough to make a splash.

Want also to relieve Exch. of trading costs.

If principle of Prov. Govt. accepted, I wdn't w'hold fr. Western Govts. the consortium idea.

Cd. put both alternatives to them.

Robertson & Strang favoured second course.

But cd. I have latitude?

J.B.H. One thing is clear: can't go on with no policy.

B adminⁿ. Can't do Ruhr with present staffs. For coal eg. we now have to get Fr. experts.

Urgent: for we have to get industry going up to agreed level.

[Fr. attitude. Marcel Paul told me Comm^m. in France support Gomin's attitude.]

Must oppose Fr. plan. For wd. involve complete review of Potsdam levels.

Choice is: pacify France (short-term ambitions) but antagonise Russia.

Consortium. Control Commⁿ adminⁿ (quadripartite) can't run an industry.

E.Sh's fear for coal competⁿ. Agreed levels wd. put them out of competⁿ for years. Risk of Nazification: alternative Comm^m or Nazi. thro'

Communist. Don't pay too much attentⁿ to views of people who live in

G. ??? etc. I have seen Social Democr. mtgs. wh. wd. have filled

Albert Hall: v. striking how many are coming fwd.

No diffy. in establ. Province & Prov. Govt.

Right to nationalise – diff^{ics} because P. Protocol v. stabilising concent^{ns} of industrial power.

Para. 7. Don't think we can keep R. out. At end/occupⁿ 3 w. Powers to stay & R. to go: wdn't be acceptable to them.

E.B. Saxony is answer to that.

Agreed: Discuss both alternatives with Western Powers. before taken up with 4 occupying Powers.

Memo. on Policy twds. Germany under prepⁿ for Cabinet.

[Exit H.M.]

4. Trusteeship

A. Need to get guidance before D.P.M. mtg. Want to p'pone until second week.

P.M. Must wait until Thursday next.

1. Egypt

P.M. If we insist, riots – U.N.O. - disaster. If we offer at once complete w'drawal in 5 yrs., Egypt may feel diff. m'while & we can make some arrangements.
Defence Cttee considered – favoured second course.

J. Position in country where unwelcome is posⁿ of weakness.

A.B. E. wd. understand physically imposs. to complete in less than 5 yrs. - & wd. issue agreed statement? Wdn't be able to represent it as delaying tactics?

P.M. Yes: 18 mos. – 5 years.

Agreed – offer complete w'drawal.

2. World Food Supplies

B.S. As in memo.

E.Sh. If Can. estimates are even approx. correct, we shan't be short at all.

B.S. Yes: For we need 400.000 t a month. Total shortfall over period – 600.000t.

P.M. What will be our stocks at end/June on Massey's figures?

B.S. Cdn't say, I wd. guess about 775.000 + 300.000 T. flour. or 1105,000 t. in all. July-Sept.
From Can. totals 278.000 t.

P.M. Home supplies then. And U.S. will under write 85.000 for June + 286.000 for July = 371.000 tons.

B.S. No: U.S. undertakg. is to make good 300.000 odd shortfall.

P.M. Put it in terms of supplies not shortfall.
At end of June stocks at 1.105.000 tons. Consumption 418.000 t. p. month.
In Aug. 114.000 t. fr. Canada + 150.000 fr. home supplies.
In Sept. 50,000 t. fr. Canada + 150.000 fr. home supplies.
Results in stock of 796.000 t. at end of September.
By then, shipments from N. America will be beginning.
Wd. there be shop shortages with a stock of 796.000?

B.S. Yes.

- E.B. There shd. be a census of stocks.
- B.S. 100.000 t. but used daily.
- P.M. Minimum stock in peace?
- B.S. 675.000 – 700.000 in peace: but ready replenishment.
- P.M. This is running it v. close e.g. if late harvest you wd. not keep stocks as high.
Thus, there is a case for considering introdⁿ of economics now. Also because we have promised U.S. to take comparable action.
- A.B. For what reason - to match U.S. or to meet stock posⁿ.
- P.M. Mainly the second.
- T.W. Anyhow avoid long-term damages. 2¹/₂% increase in extractⁿ rate means heavy loss of animal feed. Doubtful wisdom to do that.
- P.M. Smaller loaf. 10.000 t. p. month }
Distilling 10.000 t. p. month } Total savings perhaps 32.000 t. p. month
Beer 10.000 t. p. month }
- B.S. Saving in these 3 = 137.000 t to end/Sept. Extractⁿ rate 2¹/₂ wd. yield the same. Beer cut wd. lose 40.000 t of brewers' grains.
- A.B. Our med. advisers say no harm in going to 87¹/₂% - tho' I agree with T.W. re agric. arguemts. against.
- E.B. Think it wd. be enough to do smaller loaf at this stage. That can be represented as 12¹/₂% cut. Enough to match U.S. economics. Consider other economics later.
- P.M. Doubt if we shd. stop there.
- J. Why not do biscuits also?
- E.B. Can't turn on to any other food in U.K.
- P.M. Case for cutting beer – do that + smaller loaf. Beer is 28% up on pre-war: but (B.S.) the 28% is water.
- E.B. Then cut it by 10% only , not 20%.
- G.H. H.D. is ready to lose the revenue – from beer or whisky proposals.

Agreed: Introduce 1³/₄ loaf at 4¹/₂d.
Cut beer production to 90% of pre-war.

- A.B. If you aren't raising extractions rate don't need barley – needn't do the distilling cut.
- T.W. Cut in beer – poss. because men out of Forces & munitions.
- P.M. May get something out of Services.
Stop bread with main meals – whr. on demand or not.
- Agreed.
- E.B. Census of stocks.
- A. S. Africa 10,000 t. not up to 10,000 t.
- P.M. Situation in India is desperate.
- G.H. And Malaya & H. Kong. Another 10,000.
- P.M. We shd. stress India's needs. On distribution of the 200,000 t.
- B.S. Surplus of potatoes likely. Inclined to deal with Belgium re. maize, barley & rye. 80.000 t. of potatoes against animal food.
- T.W. Agreed.
- E.Sh. What about Ruhr – coal output. Will have to consider them.
- B.S. May still have some left for Germany.
- E.Sh. Reactions on France & Holland of reduced coal output in Ruhr.
Consider Germany's needs before deciding disposal of this potato surplus.
- E.B. Coal output dropped by 25% - effect on C/E.
If any deal with Belgium, shd. be for benefit of starving countries e.g. in S.E.A. or India – not for benefit of U.K.
- P.M. Why not get them to use their maize surplus for starch?
- B.S. That's what I mean.
Van Moor cd. give us 50.000 t. of copra in last 3 mos. But re. textiles: 3-4m. yds. & balances in sterling re 10.000 t. of copra. Can we compel manufrs. to meet that order.
- P.M. Take it up with B/T.
- E.B. At Mancher. trade assured me they wd. do what they were told.
- P.M. Statement on food cuts. Thursday, after consultⁿ with Fr. Williams.
Pointing out what we've done already.

E.B. Put extⁿ rate as percentage over pre war – i.e. from 73% to 85%.

[Exit B.S.]

3. Trusteeship

A. Urgent because of impending visit of Smuts. As in memo. Part A. of Memo. No disagreement.

- Agreed.

Part. B of Memo. German S.W. Africa. Traded for 20 yrs. as part of Union, tho' under mandate. Popⁿ 350,000 incldg. 30,000 white. Do we support Smuts' attempt to incorporate in Union? Favour supporting Smuts – openly.

P.M. Annexation or after consultⁿ with inhabitants.

A. He will say popⁿ want incorpⁿ. The white popⁿ do. How can he determine what natives want? How cd. you consult them? The Chiefs say they want incorpⁿ.

P.M. This is the point wh. will be taken at U.N.O. S. African treatment of blacks is not popular.

A. Smuts will be ready to give assurance that we will consult wishes of the inhabitants.

T.W. What do S. African Labour Party think of this?

A. More inclined to support Smuts now than before. But what does that Party stand for? [Condⁿ of natives in S. Rhodesia: & neither section of Labour Party there offered any protest.]

E.Sh. Cdn't we support, subject to consent of natives being sought by means
x/ acceptable to U.N.O. Para 7 (c) is not good enough.

G.H. Will put Col. Empire in diffy. if we openly support Smuts. Smuts hasn't yet agreed to our placing our own mandates under trusteeship. We took initiative in announcing that. Well received - & Austr. & N.Z. & Belgium followed our lead. And S. African attitude criticised then. We found diffy. in inducg. Fr. to come into line. Can't press them if we support Smuts in this. Para. 6 of my memo. is furthest we shd. go.

J. Why shdn't you agree on cond^{ns} at x/.?

E.B. May involve split in Commonwealth front. We've got to say in Trusteeship Council which side we are on. Can't take G.H.'s line.

Smuts will be here on Monday. Why not discuss this with him?

- A. Must ventilate it 1st inter nos.
- E.B. What is to stop U.S., Russia or anyone annexing territory if we countenance that.
- Esh. He is to argue his case at U.N.O. and also x/. This isn't annexation. S. Africa is spreading out – how prevent them from seeking means to extend territory. Means. Surely thro' U.N.O. + x/ is safest means.
- G.H. Want it discussed at D.P.M.
- P.M. Of course: but what is our line to be? Hear how the discussion goes: go y./ no further than x/ in any event.
- G.H. Even that will give rise to trouble in Colonies because of S. African attitude to natives.
- E.Sh. Not a bad thing to have ventilated in U.N.O. the S. African attitude to natives.
- G.H. But we don't want to seem to countenance that.
- P.M. S. Africa was given the mandate. We can't say it shd. be ours.

Agreed as at y/.

4. Palestine

- E.B. Report of Commⁿ rec^d. They've accepted further 100,000 J. immigration – tho' in later chapters they condemn Jewish activities. Need for report to be studied before decision reached. U.S. pressure for immed. publⁿ of Ch. I. of rpt. Protested to U.S. re. this. High power Cttee appt^d by P.M. wd. study this with C.O.S. My first re-action – we can't as mandatory Power carry out this rpt. unless illegal armies cleared up & a new deal with J. Agency. Then I wd. accept 100.000 subject to Bd. of Control on wh. U.S. represented. Also can't undertake cost of bldg up Arabs: U.S. or Arabs must find the cash.

1. Palestine.

- E.B. Still believe that, handled properly, with U.S. this might be settled.
If we put to Sec. Council, R. will come in: virtual surrender of mandate.
Defeatist.
Publish: watch re-actions: won't be as bad as policy of Coalition. Features
in Rpt. which raise whole issue – many things to be discussed. We
can't find the money.
Take the line: can't adopt this Rpt, w'out full consultⁿ with U.S. Govt.
Fear that Arab State may raise ques. at Sec. Council – at their initiative, I
wdn't fear it.
But if one of parties to Commⁿ rushes off to Sec. Council, it wd. be
fatal.
Must have disc^{ns} first with U.S. Govt. On disarming of both sides etc.
Asked Barnes why U.S. keen: found it was to prevent large Jew immigrⁿ
into U.S.
Prepare draft basis of negotiation with U.S. Don't be upset by a little
exuberance in M/East: won't be as bad as our rep^{ves} say.
- G.H. Implic^{ns} of report – v. complex & difficult.
Agree we must try to get U.S. implicated in enforcem^t. policy.
Reference to Sec. Council wd. be for advice. Offl. Cttee contemplated
discussion with U.S. first.
Much work in Pal. to be done, whr. or not this Rpt. is adopted.
Speed in disc^{ns} with U.S. is essential – for fear of disorders in Pal.
My informⁿ suggests Arab States will bring this to Sec. Council.
Imposs. for us to carry out Rpt alone. If U.S. won't help, no alternative but
to go to U.N.O.
- H.M. V. bad Rpt: unhelpful: irresponsible: unrealistic.
We are being pushed around: & Pal. is only remaing. foothold in M/E.
Otherwise I wd. favour clearing out.
Rpt. accentuates existg. diff^{ies} – with both sides - & adds some further
financial & admin^{ve} diff^{ies}.
I wd. prefer Partition.
Immediate action. Rpt. must be published. Then shindy will start. Problem
then is to gain time for thought etc. Shd. not therefore publ. with any
suggⁿ of acceptance. Discuss with U.S. Don't go to Sec. Council.
- P.M. Agree. Commⁿ have ignored everybody's respons. but ours. Suggest we
shd. take responsib. everywhere. We shd. now make U.S. say what
share they will take. Say – rpt. rec^d: we are considg. it in consultⁿ with
U.S. Govt.

- E.B. Publicity. Joint Rpt. Consultⁿ with U.S. Posⁿ of Arab & Jews will have to be considered. Fundamental point – organised armed camp: Br. mustn't be invited to send in more troops to deal with that. F.O., No. 10 and C.O. to co-operate on that.
- H.D. Support E.B. Hold U.S. in, on both Mil. & fin. implic^{ns}., Wd. involve capital expend^{re} of £100M and £5 - £10M annually. We can't contemplate that. Consequence – slowing down of demobilⁿ. If U.S. wd. co-operate fully, Rpt. not impossible.
- C.I.G.S. Trouble on publⁿ – cd. be handled. Prefer U.S. co-operation.. Don't like consequences of reference to U.N.O. Stress need for disarming & disbanding J. organisations. Tries our men pretty high to have to sit down under this provocation.
- A.B. Disturbed by obj^{ns} to seeking U.N.O. advice & reasons for it. Don't object to immed steps. Suggest tht. as U.S. involved we shd. discuss with them: but U.S. & U.K. shd. notify U.N.O. tht. these discussions are procedg. Will arouse R. suspicious if we go on bi-laterally. At least some action to give notice tht. if U.K. & U.S. negot^{ns} are unsuccessful Sec. Council will be asked to consider.
- E.B. Don't want to say anything at present re Sec. Council. Trouble enough there already.
- A.B. Any one of the neighbouring States can raise it with U.N.O.
- E.Sh. Exhaust first possibilities of Anglo. U.S. co-opⁿ. Remember how Commⁿ arose – U.S. forced the pace. Doubtful about E.B.'s suggⁿ of leavg. initiative with Arabs, if Anglo - U.S. disc^{ns} fail. Doesn't arise yet, however. Next step is to put pressure on U.S. to co-operate. Not sure of validity of P.M. & H.M's view on the Rpt. It is consistent with our moderate policy. If U.S. won't play, our position is clear. "You are making all this fuss, what are you prep^d to do about it."
- P.M. Any approach to U.N.O. in my view shd. be on Recommⁿ 1.
- E.Sh. There is a case for subm^{ns} of whole ques of d.p.'s to U.N.O.
- E.B. U.S. & R. want specialised agency for this not U.N.O. We are sticking out for U.N.O. but aren't veto-ing the other suggⁿ. McNeil is handling this. But want to avoid Sec. Council. If U.S. won't co-operate Rpt. contemplates change in Mandate. Want that to go to Trusteeship Council: & remainder to refugee side of U.N.O.

Needn't go to Sec. Council unless disorder. Wd. prefer therefore to wait until taken there.

{ Wd. like C.O.S. to make fuller analysis of forces requ^d if Rpt. implemented.
x { " Ty. " finance "
{ " F.O. " Jews in Europe & priorities over

d.p.'s.

Must also bring in Poles, in conversation with Byrnes

Want x/ for talk with Byrnes.

Also want C.O. apprecⁿ of new mandate.

In other words, detailed case of what is involved in implementg. Rpt.

N.B. Try to get U.S. to approach this Jewish problem as part of refugee ques as a whole.

U.N.R.R.A. at Atlantic City passed a resolution wh. really commits U.S. & R. Govts.

y./ Believe this will come to Sec. Council, prob. thro' Arab States. Cd. we ask Offl. Ctee to consider what we shd. wish to emerge from a discⁿ in Sec. Council. E.g. finance for developmt. thro' International Bank.

P.M. Approve E.B.'s line.

Offl. Cttee to supervise prepⁿ of material as at x/ and ? y/.

Publicity – F.O. and C.O. together – with Fr. Williams.

H.M. Talk to Lobby to-morrow to influence leading articles.

Inform Dom. Ministers to-day?

Agreed: Circulate pp.to-day & discuss to-morrow.

A. Bring in C.O.I.

H.M. Nothing to do with Press.

A.B. Agree to immed. action. But don't want to go to disarm etc. unilaterally. Nor do I want to be imploring U.S. for aid – dependence on U.S. Wd. prefer to bring it to a wider Court. – some organisⁿ of U.N.

P.M. Truth is U.S. wants her interests at our expense.

E.B. I want to get this before U.S. Congress. U.S. adminⁿ is v. weak & irresponsible.

E.Sh. Shd. Cab. express a view on last weeks outrage?

P.M. Let Serv. Dpts. & C.O.S. consider first.

G.H. Read telegram.

P.M. Get P. Notice Ques Tuesday: & express appreciation of attitude of B. troops.

- E.B. Want to get Byrnes to agree to
a) joint study by State Dpt. & F.O.
b) Considⁿ by C.C.O.S.
- H.M. Let W.S.C. & A.E. O.F.G.S. have advance copies of Rpt. And P.M. to see them.

Agreed.

[Enter W.W
[Exit C.O.S., Sargent.
Strachey. A.M.

2. Report of Select Committee on Members' Expenses.

- H.D. As in memo.
Main deviation – salary of £1000 p.a. for Members.
Consequential –
Ministers under £5,000 to have half M.P.'s salary & to claim expenses.
Leader of oppⁿ & ex. P.M.'s. to have half M.P.'s salary & to claim expenses.
Ministers at £5,000: no Govt. initiative. Possible tht. Oppⁿ may suggest it. Then leave it to a free Vote.
Anomalous salaries – as in para. 7. Ch/Duchy – Parlt. or Funds of Duchy: H.M. pleasure will have to be taken. Considered P.M.G. & thght. on balance better to leave as at present.
- P.M. Capt. Yeoman Guard & another who acts as Whips in H/Lds. get v. little. Walkden & Ammon.
- H.D. This is outside t. of r. These are H/C. expenses, qua constituencies. If anything to be done, it must be by adjustment of Salary. Same Cttee cd. look at it again. Needn't be included in same announcement.
- J.W. Also Solr. Genl. for Scotland. If he were in Parl., he wd. get less than Junior Minister.
- H.D. No: he wd. get the same allowances. We have bn. asked to adjust his salary – propose £3,000 w'out fees.
- A. Low-paid pos^{ns} in H/Lds. Can we discuss with H.D.?
- H.M. If not in this statement, say considerg. some similar adjustmnts. in H/Lds. & will make statement later.
- H.D. Will try to do this.

- E.Sh. Oppose this Rpt. Will increase anomalies.
Favour increase of salary to £1000 p.m. Always opposed idea of immunity fr. tax for part of it. That point is now met.
But for the rest, I wd. prefer unconditional increase of salaries. e.g. from 1.500 to 2.000. and have him to claim expenses on that salary.
To give time $\frac{1}{2}$ of M.P. salary + somthg. as Minister is anomalous.
- C.E. Wd. you give him 2.000 if in H/Lds?
- E.Sh. You are proposing that for Junior office. holders in H/Lds. Prs. give less salaries in H/Lds.
If M.P., wtr. Minister or not, you shd. be able to claim expenses.
Para. 5 proposal is untidy arrangemt. Put salary up to 2.500 & let him claim.
- P.M. Expenses not due wholly to constituency. “Two homes” applies to H/Lds. also.
- H.D. Can’t be done w’out changing the law – which now provides that Ministers in H/C. are paid as Ministers not M.P.’s and can’t claim against salary his expenses as M.P.
- H.M. Can’t admit P.M.’s argument. Appoint a Minister & you must assume he lives on the job.
- H.D. The 500 basis was taken because assumed that there is not the same case for his having 2 houses. Assume he lives on the job in Ldn.
- W.W. Was satisfied tht. this Rpt. wd. meet wishes of H/C.
Diff^{ies} in whips’ office – so great that can’t fill my vacancies!
- A.B. E. Sh. solution is tidier. But if you adopted it, you wd. run into academic Parly. Debate. The existg. law was designed to prevent Govt. placemen – to obviate clandestine means of providing them with money.
Better adopt H.D.’s plan.
Also diff. for Bd./I.R. to argue expenses ques. with Ministers.
- H.D. Tactically wise to leviatate as little as possible from Rpt. of Select Cttee.
- C.E. Also awkward to propose alteration in income tax law for Junior Ministers especially.

Agreed – as in memo.

[Exit W.W.]

- H.M. Position of P.M.G. Heavy job?

P.M. Yes. Put him at £5.000

Agreed. H.D. to announce. Agreed.

[Enter J.W. & B.S.]

3. Import Programme for 1946/47.

H.D. a) All conditional on Loan going thro'. Otherwise, as in para. 6.
Must have clear understandg. that it is all subject to that.
b) Balance/payments. see p.12. Transition Account. Necessary imports compete with no unnecessary overseas expend^{re}. Must lose no opportunity to reduce mil. exp. overseas, wh. is running at v. high figure.

Latest estimate of deficit less than £687M. Improvem^t. due to

- a) better exports
- b) shortages reduc^g. imports.

This is agreed among Dpts. as target. at official level.

- c) Want to balance external trade ^a/_c at first half of '47. Target.

H.M. (i) Wd. be useful next time to put it thro' Ministerial Econ. Steering Cttee.
(ii) Short fall because we cdn't get imports we needed. Ty. have annexed advantages of that. Consider later whr we cdn't switch some of the expend^{re}. previously auth^d. Export drive shd. be presented as a drive to pay for imports – must have the imports if we are to get this understood by public.
(iii) Control Commⁿ shd. be asked to expedite G. exports.

H.D. I'm spending at £80M. This assumes £50M. – saving of £30M.
Believe C. Commⁿ are drinking 1 botl. hock p. head p. day. We cd. use that if it were exported.

B.S. I cd. buy that.

H.M. Other points I will communicate to H.D.

B.S. Only 75% of pre-war imports. Wish it cd. be more. If I had money, believe I cd. buy more e.g. canned fruit.

P.M. £15M on imports of beer, wines & spirits. Seems a lot.

A.B. Some imports lead directly to exports. Fr. can buy with gold – but readier to export to us if we did to them. Also Med. countries – food products. Risk of canalising trade too much betwn. those countries & U.S.A. Hope this is being considered.

(ii) The £30M. export from Germany is optimistic. Timber fr. B. Zone isn't promising.

Half timber is being cut then will be used for coal because coal prodⁿ dropping thro' lack of food.

Hope no Ty. objⁿ to getting timber elsewhere if we can find it. Or houses from Sweden if can be arranged w'out loss of timber fr. Sweden.

- A. a) Can M/F. be given elasticity to get variety? Apparently agreed.
b) Encouragemt. of S. African wines?
- H.D. Yes: we are doing that. Australia too.
- A. c) S. Rhodesia has doubled tobacco prodⁿ at our request. But p.16
x/ indicates cut in next year in imports fr. Rhodesia. Why? Will cause consternⁿ in Rhodesia.
- E.Sh. Petrol rationing: p. 6. Means p'ponemt. until Sept.
Want it reviewed as soon as Loan goes thro'!
P.11 gives figures – wh. we think are too high for first 6 months.
Strong admin^{ve} & pol. reasons for abandoning petrol rationg. as soon as poss.
- H.D. Wd. prefer to review whole picture as soon as Loan is clear.
x/ After enquiry – no change of policy. Can't explain figures. Will look into this.
- J.W. Machinery imports – v. important. Want more. Want it re-examined as soon as Loan decⁿ is known.
- T.W. Supported.
- Agreed – as in memo.
4. Leakage of Information.
- P.M. Apparent leak re Atomic Energy Bill.
- J.W. Have already ordered an enquiry.
- P.M. Will Ld. Chanc. look into this? J.W. to consult him.

Palestine.

P.M. Read Trumans's statement & E.B.'s telegram fr. Paris.
In these circs. will be necessary to make a longer statement in Parlt.
Read out draft.

H.D. Arabs also have illegal organⁿ. Insert "and Arab"

Agreed.

P.M. a) Put U.S. up against it.

Agreed.

b) U.S. emphasis on sending in 100,000. We must say Rpt. as a whole: & we can't do it alone.

c) Illegal armies. E.B. wants somethg. said. But will a declⁿ provoke a rising.

C.I.G.S. Apprecⁿ from C-in-C's. Read it out.
Reinforcemts. Rob 1 Divin + Arm^d Brig. Group.
Disarming. They won't do it voluntarily or on appeal. Best course: seize & harry leaders.
But severe measures: bloodshed: + 12 mos. to complete.
Not enough: wired for more.

H.M. Mufti?

O.S. Not under complete control. Askg. Fr. to hold him down.

H.D. Clear tht. we shall pick him up if he comes in B. juristⁿ.

P.M. Yes: we can ask E.B. to spk. direct to Didault. Yes.

A.B. Shdn't we say to-day impracticable to absorb so quickly 100,000. Will quieten Arabs & disabuse Jews.

Agreed.

P.M. Add expⁿ of "apprecⁿ for notable contribution" made by Rpt.

Agreed

E.Sh. Argued in favour of making no public statement beyond saying that we are ascertaining what Truman meant by his statement.

- A.B. Unless some statement made here at once, alarm & expect^{ns} will be excited by Tr. promise of early transfer of the 100,000.
- E.Sh. Involves public controversy with Fr. at once, when our policy is to enlist their assistance.
- H.M. Statement by P.M. won't be taken harshly in U.S. Tr. may be in some diffy. but he is used to it.
- N.B. Cite actual language of rpt. re 100,000 because Tr. has wrongly said rept. recommends immed. transfer.
- A. Say Dom Govts. now in Ldn. support our line.

1. Parliament.

Business for next week.

2. Submission of Memoranda to Cabinet.

E.Sh. Protested at insufficient time for consⁿ of memo.

P.M. Will remind about 2-day rule.

3. Iron & Steel Industry.

[Enter J.W.]

H.M. Case for day's debate. Govt. Motion – to secure positive role.
Terms of motion in Cl. 177 – discussed & amended.

P.M. Need we give a day?

H.M. Yes: good Parly. practice.

H.M. Shall I announce to-day?

W.W. You'll be asked if you don't.

W.W. Day - before end/May.

Agreed: Volunteer the statement re a day (no date).

J. Cd. we not give an early indication of line of demarcation. – betwn what we
take over & what we don't.

P.M. Discuss with M/Supply.

J.W. Will certainly be said in Debate.
Draft W. Paper – will need careful considⁿ prob. by S/Industries Cttee. But
general points here.

H.M. Either a convincing argument or none at all. If first alternative chosen, S/I.
Cttee can consider & bring to Cab. Week's delay. But wd. we have
any argument at all? Spoils opening speech in debate. Unless our posⁿ
on this is so weak tht. we must put out arguments at once, I incline to
publishg. industry's Rpt. w'out comment. That is technical argument:
will raise issue whr. industry alone cd. do this reconstⁿ.

- L.P.S. Agreed.
- H.M. Have not promised to do more than publish industry's report in a W. Paper.
- J.W. Wanted make it clear
 a) many enquiries already.
 b) Can't be settled w'out detailed examⁿ on ground.
 c) Pose alternatives to show
 (i) priv. enterprise not respons. now: cartel.
 (ii) decⁿ on comm. & econom. grds.
 Disadvantage of publ. ind. rpt. alone – good rpt. makes good case, but
 assumes Govt. financial aid.
- A.B. Unwise to be rushed into publishg. this W. Paper. It falls betwn. 2 stools.
 Doesn't make the historical case v. the industry.
 Reserve our case for a speech.
- P.M. Don't leave industry's rpt. holdg. field alone for too long before Debate.
- H.D. Also a v. bad & long report as well as the good one.
 Originally thought shd. be prefaced by short statemt. of Govt. policy.
 This however won't do. If anything put out in writing, shd. include
 demarcation.
 Cd. S/I. Cttee look at the ques & report next week to Cabinet.
- E.Sh. What are the Cttee to investigate? They will be back again on ques. of
 severance.
- P.M. S/I Cttee go on workg. out what we shall say in Debate.
 M'while decide now to publish only industry's Rpt. w'out prefacing
 statement of Govt. policy.
- J.J.L. Public mind not so clear on steel as on coal. See that Press take the right
 points on the industry's rpts.
- A. Yes: get across our basic case.
- H.M. Asked Lab. Party Office to consider.

[Exit J.W. & W.W.
 [Enter: J.B.H. Barnes
 B.S., N.B.]

4. Wheat Supplies for United Kingdom.

- P.M. For Cab. not W.F.S. Now have the figures.
- B.S. Illustrate our diff^{ties} with U.S. by reference to their allocⁿ of our advance of
 200,000 t.

60.000 t. for India: 10.000 t. for S. Africa: nil for Malaya or H. Kong.
150.000 t. at least allocated by C.F.B. to Japan: 250.000 t. for U.N.R.R.A.
Only provⁿ for C.F.C. areas are ... for India & B. Germany. Unless
we make further diversions Fr. U.K. don't see how L.F.C. needs can be
met.
Hence my recomm^{ns}.

P.M. Clear tht. even on optimistic assumption, things will be tight. Must therefore
consider these proposals in para. 9.
Para. 9 (a). Arguments against.
[I see that Army have instructed units to buy more bread in view of redⁿ in
size of loaf.

J.J.L. Soldier is entitled to a ration of bread. Until it's reduced, it must be
honoured. I will take this ques up.

P.M. Defeats whole object of Govt. decision.

H.M. Service Ministers shd. know in advance about these orders on matters of
controversy.
They shd. issue inst^{ns} to ensure it]

T.W. My memo. is mainly factual. M/Food – on assumptions. Second picture
takes an estimate of collections from prodⁿ wh. I can't accept for a
moment. This is how he gets his minus.
If our discussions are to be based on assumpt^{ns}, see p.3 of Hutton's letter.
He expects ample shipments after July.
Also (b) on p.4.

P.M. But Cl. Anderson's lr. is based on faith.
Easy for M/F. to increase extrⁿ rate: diff^{ies} come later.

N.B. I was also impressed by Hutton's lr. Will make gt. diff^{ies} if they achieve
their 6m. target. But see (c) in Hutton's last para. – if we will do our
share.

Telegr. fr. Halifax support the view tht. to get it out of U.S. we must do
somehg. more - & he urges do it now.
At mtgs. with Eur. Ministers countries with 90% rate told me no waste
caused.
Same for Switz. for 88%.

T.W. Cl. And. pressure is for redⁿ of U.K. stocks. But M/F. plan is for increasing
stocks.

A. Argument v. raising rate is, not quality of Bread, but animal food.

H.M. Psych. pt. in handling of U.S. They want to see action comparable to their
25% cut.
Will our other plans be suff. dramatic?

- Shd. we lengthen rate until we know whr. we are gettg. the Aug/Sept. supplies.
- P.M. Won't involve that loss of animals in summer. – assumg. we can shorten again in autumn.
- H.M. This is best season in wh. to cut animal feed.
Another point – allocⁿ for May: sending supplies to Japan & more to L.F.C.
Think we shd. challenge that sharply & let it leak.
- E.Sh. P. 7. 1st para. Cl. Anderson. On that basis, there will be grain. Is it really necessary to make this gesture.
- P.M. Always asked for something more. They forget what we've done already.
- B.S. a) Cab. endorsed princ. of using grain for humans vice animals.
b) Can't go fwd. on U.S. faith.
Rationg. cdn't start until late July. Extⁿ cd. start at once & secure economies.
c) In reply to E.Sh. don't rely on Cl. And. Ir. They're now saying danger of drought in Arizona. Doesn't follow we shall get it.
d) 700.000 t. in May – means 1.4m. a month in May/June to meet 6m. promise. That is physically imposs.
We are asked to match their 25%. We said, in first instance, smaller loaf & beer. Now I tell you what more we must do.
- P.M. We never promised to match their 25%.
- B.S. V. well. Then look at it from our stock posⁿ. We are heading straight for trouble if we don't take these measures soon.
- A.B. Is it for stocks (B.S.) or for U.S. (H.M.)?
I wd. do no more to affect U.S. psychology. We've done enough.
Will this 5% more on extⁿ rate affect U.S.?
Large nos. of U.S. public realise our sacrifices already. And our action won't influence U.S. politicians.
U.S. have much more variety to rely on.
Against raising the rate for any long period. What wd. be effect of short raising?
- T.W. Redⁿ 25.000 t. p. month, in animal rations. Can't tell farmers they'll get more later because no guarantee.
Pig & poultry keepers wd. at once breed less because of immediate shortage.
At end /3 months the livestock won't be alive even if more food then available.
Recent proof: when rations reduced to 1/6th small store pigs were killed in large nos.
- A. What are stocks monthly consumption of animal food?

- B.S. Don't know.
- A. Milk cows – won't be affected because good grass.
Pigs & poultry will be affected. But can we risk 2/3 months? If so, this is best time to risk it. More potatoes cd. be used for fattening pigs.
- Agreement: consider this on basis of U.K. stocks not U.S. psychology.
- T.W. 1.8m. p. annum = our needs. 1.45m. is M/G. expectⁿ. ie Deficit already.
- G.H. Approachg. crisis in S.E.A. is further reason for conserving our stocks, in case we have to give it to our own people.
- P.M. Monthly consumption of animal feed on present rations – 200,000. in summer and 260.000 in winter.
Para. 9(b) and (c).
- B.S. 9(b) can be done easily because biscuits are on points.
- H.D. Wd. prefer to do even more on 9(b) & (c) than harm animals by para. 9(a). Why not prohibit bread with main meals in high-class restaurants.
- P.M. Because you can't do it w'out affectg. canteens: and thus affectg. heavy worker.
- B.S. Have made it offence to offer: & issued warning circular.
- H.D. Psychol. effect: wd. be valuable.
Balance is wrong – if you boggle at restrictg. luxuries & hurt animal foods.
- P.M. Nothing in it worth having.
- E.Sh. Cut the pastry – won't they eat more bread?
- P.M. Favour 25% cut under 9(c).

Agreed Paras. 9(b) and (c) at 25% each.

Extraction Rate

- N.B. An advantage of raising it wd. be tht. we cd. press e.g. Sweden to come up to 90%.
Tel. 2715 fr. Halifax. Need to convince U.S. tht. we have done all we can.
Steps so far taken by us won't be enough.
- P.M. Not convinced – no realisation of cond^{ns} in U.K.

Discussion suspended.

4. Railway Rates.

- P.M. Deficits. Have we any a/c's. I wdn't accept rlway cos. word for this.
- B. Dealing with estimates for future receipts – must be based on trends. Expendⁿ is strictly supervised. Surely not disputed expenses have risen by 70%. War time Govt. traffic & restⁿ of other traffic put enormous traffic on to rlways. Now redⁿ in traffic: average loading much reduced. Road traffic coming in. Charges increased by only 16²/₃rds%. Going into this early to avoid confronting Ty. with sudden large deficit at end/year. Easy to see at end/45 what was happening.
- H.M. B/T. are concerned – unfort. moment for manufrs. Suggest putting it on passengers. I'm doubtful re that politically. Basic fact – rlways got thro' on 162/3rds increase because heavy traffic carried live cattle. Ty. have done well. May be argued they shd. meet some of the knock now. Wd. be bad to allow the deficit to pile up until natⁿ comes in. Cd. the increase by 10% vice 16²/₃rds%.
- P.M. Based on continuance of standard revenue, wh. they didn't earn pre-war.
- H.M. But you can't show tht. proposed increase is unjustified on econom. grds.
- H.D. Clear must be some increase. Thought it shd. go mostly on passengers. M/T. argues can't go too far that way. Concluded part must go on goods. Don't want any on coal: ready to face tempy. deficit, not too large, until we nationalise. More on coal wd. increase c/l. index. Subject to that. I wd. accept M/T. proposals. Basis of compenⁿ on natⁿ likely to be (M/T. and I agree anyhow) agreed capital figures & pay in Govt. stick with full advantage of cheaper money. Dividend to stock-holders wd. be surprisingly small. Don't mind temp^y deficit if we are going to nationalise on this basis.
- A.B. Increased costs of freight for bldg. materials wd. affect housing costs – already carrying higher prices of steel, bricks etc., Housing subsidy isn't balancing. Serious posⁿ. Wait a bit. Ty. has had big profit on rlway opⁿ. Rlway Valuation Bill: we've resisted l.a. claim to rate on basis of war-earnings. Ty will be told they've done v. well. Stronger argument if rlway revenues now to be increased. Danger of inflation. Don't keep down Budget deficit at that risk.

Consequences on industry. Export ind^{ies} cd. carry it, for world prices are high.

Argument re coal, however, applies to bldg. materials.

B.S. Cost of all foods will be increased – at expense of food subsidies. Better subsidise r/ways.

E.Sh. Cost for coal. £48M last year. 16²/₃rds%. increase wd. mean ¹/₃rd a ton on coal prices.

With re-adjustment for sea-borne coal it wd. be 10^d average.

Worse, however, in Ldn. area 2/6 for domestic coal. That = ¹/₄ of point c/l.

And increased gas & electricity will involve further rise in index. May go up 2 points – then miners' wages go up & spiral starts.

Further review by R. Rates Tribunal – who might recommend further increase.

Posⁿ of N. Coal Bd. will have to face increased charges e.g. of timber. The margin of profit won't reach expect^{ns}.

Hangover fr. Coalⁿ Govt. – must soon propose increased coke prices. Tht will raise steel by 3/= a ton. This proposal will increase it too.

We must face facts – but take them into a/c. No objⁿ to M/T. proposals but must tell you what it means.

H.D. Somethg. on passenger rates.

Nothing on coal.

Impressed by arguments re bldg. materials & food.

Cd. Cab. agree in princ. we must narrow deficit & if poss. avoid things wh. raise c/living figure?

P.M. Agree in principle: some fr. Ty. & some fr. pass. & freights. avoid raising c/l index.

C/Exch. and M/Transport to consider & report to Cabinet.

B. Much too vague. £42M is minimum needed.

H.D. I'm ready to face temp^y deficit.

4. (resumed) Wheat for United Kingdom.

Stocks for Animal Feed. 351.000 T. cereals

M/F. Shall exhaust stocks by end/July takg. a/c of home prodⁿ. No imports now allowed.

60.000 t. at 85% a month in milling offals.

40.000 t. at 90% a month in consumptⁿ stays high.

Commitments are there for next few months – coupons are out already.

Oil cake stock 100,000 t. Consumptⁿ at present.

Agreed: increase to 90% - on basis of temporary action only.

to be reviewed in Sept.

1. United States Request for Bases: Tarawa.

- P.M. Tel. from E.B. – suggesting immed. cession of Tarawa, as war memorial to U.S.
Marines who made gallant exploit then – to influence loan.
Diff^{ies} a) no consultⁿ with intell. inhabitants.
b) must ask H.M.
E.B. wants it for Loan. But (iii) wd. it affect that (ii) wd. it not look like cession
Austr & N.Z. were opposed because awkward precedent.
Don't recommend agreemt.
- G.H. Surrender w'out consultⁿ of 3.000 inhab. And at their request tht G. Islands were annexed.
Sympathy re sentiment: for U.S. lost many men here. But can't do it w'out consultⁿ.
- A. Tall order, at short notice. And quid for the quo not guaranteed. Wdn't do it for Loan.
Shdn't be unreasonable.
But a) shdn't be done save as part of genl. plan for bases.
b) can't do it w'out consultg. A & N.Z.
- P.M. Wd. consult them if Cab. favoured cession.
- A.B. No cession of B. territory by unilateral action or otherwise than thro' U.N.O. or as part of general defence scheme.
- H.D. Discounted optimism re Loan. Important to get it. And if this were effective way of getting it, much to be said for it. But danger of defeatg. own object.
x/ Wd. prefer to put it that, if Loan granted, we shd. be more disposed to be friendly re bases. Wdn't offer it as open bribe.
But why not discuss with Doms. anyway.
- P.M. Not if we reject Loan argument.
And B. has rejected our claim tht. bases be treated as part of genl. defence plan.
The telegram 53 fr. Paris will come to Dom. P.M.'s anyhow. Don't want Tarawa to come to them in advance of that.
- H.D. Wd. like early considⁿ given to formula at x/.
- H.M. Protest v. being rushed by E.B.
Islands – must have considered policy determined at leisure. U.S. are treating A & N.Z. with insufficient respect. B. is treating them as colonies.

cf. Para 13 of Tel. 53. B. shd. be knocked off this.
Suspect a civil aviation interest in it, too.
Tell U.S. we are ready to discuss comprehensive plan, together with Doms. :
but can't give pieces away in a hurry like this.
We are in danger of looking "on the run" all round.

E.Sh. Wd. cut across principle of U.N.O.
Put the positive answer – not a mere negative.

N.B. Agree it wd. prob. have opp. effect on Loan.
But recognise under discⁿ long time: U.S. want it & wd apprec^{te} it.
Reply: ready to consider in wider framework: but A & N.Z. must be taken
into consultⁿ & wishes of inhabitants shd. be ascertained.

2. Control in Germany. Publication of White Paper.

H.M. J.B.H. wants to publish W. Paper on Germany for H/C. debate next week.
If no objⁿ by F.O. or C.O.S., cd. it be publ^d?

P.M. I shd. like to see.

H.D. Bad tactics to give away in advance.

P.M. Must come to Cab. Wd. it be wise anyway: might reflect on ques. now
being considered in Paris.

O.S. Haven't studied it.

P.M. Let J.B.W. tell his story in his speech.

No publication.

1. Egypt. Revision of Treaty.

- P.M. Wd. help E.B. if announcemt. of our readiness to evacuate E. were announced to-day.
Text agreed with Sidky. Read out text.
Omits reference to timing. Our view was we shd. take 5yrs. to complete. Sidky says mention of that wd. destroy chance of agreemt. D.P.M. nervous re implicⁿ of getting out. P.Q.'s likely re period: we shd. have to say that is matter for negotiation.
E.B. wants early announcement to help him in CFM. disc^{ns} in Paris.
- H.M. Is there any written record that we assume it will take 5 yrs?
Awkward if E. repudiates it.
- H.D. 5 years is too long: we shd. get out earlier. We are borrowing money fr. E. to keep them there. Doubt if in next 5 yrs. we shall need troops in E. There are alternative loc^{ns} – Cyrenaica, Kenya, Palestine.
No need therefore – indeed advantage – in not mentiong. period.
- A. Last 2 lines of draft announcemt. D.P.M. were specially concerned tht. we shd. get facilities for a base. Is there understanding with Sidky tht. he will be easy on that?
- P.M. Tel: 795 from Campbell. Don't wait until announcemt. seems to be forced out of us.
Egyptian Del. likely to say we can evacuate in less than 5 yrs.
Tel. 93 also. Tel. 803.
Impⁿ tht. E. wish to reach agreement.
- J.J.L. We didn't think originally of 5 yrs. – only sufft. time to w'draw in orderly fashion.
Outrages v. B. troops. Shdn't we at same time ask Sidky for assurances of protⁿ for our troops?
- E.Sh. We've bn. considerg. our oil posⁿ – Persia. We regard Persian posⁿ as more vulnerable than ever. If trouble broke out (either of 2 foll. ways) our oil posⁿ wd. be jeopardised: relying on U.S. The Russians have managed while talking re w'drawal in getting partnership with Persia for exploitⁿ of oil in N. Persia. Our oil is in mid-Persia. We've agreed tht. U.S. may seek concessions in S. Persia. We now think tht. because of vulnerability of our mid-Persia oil we may have to revise our attitude twds. U.S. concession in S. Persia.
My view therefore is we must be v. careful re M/East.

Highly dangerous to w'draw fr. Egypt w'out alternative location because of vulnerability of our posⁿ in Persia.
Shd. we not make it clear tht. we must have alternative location?

- P.M. We have done that – but we c'dn't make it a condⁿ precedent.
Our advice is: tactical approach is say we are coming out, thus creatg. good atmosphere for discussg. alternative facilities.
Only alternative is to fight it thro'.
- A.B. Natural limit = time to establish alternative base elsewhere. That is a sufficient safeguard.
- H.M. Satisfied provided there is good understanding betwn. the parties – preferably in writing.
Don't be light-hearted re M/East. We may lose ground all round.
Kenya not satisf. to C.O.S. Palestine a liability. Content with Cyrenaica, but what chance of getting it?
Don't be in too much of a hurry in giving away B. strategic interests.
- P.M. But in default of agreement with Egypt, it will be a source of weakness not strength.
Understanding – all we can say is tht. this will make more likely a favourable outcome of the negotiations re stages & dates.
Agreed: Announce as proposed.
P.M. to mention to D.P.M. to-day.

2. Bases in Pacific.

- P.M. Tel. 767 from E.B. in Paris.
Can I offer lease in perpetuity? Can't prejudice our posⁿ re other Islands.
Byrnes won't talk re genl. issue of defence in Pacific. This therefore is all I can offer.
Cab. view v. influence on loan: see Halifax telegram expressg. contrary view.
But D.P.M. v. unwilling to consider any island in isolation fr. genl. issue. Unfortunately Evatt leaked to Press. And U.S. have taken strong revulsion.
Tarawa. DPM. thght. it undesirable precedent on war memorial basis.
Also opposed to cession of this island. We also thght. inhabitants shd. be consulted.
My impⁿ – contrary to Byrnes – is tht. it is U.S. which are always asking us.
- A.B. No unilateral handing out of pieces of B. Empire.
If at all, on collective basis with a design behind it.
U.S. approachg. Austr. & N.Z. w'out our knowledge. Can't play one off v. other.

Reaction on U.S.S.R. – will increase their suspicion, of U.K.-U.S. ganging up.

H.D. Can't believe Byrnes in Paris can affect loan in W'ton.

P.M. But it's Truman's opinion.

N.B. Tel. 53 – 2 Senators put down Motion on Bases. Hal. subsequent telegram endorses Byrnes' view.

E.Sh. How does U.S. request [affect] fit in with U.N. Charter?

G.H. Cession isn't easy. Not only Tarawa. For it's admin^{ve} centre of Gilberts, containg. 300.000 (tho' only 3.000 in Tarawa itself). Suggⁿ now made in Congress tht. we shd. cede W. Indies in return for loan.
Doubt if we cd. cede w'out approval of Parlt.

J. Isn't this appeasement?

P.M. We were ready to talk about bases as part of general defence scheme. But, on Evatt's leak, U.S. have said they won't talk re genl. scheme.
This is now put fwd. as isolated gesture. Tarawa therefore is no more than gesture.
I still doubt if world opinion wd. regard it as magnanimous gesture at this stage – more likely to be thought a bribe for the Loan.

E.Sh. Formula? – open mind re cession, in considⁿ of genl. discⁿ on Pacific defence.

P.M. We didn't give a negative reply: we did make that contingent offer to consider.

N.B. Agree – last minute cession now wdn't produce right effect.
Formula re lease for war memorial wd. be unobjectionable if any use.

P.M. Say – it wd. have bn. useful to loan if B. cd. have announced tht. genl. ques. of bases was going well. But we can't concede Tarawa ad hoc.

[Enter J.B.H.
Dugdale

3. Germany: White Paper on Work of Control Commission.

N.B. Agree we can't get this out before Debate. But some parts wh. cd. usefully be publ^d later – cdn't get into speech.

- H.M. Consider later. Don't agree now to publish after [Exit D.S. & N.B. this debate – may provoke demand for another Debate.
4. Germany: Despatch of Families to B.A.O.R.
- J.J.L. S. Douglas asks for early decision because U.S. and R. already doing the same.
- J.B.H. There are security risks in next 6 wks. U.S. & R. not affected by that because their families there already. That, however, doesn't affect need for startg. prep^{ns}.
- J.W. Whence can we find the 120 odd teachers for Germany.
- J.B.H. E.W. has bn. consulted & says she can provide them.
- A.B. How often do men come home on leave?
- J.J.L. Once in 9 months.
- P.M. Doubtful about sending children.
- A.B. a) Manuf. of furniture etc. I want the timber here.
b) L.a.'s cdn't keep empty the houses left here. Row if they requisitioned.
c) U.S.A. & Russia much further away. Cdn't we meet posⁿ by short leaves?
- J.B.H. Mil. commrs. satisfied tht. we must allow this to some extent.
- J.J.L. Wives already going out to Italy.
- P.M. Shd. we send children to country where there may be disorder, disease, famine.
- E.Sh. Deal with this by increased passage entitlement. Wives going out for visits & men returning more often on leave.
- P.M. No objⁿ to wives – object to children.
- A.B. Cdn't leave children behind for long.
- P.M. Scheme needs further thought.
- H.D. Finance v. sketchy. Net cost in 1st year = £413.000.

- J.J.L. Want to re-examine because figures have dropped by 33%.
 Agreed: {L.P. to review with Service & other Ministers
 { concerned.
 { With special reference to risks to children.
 { Have F.O. considered effect on Germans.
- J.B.H. This is one of the headaches for staffing.
 [Exit J.B.H. & Dugdale.
5. Parliament: Payment of Railway Fares to Peers.
- A. Can be limited to regular attendants – as is issue of petrol coupons.
- A.B. Agree in principle. But a) Test: have attended 25% or will attend 25%.
- A. Those who attend are recorded. Has bn. done for 2/3 yrs. for petrol allowances. We know who they are. Occasional arrivals wdn't get it. If there is abuse we can revise the arrangemnt.
- H.M. Same opport^{ies} of abuse by Members of H/C.
 V. little to ask as cpd. with what H/C. get.
 Some Peers (includg. some Labour Peers) can't easily pay own fares.
 How will H/C. take it? H/Lds. is part of constitution: doing v. well.
 Must let it work.
- H.D. Have resisted this up to date.
 Never part of our p'mme to do anything for H/Lds. except abolish it.
- P.M. Nor did our p'mme include increased salaries for M.P.'s.
- H.D. Didn't want this raised until M.P. salaries cleared.
 Our Peers have no grievance – they knew what they were in for.
 I wd. have tried to head off S of S. for Doms. If Cab. want it,
 I will bow to that – provided tht. reasonable safeguards
 are devised.
 Legⁿ will be requ^d. Better do it with legⁿ on H/C. alterations.
- A.G. Two years since A. raised it. I was then satisf. there was a case for some recompense on hardship grds. But I wasn't keen to take initiative in H/C.
 Satisfied myself it cd. be worked administratively to avoid abuse.
- J. Several Peers, tho' no grievance, suffer hardship.
- C.E. Disagree. When we lose 2 bye-elections, the backwoodsmen will turn up. We shall then be paying them for regular attendance.
- P.M. Wdn't they come at own expense?

C.E. May be. But why shd. we make it easier for them. I don't favour hereditary Chamber & think we shd. do nothg. to make it work easier. This proposal wdn't live for 5 mins. in a Party mtg.

A. Backwoodsmen will come when they think it necessary, at own expense.
And those M.P.'s whom I've consulted are not of C.E.'s view.

T.W. Supported memo.

J.W.

H.M. Parlim. discⁿ in Party mtg. Before we say we've decided. Risk leakage. A. to take the soundings.
Agreed: subject to reasonably satisfy. receptⁿ of plan by Party mtg.

6. National Industrial Conference.

H.M. As in memo. This will be acceptable to parties concerned – trouble if we tried to go further.
Para. 3. M/L. to initiate & provide main Secretary. Might be another from Cab. Office. "Officials might join" – includg. Econ Section.
Para. 5. If these can be brought in thro' Confederation, it wd. be preferable. Otherwise risk of "cross benches".
Para. 7. If we got to wider commercial issues, we might either ask F.B.I. to come or get their views thro' B/T. Cttee on wh. they are represented.
Shd. offls. of T.U.C. & Confedⁿ be seen before offl. commⁿ sent.

G.A.I. Last point – cd. be done thro' J.C.C. Will consider. Or see F. Watson & Citrine's successor.
Para. 5. Important to get Co-ops. in with Confederation. They have bn. thinking of w'drawg. fr. Confedⁿ. That wd. be undesirable on genl. grds. This may give chance to get genl. ques. put right.

E.Sh. We have agreed in principle. But want to say that it offers no solution to the problem of wage policy. Still believe full emplt. can't be secured w'out direction of labour & wages policy. This Conf^{ce} will have to face those issues.
Also keep proper relation with Ministerial Steering Cttee.

H.D. Must be careful what we do with Econ. Survey vis-à-vis this Conference.
Care over para. 8 (b). Mustn't give too much. Wd. upset F.B.I.

H.M. Dilemma: to educate, they must have facts
give too much & in trouble with Parlt. & others (F.B.I.)
Agreed.

7. Legislative Programme.

H.M. Directive: no disclosure of forthcoming legⁿ w'out auth^y.
M/N.I. has announced there is to be a Bill (this Parlt.) re abolition of
poor law.
Can't run the leg^{ve} p'mme if Ministers act unilaterally in this way.

8. Cabinet Programme.

A.B. Payment of expenses of l.a. members. Urgent. Can it be taken
this week?

P.M. Yes.

1. Policy towards Germany.

- P.M. First page gives E.B.'s line. Remainder, arguments. Alternatives on pp. 5-6.
My own view – try for unified policy on E.B.'s line – a) because of end we wish to reach b) because attempt to achieve W. Policy wd. involve us in expend^{te} of resources we can't afford. Diff^{ies} of econ. posⁿ in W. Zone. Not in posⁿ to make W. Zone attractive as cpd. eastern zone & on that grd. alone we shd. go for federal centralised G.
- H.M. Recognise weak posⁿ in wh. we've bn. driven.
Will be realised Potsdam was disastrous & we shall have to move away fr. it.
We are being pushed around – must try & get the lead. R. getting the food: rep^{ns} makg. econ. nonsense of W. Zone: we have unemplt., no food, & genl. chaos for wh. Comm. will blame U.K. policy. We shd. spk. out more – we shd. tell G. publicly why these cond^{ns} arise. We shd. ask R. publicly how they defend their policy. No use going on grumbling inter nos.
We must stand out in G. Aims a) prevent further aggression but b) teach them to make success of their democracy. We are doing somethg. on these lines but not takg. enough public credit for it.
Agree with E.B. federal state with some central Govt. is right. Believe he is a bit pessimistic re inevitability of Comm. triumph, even in E. Germany. May over-estimate power of Comm. in G.
No good dismembering – they wd. come together again in time. Thus, allow an adequate Govt. at centre with strong federal Govts. in Provinces.
My doubts are wtr. in interim we are pushg. ourselves fwd. sufficiently as champions of democracy. Will educate, not only G., but Fr. and U.S.A. – possibly USSR. eventually. Beware of drifting into anti-Soviet policy as matter of course.
- P.M. Diff. to separate this from Food Situation in G.
Alarming picture from Robertson. Memo. read to Cabinet.
- H.D. Disturbed for some time. As H.M. said, worst of both worlds.
Political. Financial, too.
As betwn. the 2 courses, more workg. out of econ. & finan. consequences. Unified G. might cost us even more.
Most powerful part of memo. is para. 10. And I think it conclusive – we cdn't face those consequences.
Essential to avoid drifting into automatic anti-Sov. policy. Don't share the view exp^d at x/ on p.3. Not long-term. But agree with followg. sentence that worse of all wd. be R. & G.

“Unified Germany” sometimes thght. like Nazi State. Need to decentralise as much as possible. Dismemberment rejected because wdn’t be permanent. We ought however to get G. to accept a constitⁿ with large amount of de-centralisation – incldg. a Ruhr Province. It is the highly centralised G. that wd. be our gt. danger.

P.M. Does anyone favour alternative?

A.B. Don’t follow F.O. memo. Seems to ride 2 horses. Doesn’t support Potsdam proposals for centralised G. He argues for autonomous Fed. units. Will that give contented G! Peaceful G. only if she gets constitⁿ she wants. Madness to suppose we can impose, preserve unpopular Fed. system.
Memo. views R. thro’ G. I’m not afraid of R. comg. west. They will themselves be influenced: & re-actions v. them set in as they come in contact with sympathisers.
Shock to R. troops when they came in contact with richer civilisations of w.
History shows that, when primitive peoples conquer civilised, latter absorbs former in the end.
Don’t impose a constitution – agitⁿ v. it will be fostered by R. – o.k. if G. seeks federal system themselves. In G., R. is promoting & preaching centralisation.
Agree with H.M. regarding publicity for our p’essive policy in G. No substantial policy.
Our safety depends in the end on allowing G. to choose own system.
Inspⁿ alone wd. prevent aggression – garrisons will bring trouble.

J. Agree re imposition.
Approve E.B.’s policy. This is not moment at wh. final decision can be taken.
Fear of Comm. spreadg. to west because starvation is its breeding ground. Only if decent cond^{ns} can be restored, Comm. tide will recede – as it’s doing in Fr. & Czechosl.
For the moment therefore temporise.
Agree with H.M. re public justifⁿ for our policy - & not our fault

P.M. Remember tht. attempts to get central adminⁿ of G. have bn. stopped by Fr.

E.Sh. All the logic is v. E.B.’s policy: but it’s only practical course.
Primary aim – prevent revival as mil. power. To do that, brk. it up, being econ. chaos & starvation.
Secondary aim – create peaceful democr. nation. For that you need integration not dismemberment.
Implicit in memo. to attempt to prevent R. fr. dominatg. Europe.
Doubt wtr. pol. penetrⁿ by R. can go as far as feared. Further she goes, greater her diffy. She has fish to fry in M/E. & F/E.
If she disperses her forces, she won’t succeed. R. has less

capacity for col. adminⁿ than we have. They will event. find they're cuttg. little ice with people of the countries concerned. Purpose of P. Protocol was centralised economic G. Find it diff. to reconcile that with Fed. political G.
Another way out – w'draw from W. Zone.
But agree, pro tem, we must try E.B.'s policy. And force R. to realise the consequences of Potsdam declaration.

J.J.L. Support idea of Fed. unified Germany.
If we haven't publicised our policy, it's because we haven't had one.
We've bn. in interim period.
Federal – not long since parts of G. had own Parlt.
This policy puts us right with original Potsdam Declⁿ.
Agree with A.B. re Russia – consequences of her internal diff^{ies}.
Early decⁿ re occupying troops. Believe we cd. usefully remain.

H.M^cN. E.B. must ride 3 horses not 2. Scheme wh. a) enables us to admin our Zone b) provides for eventual unificⁿ c) doesn't shut the door on R. & French. Fr. have opposed pol. unificⁿ: R. are makg. econ. unificⁿ impossible.
Sloganising p'essive democracy won't get us home – unless we have tools for econ. stability.
What we have is worst of both worlds. R. are pol. crucifying us by denying econ. unity to G. Declare, if you like, that it's R. wh. is not enforcg. P. Declⁿ.
This is a temporising policy.

J.B.H. Hope we don't accept control thro' Zone Commrs. of decentralised Provinces – w'out control at centre. Must go on pressing for central adminⁿ - & review level of industry if they don't agree: cd. also export high-priced comm^{ies} vice low price coal.

2. Food Supplies for Germany.

P.M. Referred to facts. Read telegram from Ripman to Turner.
W'ton Tel. 2850.
Prev. posⁿ. Given 200.000 t. (mainly to UNRRA): have made further economies: & acc. to M/F. shall only just get thro' even if we get U.K. supplies from U.S.A. & collect early harvest.
M'while U.S. disposed to send what they have elsewhere than to L.F.C. countries.

B.S. Recent figures of allocations. Not understood.
Austr. & Canada sendg. all they can to L.F.C. countries.
U.S. determined that India & G. shall be supplied fr. U.K. sources.
Latest figures of stocks.
My conclⁿ: we can't afford to send any more abroad. Can't divert

any more coarse grains because of effect on our livestock. May have to make further cuts in animal foods.
Read out advice from Rank.

P.M. Ital. Tel. 2861, on the other hand.
If we do nothing, we shall have intolerable pressure – if we get nothg. for G. and have it forced out of us.
What of barley saved by beer cut.

J.B.H. Requirements of B. Zone of Germany:-
150.000 t. during May to m'tain distribⁿ in June.
185.000 t. .. June July.
170.000 t. .. July August. G. harvest coming in.
120.000 t. .. August Sept.
30/50.000 t. .. Sept.
675.000 t. in 5 months.
Supply: only 20.000 fr. U.S.A., included in above figure.
If pooling adopted, a much higher share wd. come to B. Zone. – 92.000 t. out of total allocⁿ for Germany.

T.W. U.S. persist in believing we have large stocks.
Whenever we make consumptⁿ economies, they at once ask who can have the savings.
Can't we make U.S. realise what our stock posⁿ is.

P.M. Give them the facts re our stocks & needs: put the posⁿ in B. Zone: and face them with the situation. If our assumpt^{ns} go astray, we may be in comparable posⁿ.

N.B. Vital pt: U.S. view of our stock posⁿ. Cl. And. will decide: he believes tht. at our worst we shall have 10 wks. stock & thinks we cd. with 8. What he is after is an offer v. guarantee of replacem^t. in Aug/Sept. Offer that.
Shd. also press for pooling in 3 Western Zones.

P.M. Shd. say also tht. India shd. have same priority as Japan for F/East. supplies.
Full factual statement – for commⁿ by me to Truman.

E.Sh. Have got nowhere with telegrams. Wd. it not be better for senior Minister (e.g. L.P.) to go out & put it in person?

A.B. &
C.E. Agreed.

H.M. Instinct – temp^y diversion v. guarantees. – Auth^d to deal on this basis: no offer in advance.
Prob. right line is to have a good row with U.S. first. May I be free to do this.

A.B. ? Publish abridged version of Robertson's report.

P.M. Facts perhaps – not his report. Cab. Off. to co-ordinate prepⁿ of brief
for H.M.

Agreed: H.M. to go on Mission to Truman.

1. Parliament.

H.M. Business for next week.

2. Railway Fares of Peers.

H.M. A. came to Party mtg; & was so conciliatory tht. no objⁿ raised.

H.D. Now verified can be done w'out legⁿ.

A. When can I announce? - Tuesday week?

H.D. Simultaneous in both Houses.

3. Members of Parliament: Salaries of Officers in H/Lords.

A. Ammon – senior Whip in H/Lds. Cd. he have more?

Agreed: A. to consider with H.D.

4. M.P.'s - B/Trade Working Parties.

H.M. Diff^{ce} betwn. R.S.C. and me as Leader of House (not as actg. President of B/T.).

In genl. have bn. pressing T.U.'s to let their working officials become M/P's. Unions say this is diff. if we are barring T.U. offls. from T.U. work, such as this, when an M.P.

Agree therefore tht. Minister shdn't choose M.P.'s: but see no objⁿ if M.P. nominated by one of the industrial parties.

Not much in first point – political views. More in 2nd – participⁿ in subs. debate. That cd. be met by telling them this was a T.U. job: shdn't disclose inside story of workg. party in subs. debate in H/C. Cd. even ask them not to speak at all: tho' I think that wd. go too far. 3rd point – interference with Parly duties: for the man's own conscience.

In genl. don't interfere with T.U. choice.

G.B. Accept that. But this isn't ordinary T.U. work. Undesirable for spirit of w. party tht. one member shd. be able to spk. in subsequ. H/C. debate.

Work: 2 days a week, mainly out of Ldn. Linoleum: Scotl. & Lancs. : might involve 3 days a week, mainly out of Ldn.

Can't believe Union can't find another rep^{ve}.

- H.D. Not matter of v. gt. importance. Theory in B/T: practical argument of L.P. is stronger. Put Hewitson on.
- G.A.I. Support H.M. Don't limit choice of Union rep^{ves}.
Time spent on Cttees & R. Comm^{ns} – just as much – no objⁿ raised to that.
Wd. endanger chances of preventing T.U.'s to allow active members to go into Parlt.
- W.W. R. Comm^{ns} etc., sit in Ldn. Point out that this job takes them out of Ldn.
Needs watching – if too many away.
- P.M. No support for B/T. view? No.
Decided in favour of H.M. [Exit G.B., W.W.]
5. Expenses of Members of Local Authorities.
- P.M. Case for enquiry – unless M/A point is too urgent.
- A.B. Urgent not only because of that but also because nec. for me to make some statemt. on genl. policy at next Party mtg.
Posⁿ in Scotland differs – some liberty to pay remun. time. Diff. for him to refuse it for new Hosp. Boards.
Cd. be included in Block Grant Bill next Session. Avoid separate Bill. Cdn't deal there, however, with Hosp. Reg. Bds. Must do that on Health Bill. If we do that, imposs. to resist some demand for l.a. mtgs.
Strong argument for enquiry – functions of l.a.'s in melting pot. Loss of trading functions etc. Shd. be exam^d with that in view. Cdn't resist paymt. for boros'. Also resist Exch. grant.
Conclude a) auth^y to accept amendmt. re Reg. Bds. b) enquiry into genl. ques.
- J.W. Agreed with this conclⁿ.
Case for enquiry. But accept principle re new Health Services.
- A.G. Have the Ty. Cttee under 6(b).
- H.M. Feeling in Party is v. strong. Accept principle with regret. Value of tradⁿ of unpaid public service in Local Govt. But with growth of l.g. and wide areas some change is prs. inevitable. Appt. Cttee before Party Conf^{ce}: they can then be told it is under considⁿ: and can pass a resolⁿ if they like.
Enquiry shd. also go into cumulative paymts. E.g. in Scotland: fares, subsistence and loss of remunerative time. Goes pretty far. Wd. prefer somethg. simple & modest. Safeguards v. abuse also.
Hosp. Bds. Try to find a precedent pro tem. & put it in Bill on that basis.

- H.D. Support both a) and b) in para. 6.
Cdn't agree to Exch. grant under (a). If Cab. agree, that shd. be made specific in t. of r. of Cttee – e.g. payment from the rates.
That is enough for Party conference.
Para. 6(b): will be an easy enquiry: plenty of precedents. Can be done quickly.
- T.W. Support 6(a). Share H.M.'s feelings.
Once concede this to I.a.'s, it will spread to other bodies e.g. Co. Agric. Cttees.
Need for care over this.
- J. Dangers of spread. Rep^{ns} re Magistrates. Most cases employers allow them to sit but they lose their working time. I've replied -
R. Commⁿ will be appt^d to consider posⁿ of Magistrates.
- G.A.I. Support 6(a).
Hope it will be loss of remunerative time – not fee basis.
But wd. have to be extended to many M/L. boards etc.
Need for great care.
Memo. approved. [Enter A.H.]

6. India: Constitutional Problem.

- P.M. Danger of a break. May be at wk. end. Wd. prefer a Cab. before statement made. But that may not be poss. Want therefore to tell Cab. how things have bn. going.
3 tier-system. All-India organisation: groups: provinces. May be somethg. like tht. will be accepted. Need for some agreemt. re skeleton outline constitⁿ before any constituent body appointed.
Also need to form interim Govt. in which all Parties co-operate.
Hope we may get some agreement. If not, however, need for early statement.
May be tht. they wd. accept it from us, even tho' rejected in Conf^{cc}. Our statement must therefore be v. careful.
Vital to avoid leakage. May therefore be nec. to call Cab. at short notice.
Also proposed another group for Indian States.
Elab. & diff. - will need much working out.
- H.D. Are we trying to get them to accept it. And if they reject, is it that scheme we will announce?
If so, cdn't a Cttee handle it?
- P.M. No. Must be a Cab. decⁿ. V. big ques. Also accords with basis of directive to Mission.
Cab. Off. to collect week-end addresses. [Exit A.H.]

7. Peace Conference: Situation at C.F.M. Paris.

P.M. Moscow decision: 4 F. Ministers to prepare drafts of Peace Treaties & when prepⁿ complete wider conf^{ce} on 1/5 of main belligerents. Inconsistency.
May 1st come & gone. Govts have prep^d to meet – e.g. Doms.
M. takg. line – no conf^{ce} until agreemt. on drafts. Others take opp. view.
Also considered Conf^{ce} cd. propose amendmts. Smaller Govts. resent not havg. had better show, esp. since Fr. are in C.F.M.
Pressure of Doms. tht. Conf^{ce} be called. Risk that R. might stand out.
Read telegrams from E.B. re Byrnes' proposal at C.F.M. for callg. Conf. on 15/6.
Asks for auth^y to support B. in principle & insist on reasonable interpⁿ of Moscow decision.

A.B. Wish we had taken the initiative.

P.M. E.B. wanted to prevent sudden breach with Soviet Govt.
Agreed: give that auth^y to E.B.

[Enter Marquand.]

8. Commercial Policy.

H.M. As in memo.

H.D. Wtr. we get Loan or not will make vital diff^{ce} to our comm. policy.
Will affect time factor enormously. Until we get Loan can't begin unfreezing.
Emphasis on that.
Ec. & Soc. Council Cttee – code of good commercial behaviour. Must reserve our posⁿ pending Loan. If we don't get it, we shall have to be highly restrictive.
y/ This draft – esp p.4 paras (d) & (e) – needs stiffening. Cd. I clear that with B/T. – if genl. view accepted.

M. Agree a matter of timing.
Even if we didn't get Loan breathg. space wd. have to be longer – might be years – but this sort of agreemt. wd. still be to our benefit long-term.

E.Sh. Agree in genl. But is it wise to press for Conf^{ce} in Europe?

H.M. Big offl. team.

E.Sh. That's another argument for deferring.
If we don't get Loan reconsider comm. policy. I believe tht. even if we do get it, it doesn't follow we shd. always play in with U.S. For they don't link it up with Tariff Policy - & that is the vital point in comm. policy. U.S. want to export, & extend credits, to

all pts. of world: & forget tht. for repaymt. they must revise their tariff policy.

Need to delay. To reconsider policy.

Suggest therefore a) don't insist on Europe.

b) insist tht. tariff ques. must be interlinked.

A. Doms. expect prelim. Dom. Conf^{cc} in July. Nash wants to know wtr. still on. Memo. recommends it. Will Cab. agree to that?
Agreed.

N.B. Supported H.M.'s memo.
Advantages in p'ponement. But avoid lettg. ques. cool off in U.S. or tariffs startg. up in Europe.

A.B. Relations with Peace Conf^{cc}?

H.M. Can't help that.

A.B. Risk of bargaining.
Aim at getting Peace Treaties first.

H.D. That is consistent with proposal for delay.

N.B. Anyway, we agree with U.S. on Peace Treaties.

G.H. We concur in draft. But shd. say – much concern in Colonies re preferences & group purchase. Essential to get a Commonw. view on these ques.

H.D. Machinery to tie up interests of economic Dpts. Need for integration.
x/ Leave it for further consultⁿ.
Econ. Dpts. must be in the lead.
Agreed: subject to x/ and y/.

9. The U.S. Loan.

P.M. If Loan fails, shall we be ready with alternative plans at once?

H.D. Yes: w'in 48 hours.

E.E.B. "War Book" drill is in advanced prepⁿ.

J.J.L. Cd. H.M. give Halifax indicⁿ of mood of country.

[Exit Marquand.]

10. Palestine.

P.M. Handed round message from President Truman.

- H.M. An optimistic time-table.
- A.B. Good that U.S. are involving themselves in a further step.
- N.B. This procedure will induce J. & A. to put views in most extreme form. I wd. prefer 2 Govts. to confer first. They will have to impose decⁿ in the end.
- E.Sh. Disagree with N.B. Wd. like time-limit extended.
- P.M. a) Movement of 100,000. Haven't we got 1,200 on the move from Basi?
- G.H. Yes: but further boat-load of illegal immigrants on its way.
- P.M. b) I shd. see Harriman first.
c) I shd. say tht. as we are Mandatory it will take us longer to consider Rpt.
Want opp^y also to talk to E.B. Can't therefore give immed. reply.
- H.D. Remind Harriman tht. our Palestine policy must depend on U.S. answer to our enquiry re financial & mil. support.
- A.B. Don't turn the heat on yet. They are wading in.
- G.H. Material prep^d for E.B.'s proposed talks with Byrnes. Thought we wd. submit this to Pal. Cttee & Cabinet.
- H.M. Wait until Cab. Monday when E.B. here.
- P.M. Will send interim reply.

11. Prosperity and Production Campaign.

- A.B. Production Meetings. a) Doubt efficacy b) Doubt wisdom of puttg. burdens on Ministers. P.M. certainly doing too much. Shd. this campaign be cont^d below Reg. level.
- H.M. I've done only one – another to come. Thought it was helpful. True exhortⁿ can be overdone. But public like to be talked to. Gather other Ministers felt they were good. Heard A.B.'s was spec. successful.
Perhaps cd. bring it to an end after this [round] series.
Posters are good: have approved some to-day. Continue with printed publicity.

- G.A.I. Rpts. suggest mtgs so far have bn. valuable.
Agree we're doing too much. Awkward to cancel those already
planned.
- A.B. Make more use of back-benchers.
- H.M. Spkers' notes.
Will try to put brake on – for Ministers.

1. Paris Meeting of Council of Foreign Ministers.

- P.M. Rpt. fr. E.B. Things easing up. M. w'drew demand for Tripol. – ready to give trusteesh. to Italy.
Our pledge to Senussi. E.B. therefore proposed we shd. have t. over Cyrenaica.
Crux now: Trieste. R. demandg. it for Yugoslavia – wd. bring iron curtain down to Adriatic: wd. offend Italy deeply. Agreed Fiume & Pola shd. go to Yugoslavia. E.B. will agree either to Fr. proposal or to U.S. proposal on Boundary Commⁿ. Or if suggested by another wd. accept internat^l regime in Trieste.

Peace Conference.

- M. still takg. the narrow line. Offends Doms. & others. Moscow declⁿ was ambiguous as incldg. both completion & date.
E.B. wd. prefer to break on Trieste rather than procedure.
- A.B. If there is a break, better have it on the Conference point, not Trieste. Don't want to be identified with view that C.F.M. forcing their views on other countries.
Offence to Doms.
- N.B. No more brk-downs on procedure.
Cdn't get an Ital. Govt. to sign Treaty with R. view of Trieste.
- H.D. Importance of Treaty with Italy.
Trieste – v. open ques. on the merits. Yugoslav case can't be dismissed.
Not a good brkg. point surely.
Austr. took view that Yugosl. shd. have Trieste.
Wdn't make much diff^{ce} to iron curtain. It wd. come down 5 miles behind the port anyhow.
- A. This isn't really procedure – it's principle. Doms. say belligerents shd. have a shot at this – can't dismiss that claim as procedural.
We shd. have wide support, outside C.F.M., for resistg. idea that C.F.M. decisions are to be rubber-stamped by others.
- P.M. E.B. point tht. on Moscow decⁿ M. is prob. right.
- J. Trieste. Artery into Austria, Hungary etc., shd. be preserved. Secure that: sovereignty doesn't matter much.
- N.B. Italy wants early Treaty: but wd. prefer modified Armistice rather than Treaty giving Trieste to Yugosl.

E.B. thinks Byrnes toying with idea of Treaties w'out Russia. This influences his attitude twds. this ques.

A.B. World support for internationalising flash points like Trieste or Tripoli.

H.D. Italy not doing too badly if they get Tripolitania.
Worried about anti-Yugosl. attitude twds. Trieste.

N.B. E.B. doesn't exclude internationalisation of Trieste.

P.M. While we wd. endorse internat. port in Trieste, we don't think it of
overwhelmg. import^{ce}. What we do think of vital import^{ce} is tht.
Peace Treaties shd. be considered by belligerent Powers.
Will communicate above conclⁿ to E.B.

Ruhr.

P.M. As in note. Enquiry into demilitarisation. Agreed.

E.Sh. Discⁿ with U.S. Emb. re coal. They said were thinkg. of sending food
from U.S. Zone for Ruhr miners. But they want more coal for
export to European countries (other than France & Belgium),
because of coal strike in U.S.A.

N.B. Plan for getting coal for Italy & a little for France v. food for Ruhr
miners.

P.M. Let La Guardia look after Italy. No sympathy for Italy.

E.Sh. Wd. like to go & look at Ruhr – after 3rd Rdg. of Bill. Agreed.

Palestine.

P.M. As in note of mtg. with E.B.

G.H. Also examⁿ by Anglo-U.S. experts.

P.M. Will see B. members of Anglo-U.S. Cttee.

Egypt.

P.M. As in note.

U.S. Draft Treaty for Germany.

P.M. As in note.

A.B. Don't want to be comm^d to keeping garrison in G. for 25 yrs.

U.S. Demand for Bases.

P.M. As in note.
M'while, leakage: & I may be asked P.Q.

China.

P.M. As in note.

Reparations.

P.M. As in note.

2. Palestine (resumed).

G.H. Agreed certs. available for immigrⁿ in Apl/May shd. be applied to illegals at Spezia.
There were 300 odd left over. Agreed they cd. leave on guarantee not to arrive Pal. before 15/5. Now hear another party over 1.200 strong due in Pal. before the others – in Smyrna fr. Constanzia. No certs. available for them. We think preference shd. be given to Spezia party & the others detained on arrival, to await later quotas (June/July).

P.M. Cdn't you anticipate the quota?
Must keep things quiet pro tem.

3. Sarawak.

G.H. Rpt. fr. M.P.'s.
Opinion locally a) preponderate: cession best for country
b) cession on principle
c) continuance of Brooke rule.
Enough opinion in favour to warrant submⁿ to Council Negri 15/6.
Propose confirm to Rajah tht. we will go ahead if Council confirm.
Must telegraph to-day.
Agreed.

4. India.

P.M. Break-down in negotiations. Mission will now, in a few days, put out their proposals as their own. Re-described proposals for

benefit of E.W.

Seems tht. they got v. near to agreement. Might therefore accept it if put out by us.

Will bring to Cab. on morning of announcement – 3 p.m. in London.

T.W. Desire of all sides to avoid publicⁿ is favourable sign.

5. U.S. Loan.

H.D. Thro' Senate. Has yet to go to H/Rep^{res}. Opinions differ wtr. harden or not there.

But heartening to U.S. adminⁿ. Final decⁿ in 10 days or so.

6. S.W. Africa.

A. Have had consult^{ns} with Smuts & offls. They intend to put fully documented case to U.N.O. But they want to get promises of U.K. support – then other Doms.

Our support wd. help him v. Malan & secessionists.

History. Attitude of W.G. in 1919 favoured annexation.

Geography. Is part of Union. Has bn. so administered.

Native Policy. S.A. Govt. have establ^d reservations – with native councils in control – Rpts on this are favourable to Union Govt.

Recent attempt to ascertain views of tribes. Some in favour: one against.

Europ. popⁿ. 2/3^{rds} citizens of Union: 1/3rd Germans: some still in internment.

Merits: overwhelmg. in favour of incorporating it. All young people think of it now as already part of Union.

To the n. is Bechuanaland: runs with the Rhodesias: averse to incorpⁿ in Union.

That was because B. in Rhodesias feared secession by S. Africa.

Long time before that will die out. The Bechuana ??? chief wants to come here & say S.W. Africa shdn't be incorporated in Union.

The port in S.W. Africa belongs now to Union. Another reason for incorpⁿ.

D.O. v. anxious to support Smuts' case.

We can't sit on fence at U.N.O. Must make up our mind what we shall say.

I recommend support be promised: and let Smuts discuss at P.M.M.

G.H. Strong argument against is the native policy of S. Africa.

The feelings of Bechuanaland are echoed throughout Col. Empire.

Pravda is on to this – S. Afr. will be attacked when it comes to U.N.O.

And there must be 2/3^{rds} majority there. N.Z. & prs. Austr. will be opposed.

- P.M. They may have done well in S.W. Africa. But will be said, if you incorporate, some native policy as in Union itself.
- G.H. Think we shd. have further discⁿ with Smuts, either in Cab. or P.M.M. Diff. to oppose Smuts' claim: but there will be diff^{ies}.
- N.B. Appreciate diff^{ies} of Smuts with his secessionists.
Relevant tht. Heraros (?) are opposing incorpⁿ – a cause celebre at Geneva.
E.B.'s view: C.O. case made at Cab. on 24/4 is v. strong.
Trusteeship = supervision.
Anyone ruling natives ought to be willing to accept supervision.
Don't promise support. See how it goes in U.N.O.
- A.B. Last sentence before conclⁿ (2) of C.M.37(46) 3 is limit to wh. we shd. go.
- A. Smuts' case is tht. he has done this: satisfy himself a majority of white & black are in favour. Not clear wtr. "by methods acceptable to U.N.O."
Wd. like Smuts' views to be given at first hand.
- E.Sh. At P.M.M. first – exchange of views – then we can decide.
Goes beyond treatment of natives. Canada mght. ask re N'foundland. Austr. & N.Z. may have their eye on other territories.
- P.M. Discuss at P.M.M. And put as our view the conclⁿ of C.M. 37(46) 3.
- A. Smuts wd. like to know Cab. views before discussed at P.M.M.
- P.M. Then tell him C.M. 37(46) 3 is our attitude: and see what he says then.
[Exit Noel Baker.]

7. Divorce.

- J. 3 schemes.
- a) President's scheme. I wd. like to modify (i). Shd. be Co. Court Judge. (ii) parties shd. be compelled to attend & answer ques. in undefended cases.
 - b) Labour Party.
 - c) Haldane Society.
- They differ fundamentally. Desirable: to have Cttee to consider them.
It shd. be narrow enquiry but wd. have to include ques. of reconciliation.
If we had gone on to consider merits, we shd. have disagreed.
But we all agree to pass the buck to another Cttee.
H.O. suggest addⁿ of words to t. of r. to make it clear tht. Cttee shd. have power to consider Forum – High Court or Co. Court.

- P.M. Public enquiry, hearing ev^{ce}, wd take a long time.
- A.B. Give impⁿ of enquiry into machinery for giving quicker the divorces to wh. entitled under existg. law.
- H.D. No need to sit in public. Agreed.
- P.M. Need reconciliation be included? Won't this delay it.
- J. Essential. Churches favour it. SK. Lodge spoke in favour of it.
Agree Haldane Socy. are against it.
- P.M. Seen it working v. well in Russia.
- E.W. Keep in reconcilⁿ because of the children.
- G.A.I. Shd. include a solr. or two – not all barristers.
- J. Cttee of 8 or 9, with 3 or 4 women.
- P.M. Tone down reconcilⁿ in t. of r. so as to enable you to maintain tht.
this Cttee is concerned only with machinery.
Memo. approved.

India: Constitutional Question.

- P.M. Summ^d & explained lay-out of statement.
Para. 15 onwds. Dec^{ns} necessarily set out scheme for constitⁿ because otherwise constit. assembly wdn't meet: not finally decided.
Para. 20. deals with smaller communities.
P.9. Rep^{ves} of smaller provinces – point raised by me – they got one each.
- A. P. 7. “Genl” includes Hindus & Depressed classes. Is it clear?
- P.M. Clear enough. Weightage for d. classes w'out votes.
Para. 19 VIII . Changed.
- A. Para. 24. Final para. wd. be much stronger if it embodied P.M.'s statement quoted in para. 1.
- E.W. And a word about B. rule in India.
- P.M. Letter from P.L. dated 10/5. Substantial p'ess in bridging gulf betwn. H. & Mosl. even tho' Conf^{cc} broke down. Note by Viceroy showg. extent to wh. agreement was reached before the break-down. V. remarkable measure of consent to main features of scheme. Good hope of their acceptance of the scheme if put fwd. by H.M.G.
- J. Para. 14. Paramountcy. Is it certain tht. P. wd. be impossible if India came into Comm.? H.M. wd. then be King of India.
- P.M. P. implies you have the forces there with wh. to exercise power – otherwise you can't enforce P. Unless you handed over to Indian Ministers the duty of advising H.M. on these ques.
- E.W. What provⁿ for safeguarding B. interests?
- P.M. Treaty. But can't make it until there is another Party to it i.e. constituent Assembly.
- E.Sh. Cdn't you insert words to that effect – mentiong. need to preserve our strategic interests in India. Pol. implic^{ns} – being labelled Little Englanders.
- P.M. Agree para. 22 is not enough – can include reference to defence of India.
Add: “in particular for common defence interests and all necessary matters. Agreed.

- E.W. When do we hand over power – as soon as const. assembly appt^d, even tho' we don't know wtr. it will succeed?
- P.M. Not until it has completed its constitution. But not later. There must be a de facto Govt. pro tem. – we make the Treaty with them. Then legⁿ in U.K. to change G/India Act. Until that legⁿ passes, no final change can be made. While constit. assembly is at work, existg. constitⁿ remains in being.
- E.W. Need for big gesture now re remaing. in B. Comm. ? Big Conference of Doms. to discuss with India advantages of staying in the Club. Can't we avoid seeming to leave this as a side issue.
- P.M. Can't do that: in view of how we sent them out. But I do think this statement assumes too much tht. India will choose to go out. Add: after 15. "This solution is applicable wtr. India decides on independence within or without the B. Commonwealth." And consequential in para. 24. Also ms. amendmt. written into para. 14. P.M. to settle wording, with Ld. Chanc., A.H. & Addison. Announcement in Parl. Short statement & W. Paper. Copy to Opposⁿ in advance.
- A. And Doms? Those in Ldn. at once: & communicate to Doms. by t'gram. Also simultaneous announcemt. in H/Lds.

India: Constitutional Position.

- P.M. Explained re-action of Cab. Mission to proposed amendmts.
Short statement – not v. good. W.S.C. & A.E. want to read whole
statement. Adjournment, but not long debate.
Read out message.
In circs., as they say they won't take responsibility, give them O.K.
for the statement & follow up with warning as drafted.
- H.D. Three good men on the spot. Must give them discretion on this.
They might resign.
You have put our views – must trust their judgement.
- J. Agreed. They are steeped in atmosphere.
Agreed: accept final text of statement in form desired by
mission.
P.M. to read out full text in H/Commons.

1. Germany.

- P.M. From brief.
Wd. favour following U.S. lead re discontinuing dismantling.
- H.D. Go on dismantling but stop despatching to U.S.S.R.
- N.B. U.S. have stopped dismantling & this is what E.B. wants to do. Of plant dismantled 25% goes to Russia. The export/import agreement has broken down. Every dismantling will reduce exports fr. our Zone. That's what we want. We shan't gain by continuing dismantling.
- P.M. Only a standstill order.
- E.W. Why punish ourselves – by stopping deliveries to U.K.
- H.D. Do nothing wh. will prejudice our chances of getting.
- P.M. Urgent point is that raised in Tel. 179.
E.E.B. read Tels. 179 and 185.
- H.D. These are v. re-assuring. Nothg. here re stopping dismantling.
- N.B. But U.S. have stopped.
- H.D. Tel. 179: p.3.
- E.Sh. Tel 185. Is this consistent with our view re rubber-stamp Peace Conf^{cc}?
- A. Yes: because not proposed C.F.M. shd. agree before it goes to Conf^{cc}.
- P.M. Also proposed here they shall consult with other Govts. That is an advantage.
Shall we agree with E.B.
- H.D. Yes: if warning given tht. it wd. be unfortunate if this involved further delay in getting some reparations for U.K. from Germany.
- P.M. If U.S. suspend dismantling because R. declines this study, shall we follow suit?
I think we shd.
- E.Sh. We wd. lose more than U.S.

J.B.H. The U.S. threat is to stop the plant destined for Russia – the 25%.
Tel. 179. para. 2. Remind E.B. this shd. apply now. R. willing to
accept it for 1949.

P.M. ? Agree: subject to E.E.B.'s formula.

A.B. Only makes verbal diff^{ies} for E.B.

P.M. Also suggests we shall break Potsdam.

T.W. Underline last sentence but one of 185.

Agreed – plus formula.

[Exit O.S. J.B.H.

[Enter W.W.

2. Parliament.

W.W. W.S.C. will ask for Supply Day on Tuesd. v. Cable & W'less
Bill – for Egypt.

Told them we can't – Bill urgent & hybrid.

P.M. Also E.B. returng. to-day. E.g. not in isolⁿ. Genl. debate preferable.

Need to talk to E.B. Opposition might also talk to him.

Cabinet prob. Friday a.m.

W.W. Two-day debate on F.A. prov. arranged for followg. week.

A. Coal Bill to H/Lds. by ? -

W.W. 21/5.

A. Nat. Insur^{ce}?

W.W. 28/5.

[Exit N.B: W.W.

[Enter B: B.S. : Belcher.

3. Railway Charges.

B. Amend^{mt} of original figures. Rlwy. cos. estimates. Now amended –
receipts upwds. – eases posⁿ. From £4.1m deficit to £1.m
balance (? credit).

Summ^d memo.

H.D. Have agreed to this. Not perfect. Needs £20 m. fr. Exchequer: can
face it for this year in view of saving on interest rates on natⁿ.
Also meets c/living diffy.

G.A.I. Have you considered reflectⁿ of higher coal price on food etc?

H.D. We will hold that.

- B.S. On foods outside c/living range this will cause price increase.
- T.W. Will cost £3/4 m. more to agriculture – in carriage of milk etc.
- E.Sh. Don't like it: but will accept it if nothg. better can be devised.
- A.B. Oppose this – on general principles. Simpler for Ty. to take deficit directly rather than subsidise increased costs here & there.
Need to re-impose discipline of buyer over seller. Bad habits durg. war by wh. increased costs at once passed on to retail price – no redⁿ ever in profit margins. Cause – sellers' market.
V. dangerous qua inflation.
These are war charges. Ty. has bn. takg. £42 m. p.a. fr. rlways.
This shd. now be used as a cushion.
This repeats Ty. mistake of 1919. Deficits not properly carried.
Argument for doing this before natⁿ is pure (?) politics. Cd. meet that by explaing. now there is this deficit under private ownership.
This is a genl. charge – opens way for increased costs all round. Shall have to ask for review of house bldg. subsidy.
Look at this ques. not qua rlways only but qua genl. economic posⁿ.
- B/T. Complete agreement with A.B. This is prime charge on everythg. entering into nat^l life. Effect on exports. At least differentiate betwn. freight & passengers.
War costs of rlways – extra staff: makg. up pay of men in Services: won't continue.
What economies can be made to offset.
Support temporary carriage of load by Ty.
- G.A.I. C/living likely to go to 104. Another point & we are at stage of automatic advances in many industries – wh. wd. start another cycle.
- P.M. Only argument v. A.B.'s case is tht. we wd. have to increase rates on natⁿ.
No sufft. examⁿ of real costs of rlways & means of economising. Rash to go into this w'out that examⁿ.
- A. Marquis of blders' merchants. Were too high. Any control now?
- C.E. Support A.B. The increased charges will be passed on with further increase.
- J. Ty. proposal will cost as much. What are the figures?
- H.D. Deficit of 42 m. will be covered by increases to extent of 22 m.
- C.E. Some of 22 m. will be paid in increased food subsidy, anyhow.

- B/T. Effect of 16 2/3 rds. increase in charges: we cd. carry 10% on domestic goods, but not more - & that wd. affect c/living.
- J. Why not be content with increase of passenger fares & economy in adminⁿ.
- A.B. Natⁿ not until 1948. Commodity market will have improved m'while. Easier to get posⁿ straight later.
- B. Remember my original proposal – give rlways target & have examⁿ. That wd. have met some of to-day's points. Then sugg^d some arbitrary increase be made at once because deficit increasing. But examⁿ wd. follow.
Concerned because discⁿ assumes tht. transport charges can be left out of the genl. increase of costs. They can't: transpt. costs are up by 70% over 1939. Can't assume much of that can be cut out by economies etc. Can't accept other industries' increased costs & not admit transport's.
Dangerous to bring whole of transport into area of subsidised services. Right for Ty. to increase existg. food subsidies to ease this posⁿ. Another matter to bring a new range of services under subsidy. 16^{2/3}rds. is a v. warm breath of reality.
- P.M. Ques. = timing.
- B. This is right time because gets worse as time goes on.
- B.S. Food subsidies = 4/10 p. head or 2/9 on income tax. And this plan will increase them.
- B. But will shake publ. conf^{ce} more if another range brght. under subsidy.
- P.M. Why not say – transition: prices not settled: wiser to carry this pro tem. & have detailed enquiry into relativities & economies.
- E.Sh. V. slippery slope.
Coal – prices were increased to consumer, not carried by subsidy. Why treat transport utterly differently.
Can't get economy straight by going on subsidising.
Certainly have examⁿ into economies.
But suppose 42 m. have to be taken on next Budget – what chance of getting relief on income tax.
Must get back to proper economic basis.
B/T. say they cd. carry 10%. Look at that.
“Put it on passenger fares.” What about workman's fares.
Suggest review – do it on this basis, but see what modific^{ns} can be made as for coal.
- H.D. Danger of subsidy-minded.
Esp. for nat^d industry. Others wd. demand subsidy.

Must reject idea of takg. 42 m. on Ty. Proposal now is 20 m. on Ty. I originally proposed increase for passenger fares. Why shdn't middle-class passengers pay more? Decide at least on increase in pass. fares.

- E.W. M-classes worse of than working classes.
Must make workers face the facts. Nat^d industries must live in a real world.
I support M/T. memo.
- G.A.I. Increase in rlway. fares will increase suspicion of workers re c/living index.
Double outcry: v. increased fares and also v. c/living index.
- T.W. But increase in Fares will have less effect on c/living than increase in freights.
Can't expect to go on with fares below cost.
- B. Can't embark on policy of subsidising transport.
Some adjustment therefore essential. Sooner or later more than 16 2/3 rds. increase will have to be made on both. Decision needed by Mon. if introduced 1/7. Ready to consider lower %age for goods – 10 or 12%.
But Rates Tribunal will have to consider: and further increases will have to come then.
- P.M. Make the arbitrary increase 10%. Then examⁿ.
- E.Sh. ? Exempt workmens' fares. Make them get up earlier?
Coal freights shd. stand at 8 1/3rd .
- P.M. Yes.
- G.A.I. Cd. then be investigⁿ into man-power on rlways.
- B. Yes: that is my responsibility. I will enquire: & submit rpt. to Cab.
- P.M. Also submit to Cab. draft directive to Rlway Rates Tribunal.
- B. Surely 16 2/3rds. for passengers.
Agreed: 16 2/3rds. for passengers (as in memo)
10% for freights.
- [Exit B.

4. India.

- P.M. Read Index 38.

World Wheat Supplies.

- P.M. Gave stock forecasts – as agreed with M/Food & taken by H.M. to W'ton.
H.M.'s proposals = 675.000 t. for G. 1.200.000 for India. U.K. surrender 200.000 – to be deducted from stock (Sept.) figures, as quoted.
Tel. 3232 and 3233 give H.M.'s reasons – lose leadership: friendly support of U.S. : & throw whole deficit on G. & India.
- B.S. Diff. to assess situation. Agree with P.M.'s estimate of figures.
- P.M. Does occasional stoppage of mills involve immed. bread shortage?
- B.S. Yes: unless we introduce rationing.
Moral leadership – great material cost to us. Must say “no” at some stage to U.S.
Rationing = only solution to H.M.'s picture. Will U.K. stand for it?
Insufft. a/c taken of our past efforts.
- P.M. Suppose we refuse this – anything to prevent U.S. not sending even what we rely on now.
Anything forthcoming for G? Or for India? This is a practical issue – we can't manage on what we've got.
- E.W. Suppose actual starvation in G. Can't be wholly U.K. responsibility. People we can't afford to starve = U.K.
- P.M. But if we turn this down & U.S. cut existg. promises – that brings us to M/F. figure of 142.000 t. which is much worse than 580 less 200.
- B.S. In such circs. Canada wd. stand behind us.
- P.M. But you said they had no more.
- B.S. Now believe they have another 3 m. bushels - & are askg. where to send it, to U.K. or U.N.R.R.A.
- P.M. Mills argument. U.S. mills are now closing.
- B.S. Yes: but anecdote
- P.M. What happens if a mill has to close?
- B.S. Transport diff^{ies} to spread over other areas.

- P.M. We are asked to reduce stocks. Told it may stop some mills. What then is the lowest stock we can run on? Improvising deliveries etc.
- E.Sh. Mills ques. is incidental – a matter of organisation.
Vital point is p.3 of 3232 – U.S. only source of supply. Is that true?
If so, we must accept. What is alternative?
- P.M. Are you in better posⁿ if you refuse this?
We have guarantees re prev. 200.000 + Canad. shortfall.
- E.Sh. If we don't accept this, we shall have in the end to give somethg. fr.
U.K. to Germany & India - & m'while lost support of U.S.A.
- P.M. Our estimates rely on repaymt. of 200.000 t. by U.S.
We are now asked in effect to give up our claim to repaymt.
All we give is what on our pessim. estimate we don't get!
- A.B. Has bread consumption fallen?
- B.S. Fairly good: no figures.
- B.S. Read telegram from Harwood. We cdn't have escaped cut, because
U.S. have marginal supply. Cdn't have resisted larger cut if
demanded. But will mean more economy at home – esp. because
can't rely on U.S. deliveries.
- P.M. Take a/c of stocks outside M/F. control.
- T.W. Farms – complaints fr. farmers who can't get rid of stocks.
- A. There are substantial supplies in stack. Millers dislike English wheat.
b) Re-distribⁿ of stocks – to get a lower minimum working stock.
c) Alternative sources of supply (i) U.K. wheat in stack.
(ii) increased thrashing in Sept. (iii) Argentine.
Propose urgent enquiries into this.
- T.W. Compensatg. factor. We can double what is estimated drawing from
U.K. harvest in Aug./Sept.
- N.B. Clayton's views on pp. 2 & 3.
Clayton is v. pro-British.
Net gain = guarantee of Can. July shortfall: large contⁿ to B. zone of
Germany: contribⁿ to India.
U.K. stocks. Special effort on distribⁿ will yield 20% or so: on my
experience at M/T.
- A.B. Efforts to improve distribⁿ.
- P.M. Bread with main meals. Stop it in high-class restaurants.

Conclⁿ: No harm in refusing this.

1. Accept Bargain.
2. Wheat off Farms.
3. Improvise – manage with lower working stock.
- 3a. M/T. – can he carry all the wheat U.S. has promised.
- 3b. Early thrashg.
4. Rpt. – on Bread Campaign.
5. Consider next week what other consumption economies requ^d in U.K.

A. Make millers take U.K. wheat.

J.B.H. Immed. G. needs.

P.M. Await H.M.'s return.

1. Foreign Affairs.

E.B. Prefer special mtg. to consider Paris mtg.

P.M. Agreed.

E.B. Other ques. arising fr. Paris.

Germany.

Sugg^d commⁿ re disarm. clauses in G. After you agreed to this, Byrnes proposed genl. enquiry. Wd. now prefer yr. commⁿ to be incorpt^d in "Robinson thing".

Clay is v. anti-British. If R. discover Stone Mission, they may use it v. us.

Thus, incorporate Stone Mission in Robinson group/

P.M. Have made this proposal to C.O.S.

Indonesia.

E.B. Worried re using B. forces merely to protect oil in Sumatra. Have reached no conclⁿ. Am enquiring w'in F.O. Indonesia bound up with India. If latter goes well, so will former. Dutch slow – don't recogn. pressure on us from others, not R. alone.

Greece.

E.B. Saw Byrnes a plebiscite. Thght. we shd. get it over. After C.F.M. on 15/6 we shall know wtr. troops are comg. out of Danube Basin as a whole. Will be gt. relief, pol. & financ., if they do. Austria will be test case – no need of troops anywhere in S.E. Europe if all w'drawn fr. Austria. Must therefore be in posⁿ then to say we will w'draw fr. Greece.

Have bn. workg. for such a clearance, so as to limit intern. friction to G. & Japan.

Fr. have declined to join in supervⁿ of plebiscite. And U.S. are hovering: trying to keep them in.

Palestine.

E.B. U.S. reactions encouraging – may be ready to take more respons. than ever before.

Askg. J. & A. for views on all 10 recomm^{ns}
Indic^{ns} we are getting away fr. propaganda atmosph. to serious study.
Anglo. Am. expert study, on business footing, when views received.
Re-actions in M/E. not so violent as forecast.
W'drawal fr. Egypt shd. contribute twds. settlement in Palestine. One
of boldest steps we have taken: effect on U.S. v. considerable.

- P.M. Statement in H/C. re consultⁿ with A. & J?
- G.H. Rpted. in Press tht. H. Commr. has summoned rep^{ves}.
- E.B. Let it go that way – joint action - & make statement in H/C.
to-morrow.

Egypt.

- P.M. W.S.C. asked for debate. Promised to allow it on Friday.
- E.B. Keep a House in case of a vote. Ch. Whip to consider.
- A. Tuesday p.m. in H/Lds. on Motion by Altrincham.
- P.M. E.B. to speak on Friday – in reply.
- A.B. Bring out positive aspects. After last debate, when H.M. said
“reluctantly”, there was some disquiet among Govt.
supporters. Not out of weakness, but to preserve peace.

Polish Troops.

- E.B. Wed: announcement re Poles. CFM Ldn. ques. of keepg. Allied
troops in Italy was raised: referred to l/c to Austria: no real
need for that purpose.
Raised in Paris: may be big issue on 15/6: asked B. to lend
U.S. ships to move them fr. Italy. Awkward: U.N.O. attitude:
mercenary army at time of Treaty.
- H.D. All cleared up. Troops on the move. References in Press.
- E.B. I was to meet Anders to-morrow – then find it all in Observer &
B.B.C. last night.
Was intending to delay announcemt. until Wed.
- J.J.L. How did this leak?
- E.B. Hear T.U.C. will co-operate in placing. That will help greatly.
- G.A.I. Confirmed – agreed on Friday.

Greece (cont^d).

- A.B. Worried – Party will be restive. Disturbed at Fr. non co-opⁿ.
Plebiscite coming v. early.
Cdn't King be persuaded to w'draw?
Suppose he gets a narrow majority? I took a v. strong line on this
in Opposⁿ.
A bad thing for our interventⁿ if soon aftwds. he returned – v. wishes
of a strong minority.
Cannot some other influence be brght to bear on him?
- E.B. W'out civil war, King wd. never have returned. Comm. tactics
responsible. I've asked him. He admits it's not pleasant: but
thinks he has a duty & can't let his followers down. Another
story wtr, if elected, he will return.
On voting for elections, he won't get back.
- N.B. Fundamental problem: to restore order. Both sides provoking disorder
now. If both cd. be disarmed, you wd. have a fair plebiscite –
and no majority for King.
- A.B. Can't we secure a big contrary poll?
- E.B. Will keep my eye on this.

German War Memorials.

- A. Order for destrⁿ & mutilⁿ of G. war memorials in B. zone.
Nathan said – not intended to destroy those of artistic merit etc.
- P.M. Why was this done?
- A. Coming up again Thursday.
- E.B. Will obtain report and submit to P.M. & copy to A.
[Exit N.B. & O.S.
Enter invitees for
Item 2 on Agenda.
2. Man Power. Call-up for Forces.
- P.M. As in brief.
Difficulty: must keep some men in for as much as 4 years when new
entrants can't be kept for more than 2 yrs.
- E.B. Considered many alternatives on M.P. Cttee. Whatever you do. you
have an overlap on transfer to fixed period of service. Can
mitigate by admin^{ve} measures: can't meet it by genl. rule. This
plan is best we can do.

Figures in Scheme D. have bn. cut. Depends on services now run by W.O. being assisted by other 2 Services.
My caveat shd. be clearly stated. Demobⁿ may have to be slowed down at end/year so tht. our foreign policy may be backed if it turns out tht. no genl. clearance of troops fr. S.E. Europe.
Teeth & tail once more.

- G.A.I. a) Call-up for 2 yrs: but then 18 mos.
b) Apprentices: after end/47 will have option of deferment until appr. completed.
If services, by using more women, cd. give this option at end/46 it wd. be gt. relief.
The 2 yr. period is likely to be accepted: appr. will be point of criticism.
c) Poss. of indir. servg. up to 4½ yrs. But even so will be out before any of the new 2 yr. men.
- B/T. Vitally import. to protect apprentices even in 1947. Not only for econ. but for war pot. reasons. Ask for further considⁿ of scheme fr. outset for deferring men w'in 9 mos. or so of end of apprenticeship.
Hope scheme will not be regarded as final. Wd. like it open to review.
It is in next 18-24 mos. tht. our econ. need for man-power will be greatest.
- E.W. Para. 9(c) on p. 4. Will further weaken Arts side. Omit the word "Arts".
- J.W. 1947 is vital year for engineering. Want max. flexibility for apprentices – w'in. few months of completion.
- T.W. V. few Arts students.
- C.E. Favour mil. service before University. c.f. lr. in Times to-day.
- E.B. Call-up at 17 1/2: & do mil. service first.
M/L. and Prod. Dpts. must watch creation of apprenticeships & key posts merely to evade mil. service. These Dpts., if allowed any flexibility, must be more strict: & take more responsibility in supportg. appl^{ns}.
Also care to prevent it havg. effect of prolonging service of men now in.
- J.J.L. Want flexibility in handling cases of men requ^d to serve 4 1/2 yrs. side by side with 2 yr. new entrants.
Para. 4(2) of memo. Want flexibility here too because Army behind other 2 Services in release groups.
Apprentices. Get better training in R.E.M.E. than in civil workshops.
- G.A.I. T. Unions accept that.

- J.J.L. Art students. Handle it round the table, not here.
- E.W. Not askg. for more men. All I'm askg. is adherence to M.P. Cttee decision not to specify Arts.
- E.B. I have agreed to that.
- H.D. Favour Scheme D as transitional measure. But gives 1 m. men at end/47. This is too much. Want therefore flexibility in the sense tht. this is no firm promise of 1 m. by end/47 – wtr. internat^l situation warrants it or not.
On distribⁿ. Admy. total is excessive.
R.A.F. want to discuss ques. of smaller no. serving for longer.
Apprentices. Why not from mid/1946 – for a small & clearly defined number.
- A.B. Number is about 60,000 only. Overwhelmg. case for keeping them in civil industry.
Not satisfy. tht. man-power demands are based on searchg. estimate of needs in relⁿ to new weapons, common services, waste of man-power. Teeth & tail.
Shd. be reviewed by lay Cttee, not by soldiers. Common services wh. cd. be better done by civil units.
- E.Sh. a) Para. 9. ref^{ce} to apprentices. None in coal-mining. Does (a) refer to deferments?
- P.M. Yes: heading shd. be deferment.
- E.Sh. b) No provⁿ for opting for mining vice mil. service. Threat to labour force of industry. Shd. we not retain this source of supply?
- E.B. b) was never in any scheme. Was always handled administratively, betwn. the Dpts.
Once you start announcg. admin^{ve} accomm^{ns}, you'll get requests for similar treatmt. from other industries.
- E.Sh. We can't produce the goods w'out the men – can we then afford these Forces.
Remember we're using more coal, gas & electricity than ever before.
- P.M. You can't think away foreign situation. Can't disband our Forces yet.
But this is a transitional scheme. As internat^l situation clears, we may hope to reduce nos.

- E.B. Remember end/last war. Short-term success at price of long term failure.
Also – unwilling to see experience of 1940 re-created.
- P.M. This memo. doesn't commit us up to 1951. – only transitional call up for 47-48.
Accept Scheme D.
- H.D. Subject to further enquiry to enable limited no. of apprentices to be deferred from June '46.
- E.B. Not unless employers come down to 4 yr. apprenticeship.
Exemptⁿ for privileged class. Force employers to give proper training.
Ready to have ques. studied – but on that basis.
- J.W. a) Service in REME. is acceptable. It's the others.
b) Deferment not exemptⁿ: & willing to make it depend on proper training scheme by employers, = drive for 4 yr. apprenticeship.
Agreed { Accept Scheme D. subject to above.
{ Announce in short oral statement plus W. Paper.
{ Cab. to see a draft.
{ Hold the immediate P.Q.'s. Promise W. Paper by
{ Wed. or Thurs. of next week.
Announce Women's Services at same time.
[Exeunt invitees for Item 2.
Enter Barlow.

3. Scientific Man Power.

- H.D. Plan – double no. of University students. I'm ready to provide the money.
- E.B. Does it cover veterinary students.
- H.D. Yes.
- J.A.B. Strengthening Univ. Grants Cttee.
- E.W. Welcome this bold & forward-looking Rpt.
One pt., discussed already with C/E. Distinctⁿ of function as regds.
University educⁿ between M/E. & other Dpts. We are extendg.
secondary school & scholarship facilities: feel therefore
U.G. Cttee shd. give adequate consultⁿ with M/Ed. Not satisf.
& shdn't be continued.
Have sugg^d review of Govt. supervision of Universities.
My comment rest^d therefore to recommⁿ 32. But hope tht. in any
Govt. statement we can avoid endorsing that view.

- H.D. Accept view tht. M/Ed. entitled to consultⁿ.
Yet even M/Ed. wdn't claim jurisdⁿ over Univ. as over elem. schools.
Willing to discuss with E.W. Leave it at that.
- Dugdale. Priorities. p.25. If Armed Forces, they must be equipped. Put (1) first
& the rest all together.
- H.D. See para. 55 on p. 17.
- C.E. Complete revision needed of relations betwn. U.G. Cttee, Ty. and
M/Edⁿ.
Para. at top of p.23. Rec. (8). Don't be impressed by mere members.
Its quality – post-graduate work above all. Even ½ doz a year.
Approved.
- A.G. Publication. Timing: not all on same day.
- P.M. O.I. Cttee are considering this problem.
4. Sarawak.
- G.H. As in memo. V. narrow voting - & issue turned on voting of Europ.
members.
- P.M. Gammans was the awkward critic & he has w'drawn his case.
- A.B. If it is so, make it appear that Council Negri not fairly rep^{ve} of
native popⁿ.
Agreed. - as in memo.

1. Parliament.

H.M. Business for next week.

E.B. Friday this week: need to keep a House.

P.M. Nat. Insurance? W.W. Divn. on Friendlies at 6 p.m. to-day. Other crisis = Cl.12: support on Fr. Bench.

A. German war memorials. Can we say something?

E.B. Have sent report to P.M. This was quadripartite decision: can't go back on it unilaterally.

J.J.L. This decⁿ wd. permit destructⁿ of their Cenotaph. Cdn't we take it up at A.C.C. Berlin & try to get definition reconsidered.

P.M. Think it shd. be reconsidered, in Berlin. The exemption is too narrow.

A. Cd. we say it's being looked into qua village memorials.

[Enter J.B.H.]

J.J.L. Cd. J.B.H. consult Imp. War Graves Commⁿ.

P.M. Cdn't we say – we do not & shall not interpret it as covering destⁿ of village war memorials.

2. World Food Supplies.

P.M. (a) Statement shd. be more factual & less argumentative. Cd. we not include figures – stock posⁿ as now & then.

H.M. M/F. have h'to. resisted publication of stock figures.

P.M. You have given them in U.S. – they will come out.

H.M. Haven't in the past.
Dangerous to say we'll carry it on stocks not consumption. Sugg^d more genl. formula.

E.B. Stock posⁿ: we've refused even loan of 50.000 t. to France. Publish these figures & its good-bye to Fr. Socialists.

T.W. Dangerous to try to prove too much.

P.M. But look at the other assumptions lower down.

- A. Yes: but that is reason for not publishing – too many hypotheses.
Public will make all sorts of deductions.
- H.M. Wd. prefer to say – contrary to business interests of country to give
stock figures i.e. say that if its raised.
The figure I wd. like to give is p'mme for G. and India. Diffy. about
that is that this is still to go to C.F.B.
- E.Sh. Why not give figures of what we've given previously to other
countries.
- H.M. I'm getting those. I will incorporate in main statement.
- G.H. Awkward to give figures of these Indian supplies in view of Malayan
position.
Agreed: give no figure of stocks.
Many verbal amendmts. app^d.
Agreed: Make it shorter.
- (b) Germany: Immediate Situation.
- J.B.H. These shipmts. can't arrive before 20/6. By end/next week we shall
have no stocks in G. at all.
55.000 t. on 2/6. = 1 wk's. supply. Then nothing. (That is barley
& potatoes.)
Can we find means of filling gap from 9/6 to 20/6.
- P.M. U.S. Zone?
- H.M. Detailed arrangemts. for pooling have to be discussed.
- H.M. Ques. really is: can M.F. supply v. firm & early return.
- J.B.H. Minimum supply is 100.000. = 3 weeks.
Fr. U.S. supply 440.000 t. by end/July.
- H.M. Gather J.B.H. will guarantee replacement at end/July on terms stated.
Propose 75.000 t. loan with power to M/F. to recover it at will.
- A.B. Use this as lever to get pooling going quicker.
- J.B.H. We've opened convers^{ns} with Clay. May have to get him prodded
by W'ton.
- B.S. Not prepared to release 1 ton.
They've had already 437.000 tons, since I was in office.
- E.Sh. Do you accept seriousness of situation in G.?

B.S. No.

J.B.H. We have scrambled through, from time to time. [Exit W.W.]

E.Sh. We must either help G. or clear out. We can't afford a break-down in B. adminⁿ.

H.M. I'm suggesting 75. vice 100. to cover any inflated demands by C. Commⁿ.

P.M. Let us lend 75.000 & press for early discussion with U.S. on pooling.

A.B. And say nothing about it.

H.M. And M/F. to control recovery. [Exit A.B.]
L.P. Off., Cont. Off. & F.O. to consider
at what level
Clay be told to get on with it.

P.M. { Indep. enquiries into stocks etc., on G. farms.
{ E.Sh. to snoop around; and T.W. to send experts too.
{ After consultⁿ with J.B.H.

B.S. 185.000 t. a month is what Germany needs. U.S. can't ship enough to meet all. i.e. Germany, UNRRA., U.K., India etc.
I won't be a party to loan of 75.000. Offer resignation.

B. Shipping. If addl. supplies promised by U.S. materialise 520.000 to go to G. & I. in June.
Can move 50.000 fr. Austr. to India.
200.000 can be lifted by B. ships
220.000 will have to be carried in chartered { Auth^y given for
U.S. ships. If that's to be done in time must { chartering.
have p'mme definite in 24 hrs.

P.M. What was said in W'ton re shipping.

H.M. We have to be responsible for shipping?

B. Yes.

H.M. U.S. & Can. were willing to help.
M/T. shd. consult with L.P. Off.

P.M. Is it, or isn't it, poss. to ship it in time?

B. Only doubt is wtr. I can charter U.S. ships to carry the 220.000 t. No reason to think I can't. But must get off the mark soon.
No diffy. in shipping the 75.000 t. after June. Problem = sudden load

on June p'mme.
There will be diffy. in moving the new p'mme: railway strike as well
as shipping.
310.000 – up to 830.000 p'mme for June: & at v. short notice. But
not saying it can't be done.

P.M. (After discussion.) This is a matter on wh. Cab. must take
responsibility, not M/Food alone.

(c) India.

A.H. Results will be most valuable. India will be v. grateful.
But they will get only 50% of requiremts.
They won't get it until end/July onwards.
Madras & Mysore machinery of distⁿ will brk. down early June.
This stresses need for getting all we have p'mmed.

P.M. Note the position. But can do no more.

[Exit A.H., Barnes, B.S.]

3. Egypt.

A. This is last mtg. of Dom. P.M.'s. Is there any more they can be told
re Egypt.

E.B. There are diff^{ies}: but can't say anything in middle of negotiations.

A. Cd. E.B. at least have a word with Smuts.

E.B. Yes: if he will keep his mouth shut. Will consider it.

4. Publication of Information from Cabinet Documents.

P.M. Any objections? None.
Agreed.

5. Publication of Secret Reports of S. Cttee on Nat. Expenditure.

H.M. If we publish Rpt. on Tanks, believe we wdn't be pressed to publish
the others.

J. Why not Alloys?

H.M. It is libellous: and it wd. provoke demand for proper enquiry.

J.J.L. Tanks – shall have to have it out in the end.

H.D. Closely-balanced argument: turned by W.S.C.'s statement.
Agreed: publish Tanks only subj. to consultⁿ (H.M.)
with M/Supply.

1. World Food Supplies.

P.M. Will H.M. say anything in H/C. to-day re announcement?

H.M. Not to-day: am hoping to get agreemt. with W'ton.
My statement didn't depart fr. agreed communiqué. Only a summary sent over at first.
May be War Dpt. trying to sabotage agreement.
Not going to make any statement until cleared up with Washington.
W.S.C. willing to wait until Tuesd.

A.G. Business. a) We didn't complete Rpt. stage of Nat. Insurance Bill on Thursday.
b) They'll want to know subject for Friday.
They will want this statement before debate.

2. Persia.

E.B. Statemt. by their P.M. tht. all troops w'drawn fr. Ab. Comg. to Sec. Council. Their diffy. = no rpt. or reply fr. Sov. Union.
Propose we let U.S. go on makg. the running. We makg. no proposal to take it off or leave it on Agenda.
Diff. situation in Persia – troubles at Abadan. Labour Attache fr. Cairo being sent. Ques. however wtr. Persian's can give protⁿ.
If no assurance, v. serious sitⁿ for Cabinet.

3. Czechoslovakia.

E.B. Report on results of Elections. Percentages given.

P.M. Social Dem. have done badly.

4. Palestine.

E.B. Agenda for expert Confⁿ sent. Await U.S. reply.

5. Siam.

E.B. Diff^{ies} betwn. Fr. & Siamese. Latter may bring to Sec. Council.
Have pressed Fr. to be reasonable. Can do no more.

6. Egypt.

E.B. No attempt to carry out 1936 Treaty – prepare H.Q. in Canal Zone.
Have now decided on Def. Cttee tht. C.O.S. must expedite
removal of H.Q. staffs fr. Cairo.
Treaty negot^{ns}. Have got U.S. to intervene to impress on King &
Govt. need for satisfy. resolution of our diff^{es}.
Propose no further step pro tem. Debate in E. Parlt. Arab States
discussg. not only Palestine, but strategic ques. of M/E.
Propose to secure delay by re-callg. Stansgate for consultⁿ about
Thursday this week.

7. Foreign Affairs – General.

F.A. Debate on Friday – W.S.C. mischievous.
Send cordial note to Mol. & rec^d rather more friendly reply. Indic^{ns}
tht. pressure re Balkans may not be so great. Prospects for CFM
June not too bad.
Grain harvest in R. likely to be bad – may be only 40% in Ukraine belt.
[Exit O.S.]

8. Man Power: Call-up in Transition.

E.B. Para. 2. Oblig^{ns} under U.N.O. aren't mentioned. Add: "and as a
leading member of U.N." Agreed.

H.D. Para 2. After "revision" - "in either direction". Agreed.

E.W. .. Do you put occupⁿ of Austria on same level as Germany.

P.M. Substitute – "ex-enemy countries" Agreed.

Air. Para 3. After Forces – "on a reasonably stable basis" – because of
recruiting: gt. uncertainty among potential recruits.

E.B. "& ultimately to arrive at a stable level for the Forces" at
end of 3. Agreed.

H.M. Paras 2 & 5. "Unforeseen developmts....." Cd. we delete
"unforeseen" in para. 2.

H.D. Met by my amendmt. to para. 2. Agreed no change.
Para. 9. Apprentices. Shd. start before Dec. '46: prefer July '46.

G.A.I. Wd. be a help if we could. But have accepted this compromise on
L.P. Cttee.

- E.B. I must consider posⁿ of men comg. out – many are skilled as apprentices.
Choice: detain people who shd. be out, for sake of protectg. apprentices.
- H.D. Stronger case for apprentices than students. Take fewer of them & more of former.
- P.M. Para. 9. is new kind of deferment. Make it clear tht. it's not same as genl. industrial deferment practised during war: a new system. That shd. meet it. Agreed: amend as proposed.
Who should present? I think M/Labour. Agreed.
- E.B. Can publicⁿ be timed for F.A. Debate?
- G.A.I. Promised for Thursday of this week.
- E.B. O.K.
- H.M. May be demand for debate.
a) First day after return from Whitsun, wh. is a Supply Day.
b) Or present as related to F.A. & bring it in to that Debate next week: real point of that is commitments.
- A.G. Prefer a).
Agreed: Present as W. Paper by M/Labour.
Mention "commitments" in announcing (in agreemt. M/L. with H.M. & E.B.) so as to swing it twds. F.A. Debate.
9. U.N.O. Publication of Proceedings e.g. of Security Council.
- E.B. Pressure for publⁿ as W. Papers. Will provoke demands for Debates. Do Cab. support my view in favour of publⁿ as St. Office publ^{ns}.
Agreed.
[Exeunt C.O.S. Dugdale.
Strachey.]
10. S.W. Africa: Proposed Visit to U.K. of Chief Tschekedi.
- A. Head of biggest tribe in Bechuanaland. Wanted to come to Ldn. to object to Smuts' plan for incorpⁿ. Cdn't get here unless we issued priority for him. Has telegraphed to Labour leaders for support.
His tribe = 400 m. fr. border of S.W. Africa.
Union = independent State, applying on own to U.N.O. Smuts has consulted inhabitants.
Asked Smuts' leading offl. – he was alarmed – I delayed telegrams saying don't like it but can't stop it. Smuts' reaction violent:

x/ Chief has no locus standi: wd. cause trouble in Union & wd. provoke demand for incorpⁿ of Bechuanaland etc.
Chief wants to bargain – a road to Walfish Bay in return for w'drawg. his objⁿ.
Decided therefore play for time by asking for his memo.
Friends of Africa will be annoyed if we stop him coming: Smuts if we allow him to come.

P.M. Why shdn't our H. Commr. see the Chief & choke him off with x/.

A. V. well.

P.M. Main thing is to avoid trouble with Smuts.
Get the man stopped.

[Enter Barnes: B. Smith

11. World Food Supplies.

H.M. Latest teleg. U.S. started makg. supplies available for May loading for B. Zone.
Put on record – co-opⁿ of B.S. & valuable assistance of his officials. Also of B. Embassy in W'ton. And F.O. & M/Ag. staffs who accompanied me.

B.S. Read telegram from Hutton.

H.M. Typical of U.S. official troubles. But agreement with Cl. Anderson & Clayton was firm, w'in limits of what is available & recognising deficit of 700.000. Our people in W'ton must keep on seeing tht. it will be implemented.

P.M. C.P. 209 is valuable memo. App. I. on stocks shows the spread betwn. a) & c).

B.S. Imposs. to forecast Sept. stocks with certainty. Most unreliable factor is level of U.S. exports.
Deficit of 700.000 will mean further cuts in wh. U.K. will share.
M/Ag. estimate of threshings: optimistic: also only eats into future supplies.
Canadian supplies: freeze-up point.
Minimum working stock. 700.000. Independent enquiry by Sinclair's nominee.
Rationing. Shdn't be mentioned for a month.

P.M. Will this mean people taking their full ration & eating more than now?

E.W. Para. 4 of App. III will help to meet this.

T.W. Memo. 209 relates exclusively to wheat. My informⁿ is flour stocks

are also heavy.

On M/F. assumptⁿ (c) there will also be of flour.

If steps set out in memo. 200 are auth^d, we shall get my figures unless there is a complete failure of weather.

These figures seem to assume continⁿ of extⁿ at 90%. I was told to say to farmers “only temp^y”.

- E.Sh. App. III. What is estimated weekly consumptⁿ on this scheme?
- B.S. As now. Point here is to get control: can put up or down acc. to posⁿ.
- H.M. a) Pipeline b) Consumptⁿ.
Want enquiry on a) to see what economies cd. be secured, even at cost of more wasteful use of transport. Shd. try first to save the 200.000 t. in the pipeline.
This wd. increase risk of brk. down here & there. Cd. be pol. & socially disturbing. All the more nec. to get control over distⁿ & consumptⁿ of bread.
Uncertainties of world supply: may give even gter. shocks & interruptions.
Here also is a case for control.
All my instincts are v. rationing. But, even so, if we squeeze the pipe-line, & are compelled with regret to admit tht. we must put ourselves in a posⁿ to control consumptⁿ via rationing.
- P.M. Support in principle.
- A. a) This will have to be justified. Shd. re-consider decⁿ not to announce figures.
How can you make the case for this w'out use of figures.
Propose therefore study method of present^{ns}.
b) Want re-examinⁿ of internal distribⁿ. Millers will resist change.
- H.M. Have asked W'ton a) to agree tht. my statement was accurate
b) to get auth^y for release of allocⁿ figures.
But doubt if we. cd. use stock figures.
- E.W. Will this have good effect in U.S.
- H.M. Yes: will re-inforce what I said in W'ton re stocks.
- E.Sh. Differential rationing. How defend this, in view of resistance of miners' claim to more food?
- P.M. They cd. eat all the bread they wanted.
- P.M. Freeze-up. Cdn't alternative ports be used?
- B.S. We do: but it's uneconomic.

Real point is they won't have enough wheat to build up on e. seaboard.
Think we take all we can fr. the west.

P.M. Get the Canadians to look at this.
Agreed: proceed with plans for rationing.

T.W. Extraction rate?

P.M. No decision to-day.

E.B. Staff. What of a switch fr. other rationing schemes e.g. petrol.

P.M. Ty. to consider.

Feeding stuffs.

T.W. All I want is to warn keepers where they'll be for next 7 months.

P.M. Announce on basis of middle assumption (not worst).
Memo. postponed.

12. Railway Charges.

Memo. approved.

1. Parliament.

H.M. Business for next week.

2. World Food Supplies: Food Debate.

Debate of 31/5. Food. Now will cover, not only W'ton disc^{ns}, but also adminⁿ of M/F. generally. Suggest therefore that M/F. shd. spk. 2nd & I will wind up. Later: acc. to W.S.C. opening: if he does, H.M. shd. follow, at once.

Shd. he announce decision in principle to introduce bread rationing?

Pro: will leak anyway.

Con: say only we are preparing it, won't introduce unless essential, think it may.

A. Beware of hoarding flour.

H.M. Might appeal to co-opⁿ.

J.J.L. The flour doesn't keep. Warn them it's no good buying it in. Must avoid a rush on flour & letting it go bad on their hands.

P.M. B'cast between now & 21/7 –

J.S. Yes: on admin^{ve} method of doing it. When we have announced a definite decision.

J.W. Stale bread order.

J.S. Will consider: but 90% extr. bread can't be eaten stale.

H.M. Compliments to W'ton Embassy, esp. Makins, for handling of "misunderstanding".

[Exit W.W. & A.G.]

3. Rations of Animal Feeding – stuffs.

T.W. Since last discⁿ further review. Forecast even worse. Satisf^d now we must adopt worst assumption.

Specl. attentⁿ to cut for pig clubs dom. poultry: 1½ m. families:

2 vice 5 lbs. p. bird p. mouth = 50% cut in birds wh. can be fed.

If we don't do that we must put a further 15% cut on all animals.

We cd. quickly raise coupon values if posⁿ improved. Prepare therefore for the worse.

- J.W. Endorsed.
Fear it may mean more than 5% loss of milk. For because of drought there is v. little feed in Scotland.
- T.W. We shall enlist co-opⁿ of farmers.
- J.S. Support.
- P.M. Collection of swill – is it going as well as previously? Look into this, in consultⁿ with B/Trade.

[Exit J.S.
Enter J.B.H. and de Freitas.
H.M^cN.

4. Marriages Between British Service-men & Alien Women.

- J.J.L. As in memo.
Further point – is this legal? This is being raised in H/C.
C-in-C must be consulted because security. But my personal view is: time to abolish this ban altogether & leave it all to discretion of C-in-C. For Germany.
For Japan: wd. have to get views of Doms. & U.S.
- de Fr. Agree with W.O. Germany: permit in exceptional cases. Wd. prefer Air Min^y to exercise the discretion: but ready to leave it to C-in-C if desired for sake of uniformity.
- H.D. What are the exceptional cases?
- J.J.L. Pregnancy: or anti-Nazi sympathies.
- J. Believe it is “legal”. C-in-C. has requisite authy. as i/c troops.
Find it diff. to defend w’holding consent when the woman is pregnant. Don’t like saying that is not an exceptional case.
- E.W. Marriage confers B. nationality. Yet a B. woman marrying a Spanish red loses hers. G. women will go out for this – even offering money.
- C.E. And we don’t allow an alien marrying B. woman to acquire thereby a right to remain in U.K.
Supposing a soldier contracts a marriage: it isn’t invalidated merely because C-in-C. has refused his consent.
- P.M. Opens v. diff. points. Will enable many ex-enemy women to become B. when we refuse citizenship to alien men who fought for us.
Don’t encourage G. women to go for marriage.
- J.J.L. Will Cab. agree except for G. & J. : & let me explore security point with C-in-C.

P.M. If you base it on moral or H.O. grounds, G. & J. aren't diff. from Austria etc.

E.W. Cdn't we legislate to prevent these women acquiring B. naty.

J. Not w'out v. careful considⁿ, with Doms.

C.E. Can't do it in advance of Dom. consultⁿ on nationality.

P.M. This shd. have bn. discussed with F.O., H.O., D.O. before submⁿ to Cabinet.

H.M^cN. E.B. did consider personally & agreed.

J.B.H. Subject to security, I wd. favour enabling marriages to take place.

H.O. to convene Ministers concerned & make further report.
[Exit de Freito]

5. Non-Italian Refugees in Italy.

H.M^cN. As in memo.
Dragged to conclⁿ we must choose betwn. 2 unpleasant alternatives:
a) send them to Germany or b) keep more soldiers there to guard them.

H.M. Why do we have to look after all foreigners in trouble?
Why not let Yugoslavs & Italians solve it betwn. them?

H.D. Agreed. Improvident good nature: can't afford it.

P.M. Not to G. Same objⁿ as to removal of Poles – worsen relations with USSR.
Why shd. we keep them.

H.D. F.O. press us a) to unilateral charity b) increased subs. to intern. relief.

J.B.H. Still obliged to receive 1½ m. Germans from Poland: in accord^{ce} with joint agreement. Trying to find accommⁿ for balance of 1 m. of these. Also 180.000 G. fr. U.S. zone, of whom we've persuaded U.S. to keep 50% permanently: if we brght foreigners fr. Italy U.S. wd. recant on that.
Security. Control of d.p.'s is biggest problem in G. to-day. This wd. aggravate it. Hard core of 200.000 d.p.'s for whom we'd have to provide in the end: can't afford to add these Yugoslavs to it.

J.J.L. U.S. are equally responsible for these Y. Make them face their responsibilities.

- P.M. Why keep them nr. frontier. Let Italy look after them – e.g. in Sardinia.
- J. Don't consult U.S. Put it firmly on Italy. Disarm them & let Italy look after them.
- H.M^cN. This wasn't charity.
We can't disarm them – no B. troops to do it.
I thght of Sardinia: but they wd. terrorise the island – no police there.
- C.E. We shd. have to take the remanent in U.K. in the end.
Agreed: [don't bring them to Germany, let them stay in Italy:
let Ital. Govt. assume the responsibility:] E.B. can
raise it again if he chooses.
[] is the view of Cabinet.
- [Exit J.B.H. & H.M^cN.]

6. Leakage of Information.

- J. Reported enquiries re leak about decision to bring Polish troops to U.K.
No ground for thinking this leak came from Cab. pp. in U.K.
- P.M. F.O. shd. enquire into this.
Recent case where something said at Def. Cttee in passing was on Warsaw Radio same evening.

1. Persia.

E.B. Sent out Labour Attache fr. Cairo: & M.P.'s.
Fraser was concerned at sendg. T.U. Offls. because laws being enacted. But A. Persian spending £7½ m. at Abadan on housing & other developmts. for workers. My advice to A.P. was to make Abadan a show place for amenities etc., for workers. I thought it better to send political vice industrial rep^{res}: thus send 3 M.P.'s with industrial experience.
Worried re set-up of A.P. Really a State Co. But establ^d as private Bd., the State members being intended only to keep Govt. informed, not to introduce Govt. inspiration. Don't suggest alteration now: but keep it in mind in future. When Govt. own 51% of shares, can't escape responsibility e.g. for workers. Fortunate in having W. Fraser as Chairman – fairly advanced views – wd. not be opposed to infusing New Britain views into policy of Co. Hope Ty. will be more sympathetic than in past to pol. advantage of p'ssive policy.

2. Egypt.

E.B. Will see S. this p.m. Not ready yet to tell Cab. of next step.

3. Foreign Affairs Debate.

P.M. W.S.C. will open on 2nd day. Shall I follow him?

E.B. No objⁿ. Then H. M^cN. can wind up instead of me.
Mine will be a factual statement. Will avoid antagonising U.S. or Sov. Govts.
No reply to debate on first day. i.e. E.B. & none: P.M. & H.M^cN.
Agreed.
I haven't answered Fulton Speech. But fact we didn't repudiate it has made things more diff. for me in Conf^{ces}. If therefore W.S.C. takes a violent line to-morrow, P.M. shd. consider whether he shd. at once repudiate, or correct.

[Enter C.O.S.]

4. Greece: Cost of Armed Forces.

E.B. Not yet clear wtr. R. will w'draw fr. Bulgaria. They have bn. bldg. permanent barracks there: & recent talk in Paris looks as tho' they will claim to keep troops on both sides/Danube.
On other hand have bn. pressg. Gks. to produce Budget. Stability essential to further progress twds. order.

Inflation in R.B. & Hungary. If Greece don't tackle their budgetary posⁿ & get steady financial policy, they will follow the others. If they can get stability however will have profound effect on whole area. We have bn. approached confid. for sugg^{ns} for stabilising in R. Better to proceed by practical example than by precept.

Mil. experts have arrived at figures for Satellite Armies: may be accepted by C.F.M. in June. Greek Army shd. balance Bulgarian. But my view has bn. that on popⁿ of 7 m. Greece can't carry Army of more than 50.000.

Two stages. a) This year. Am anxious to w'draw B. troops, tho' Gks. wd. like them to stay for substantial time. Want to see what happens at C.F.M. in June: But aim is to w'draw by Sept. Can't bring Greece's Army down to peace time levels until C.F.M. have agreed on level of Balkan Armies. Cd. we agree in principle to carry Gk. Army in 1946. Then decide how much Greece shd. carry herself. Bulk of cost = equipment. We have lots in dumps: & much cd. be spared fr. Egypt. Cd. Ty. & C.O.S. agree how much of cost is equipment wh. we cd. supply at no cost to ourselves?

Food is only dollar cost. UNRRA can't supply to Armed Forces. Equipment & food = £15 m., of which about £2 m. is food.

Compromise, prs. that Greece shd. pay for the food (she has foreign exchange) & we carry the equipment.

Agree in principle to 1946. Meet this week (F.O., Ty. & C.O.S.) to work out details.

Don't want to have legislation if it can be avoided.

Cd. then press Gk. Govt. to produce a Budget, as first step twds. stability in Balkans.

C.I.G.S. Planning (man-power) on basis of w'drawal before end/1946.

| | | |
|----------|---------|-------------------|
| Yugosl. | 350.000 | } Latest figures. |
| Bulgaria | 56.000 | } |

If so, 100.000 Gks. cdn't hold the frontier. 50.000 wd. be swamped at once. 100.000 wd. be a minimum.

Training of Gk. Army is going fairly well. Too much old wood at top, and pol. diffy. in getting it out.

E.B. I wd. make this new grant condl. on making a truly Nat. Army.

H.D. Finance. Gks. got a £10 m. loan in Jan. Haven't done much to carry out quid pro quo of financial reforms. Gk. Budget cdn't carry 100.000 Army. If they had to have it, we wd. have to subsidise. Not an acceptable plan. Agree 1946 is a transitional year. But if they don't go down to 50.000 soon they will be a continuing burden on us.

Against serious trouble, no diff. betwn. 50.000 & 100.000.

Ready to finance what is necessary for 1946. But want it clear with Gks. that this ends with 1946.

Equipment. My estimate = only £1¾ m. Ready to throw that in.

Ready to throw in value of some R.N. ships on loan: say, £2 m.
[C.N.S. Value of present loan is nearer £4 m.]
Don't want to go on pouring out sterling, still less dollars.

- A.B. What about para. 9 of C.P. 203?
Endorse (1). But (2) goes a v. long way. Last phrase wd. commit us
v. far. Unwilling to use B. money to support a Royalist Army
in Greece. Putting at disposal of King, if he returns, an armed
Force. What assurances have we on this? Until position is
clear, I think we shd. limit our offers to 1946.
- E.B. That must be read with para. 1. I didn't press this to-day.
- A.B. Object also to "larger" in 9(3).
- P.M. Will E.R. reject [] in 9(2)?
- E.B. I w'd draw those words. *
- E.B. If we can liquidate troops in Italy & Austria, it will relieve us to
extent of 150.000 troops. This is the prize I'm staying for.
- J.J.L. Estimate of £15 m. for Army of 100.000 is v. high.
We wd. put it at £8-10 m.
- E.B. This is one reason why I want expert examⁿ.
- J.J.L. No diffy. over initial supply of equipment. Replacement is always
difficult.
Real diffy. is to get Gks. to get a move on.
Amend 9(3) by omitting "larger" & limiting to 1946. *
- A. Dom. support. There is division of opinion in Doms. Evatt wd. say:
don't wait upon USSR. Smuts wd. say stay. I shan't get
unanimous reply.
- E.B. But put it to them none the less.
Agreed: inform persuasively & hope for the best.
5. Polish Troops under British Command.
- C.E. Proclamation by Anders to his troops. Will make this much more diff.
for H.O.
- E.B. Am getting exact text before making up my mind.
- A.B. This is what frightens U.S.S.R.

E.B. Hoping U.S. will take some – have obtained support of Mark Clark & Eisenhower.

A. Canada wd. take more if pressed.

P.M. Cabinet must consider.

E.B. Am not going to let these men down.
France may now take some.
Doms. are a disgrace: we own 1/6th of the world & can't absorb
200.000!

6. Malaya.

G.H. As in Minute to P.M.
Concern mainly over extension of Malayan citizenship.
Hope discussions will lead to satisf. settlement. Expect to be able to
report in a week.

A.G. No indicⁿ of impending diff^{ies}. Believe settlement is possible on lines
of W. Paper declaration.

E.B. Can you raise standards of living in Malaya at prices of tin & rubber on
wh. U.S. are now insisting. U.S. shd. be pressed and shamed
over this.
Before agreement is reviewed, we shd. tell U.S. firmly that she
can't lecture us on Imperialism & in same breath grind us down
to these low prices.

P.M. Let us have a report on this.

H.D. L.P. Cttee considered at gt. length – F.O. representative attending &
supporting low price.

E.B. I'm looking ahead. Not askg. to re-open recent agreement. But let
us have more informⁿ & advice before next time. I will put in a
memo.

H.D. Then don't take rubber in isolation – bring in tin etc.
D.S.I.R. to enquire (on basis of informⁿ from M/Health)
into carbo-hydrate from tropics.
C.O. to report to P.M. on Food Yeast.

India: Constitutional Problem.

- P.M. Have to face awkward situation.
Policy of suppression is hopeless. But while Viceroy turns tht. down,
x/ he says (p.3) law & order must be maintained – inconsistency.
Final recommⁿ by Mission – in last resort, abandon Hindustan, defend
Moslem Provinces & maintain central Govt. What happens to
comm^{ns} & Indian Army. Wants some working out.
Will Auchinleck give us a picture re law & order & safety of
B. Europeans.
- Auch. x/ only means during our responsibility – sporadic outbrks.
W'drawal fr. Hindustan. Success wd. turn on attitude of Congress.
If they agreed it cd. be spread over period e.g. 3yrs. qua Army.
If they were not co-operative, it wd. become opⁿ of war: imposs.
to say militarily how we shd. do it. We have planned for collⁿ
to centres of B. Europeans, Anglo-Indians & some Indians
requiring protⁿ: & eventually to evacuate fr. ports to U.K. or to
Pakistan.
Some anti-European disturbances anyhow, even if Congress
co-operative; wh. will involve collⁿ of Europeans in "Keeps".
Plans tried out on paper.
- H.M. Mutiny?
- A. I. Army wdn't mutiny as a whole because compact of Hindus &
Moslems. Incalculable.
If Congress cut right away, wd. be unwise to count on Hindu element
in Army. They are integrated w'in Army – few separate units.
- P.M. Comm^{ns}?
- A. If Congress hostile, they wd. be paralysed. Choice: fight it out or wait
to be extricated.
But this wdn't happen at once or universally throughout India.
That's why plans provide for holding key airports – evacⁿ by air
to ports.
B. troops cdn't control munition dumps or factories.
- E.Sh. Suppose you decided not to evacuate?
- A. That = Viceroy's course of suppression.
Wd. influence Army: but cdn't rely on Hindu element if Congress
leaders were hostile.
- P.M. N.W. Frontier held wholly by Indian troops. Trouble there?

- A. Yes: always is on Frontier if chance offers. Tribes wd. take opportunity. Unless they felt they wdn't trouble Moslem Govt. of Pakistan. Hindu element wd. demand return to Hindustan. Wd. mean troops on frontier wd. be inefficient for some time.
- P.M. What troops in Bengal.
- A. 4-5 B. batts. & some Indian. Large nos. w'in reach at Ranchi.
- E.W. Do Congress think they've got us on the run? If we said, we've made a fair offer and now you've refused, we are going to hold on to keep order – wd. the Army remain loyal.
- E.B. W'out word "repression", suppose we maintained Govt.
- A. My personal opinion 90% of popⁿ don't want disorder – peaceful evolution. They wd. favour Mission's scheme. Believe leaders are beginning to take note of that public opinion. Struggle in Congress betwn. Left & Right: if Right won, you wd. get settlement at once.
- E.B. Has our offer bn. put over to the villages etc.
- A. Largely not. Govt. propoganda is suspect: v. diff. to put it across & be believed. Suspicion is so great. Tho' mass of people are not anti-British, they are uneducated & impressionable
- Add. To what extent is Congress Left potent?
- A. None in Army. But it can apply the match - & wd. spread to Army.
- H.M. Wd. it be practicable to fix a date – para. 9.
- A. V. diff. militarily – almost impracticable. Only practical way is to get agreement – by stages. Hope para. 9 has bn. rejected.
- P.M. W'drawal of all European administrators. Cd. rlways. e.g. be run so?
- A. Yes – tho' with loss of efficiency.
- J. Wd. Moslems welcome us in Pakistan?
- A. Probably yes because frightened of Hindustan, who wd. attack in say 5 yrs. They wd. also expect Hindustan to invite foreign aid. Cab. Mission have reason to believe we wd. be welcomed.
- C.I.G.S. V. little time. Need for careful study. Effect outside – on Indian troops in Burma, N.E.I. and Malaya. Can't give a snap answer.

- P.M. Told crisis may arise in next few days.
- J. But we don't intend to w'draw on first sign of trouble. And C.O.S. must have time to study.
- E.Sh. Suppose we cd. bring early & adequate reinforcements of B. troops. What effect on Congress?
- A. Wd. increase their determination to seize power. Don't believe you cd. deter them now. Wd. have an irritant rather than sedative effect.
Might help to restore situation when trouble had broken out.
Wd. need 4-5 Divns.
Haven't available enough B. troops to put down general rising.
- C.I.G.S. 2 Brigades in Malay & 1 in Palestine. Beyond that, only at cost of Palestine, Greece etc.
- H.M. RAF?
- A. Reconnaissance & in last resort attack. But no use for protectg. lives & property.
- C.I.G.S. Indic^{ns} of slight increased concent^{ns} of Sov. troops north of Afghanistan.
- E.B. And agents moving down via Persia.
What steps are you taking to educate I. Army re Mission's offer.
- A. V. active steps. Army = only non-communal organⁿ in India. It's holding now: can't say how long it wd. against strong political influence.
- E.B. Soviet intervention: what effect on Hindu mind?
- A. Or people like Nehru – wd. frighten them, I think.
- P.M. With disorder, will you get famine?
- A. Yes: & one will re-act on other.
Agreed: C.O.S. to appreciate military implic^{ns} of alternative courses, and effects on mil. commitments elsewhere.
And report to further meeting.
[Exeunt C.O.S. & Auchinleck.]
- P.M. Alternative 1. Not feasible – either fr. what can be done in India, or commitments elsewhere or internationally. Is that agreed?
- E.W. Diff. to retain loyalty to a Govt. which has shown it's going out. We've done everything wh. as a Party we have promised. Worst

situation wd. be to get out in circs. suggesting we're being stoned out. Then we have lost face in East as a whole. Wd. U.K. stand that. Are we sure tht. we oughtn't to say – done all we can, not going out, going to keep order. If strong enough measures were taken (inclgd. arrest of Ghandi etc.) might hold the position. And cd. defend this even to U.N.O.

E.Sh. Inclined to support that line. Don't put alternative 1 as "repression." Not what we want, but what we have, to do. Are we not in danger of exaggerating certain aspects. Congress may be formidable only because it can create discord. Is it capable of presentg. powerful force v. Govt. Must we assume tht., on rejection of final offer, we must scuttle. Apprehensive of effect on our international posⁿ of "scuttle". Esp. since return fr. Germany. Good reasons for leaving Egypt, but what effect psychologically in world opinion. U.S. may criticise our "imperialism", but if we leave India, Egypt, Mediterranean we'll get no appreciation only regarded as weak. Time to reconsider our posⁿ. Labour Party policy framed in other days. Stand by the offer: say we're not going to leave until there is a solution. Then, I agree: we must know what forces we can command to do so.

P.M. Viceroy is seeking middle course between repression & scuttle. Face facts: Indian Army not reliable: I.C.S. only 500: India not what it was. My posⁿ is: no use adopting policy of locking up the leaders w'out a hope of future. What are alternatives –
a) UNO. not recommended
b) para. 9. save by R.S.C.
c) third course proposed by Mission: not clear & needs much thought. Fear it concedes Jinnah's claim to Pakistan.

A.H. Before considering c) or scuttle: cd. we not make an offer to legislate establishg. Dom. status based on Provincial legislatures. Act of 1935 contemplated Fed. Legislature elected from 11 Provincial. Cdn't we propose that now, by short Bill. The Fed. Leg. wd. nominate an Executive Govt. All as interim arrangemt., pending further search for final solution.
* Later: Agreed A.H. to submit memo. on this.

P.M. That wd. dodge whole issue – who is going to govern at Centre, Hindu or Moslem?

A.H. That wd. arise under present scheme. We are now prep^d for Council with Hindus & non-League Moslems.

- P.M. Read letter from P.L. Diffy in end will be over powers of interim Govt.
Indians like things in black & white. We can't change the law: but we can act by "convention" – as when Colonies were developing into Doms. Trouble is, the more Hindus ask for the more the Moslems object.
- E.B. Asked for answers to hypothetical ques. Diff. to reach decisions on that basis. Can't believe India will break into violence at once, given temper of the discussions. Leaders aren't so mad as that.
Surely they won't want to take over in civil war, with disrupted Army etc.
Mission spk. of coming home. If brkdown, cd. we not wait until they returned for consultⁿ. Is it so intense tht. such a delay cd. not be accepted.
- P.M. Their reasons are in para. 23.
It arose suddenly on failure of Cripps offer.
- E.B. But what we are really asked to accept is Pakistan. And no Govt. has favoured that. And its implications need study.
- P.M. Not askg. for final decision – now or next time.
Mission will come home if brkdown. They want only a genl. expⁿ of view.
- H.M. More I listen, more I sympathise with E.Sh. and E.W.
What wd. Soviet do? a) Propaganda offensive b) military force. We aren't doing either. We shd. show some stamina. We're doing nothing to convince India tht. we're trying to hand them independence.
We shd. do propaganda. Mission shd. do some firm talking
Supposing situation deteriorates because they think we've no guts – then massacre etc.
Then what answer to "the runaway Labour Govt."
Make it clear tht. one thing we can't do is to let India drift into trouble & chaos.
- E.W. Might consider also (or even) possibility of splitting Congress.
- J.J.L. One early need: make it clear we're not coming out w'out a settlement. We shd. then earn contempt of Moslems, no thanks from Hindus, & violence to Europeans. Wd. have steadying effect in India.
Frame of mind of Mission may become known in India.
- C.E. But if we take that line, we must find B. re-inforcements.
V. distant: wd. have to be moved by sea. What implications?
Need for 200.000 almost at once: & if widespread trouble further re-inforcements.

Where cd. we get shipping?
Doubt if Australia & N.Z. wd. help on this.
Need C.O.S. appreciation: then a quick decision before situation worsens.
But, if we can do it, I'm in favour of E.Sh. view.

H.D. Beware of words – repression, scuttle.
Agree must await C.O.S. apprecⁿ.
But economically, financially, militarily etc., we can't afford situation in wh. B. troops are involved in lengthy operations.
Don't be heroic. Believe we must seek a means of disengaging ourselves fr. India.

P.M. Not only troops. In districts of 3-4 m. only 3 British. The Br. machine has bn. w'drawn – progressively over the years. Indians have looked increasingly to others than B. for future rewards etc.
Unless you make it clear now tht. we are going to stay for ever, their loyalty will no longer be to us.
B. machine is tired, weak & dispirited. Wd. have to re-create it.

E.B. At Moscow, when I was contendg. for sep. repⁿ of India at Peace Conf^{ce}, Stalin said risk of separatist movemt. in India. Can't run India with few I.C.S. British – neither one thing nor the other.
Byrnes, on other hand, is concerned re defence of N.W. India.
I said hoped India wd. remain in Commonwealth – then arrangmts. for mutual defence.
This morning's discⁿ shows L.S.A. was right as against W.S.C. during the war.
Wd. like studies by C.O.S. on definite t. of r.
{ a) What is min. force nec. to maint. law & order & show Br. {
{ C.O.S. capable of governing during int. period pendg. {
{ handing-over. {
{ Put that first: for if civil war broke out it wd. go to U.N.O. {
{ b) F.O.& I.O. What cond^{ns} wd. make it possible under Charter for {
{ U.N.O. to step in. {
{ On this ground, I fear the announcemts in telegram. {
{ c) Hindustan: Pakistan. Wd. it be workable: what steps to {
{ give effect to it. {
{ d) What action to hold posⁿ for a month or so while Cab. {
{ considers whole problem. {
Might be useful to ventilate, to world opinion, by Parly Debate.
Shd. I, at this stage, inform U.S. in confidence? Believe the East is the real danger of war: it's there tht. conflict betwn. U.S. & Soviet is most dangerous.
Korea: N. Manchuria: deadlock in Japan.
May I tell Harriman, for commⁿ to Byrnes via secret channel.
Now or after next mtg? Intended anyhow to tell him of Soviet concent^{ns} nr. Afghanistan.
This is the biggest issue we have ever had to face.

P.M.

Don't speak to Harriman until we know Mission have failed to bring it off.

1. Parliament

Business for next week

2. India

P.M. C.O.S. won't be ready until Tuesd. No use therefore to meet Friday. Propose to send telegram giving preliminary reactions of Cabinet. Draft handed round.

E.B. Shd M/L. enquire attitude of demob. men to return to India?

P.M. Too early for that. And C.O.S. will have it in mind.

J.J.L. It's clear already tht. the men didn't think it worth while being there.

E.B. V. well – it's political: but keep it in mind.

J. Let C.O.S. be reminded of it.

E.B. Para. 8. Support for higher priority for women & children.

J.J.L. Use discretion because of delaying men's return.

3. Germany: Administration of British Zone.

[Exit A.H. A.G.
[Enter J.B.H., Bilcher
O.H.

H.D. As in memo.
Often troubled by this. Time to bring it formally to notice of Cabinet.
Money – as in memo.
Staff – fear too many: fewer wd. be more efficient: shd. be reviewed.
Cost of mil. occupⁿ – over £100M p.a. Recognise these wd. have to be paid wherever they were. But can't we use more R.A.F. and less army.
Potsdam – we are being had for mugs: carrying it out while others don't.
Reparations deliveries to R. continuing.
Timber. Since memo. spoken to Roy Robinson, who has recently bn. to G & reported to Ag. Ministers. Our timber is our war potential: we shd. now conserve. But because total failure of our people to get timber out of G. - & I hold Timber Control responsible. Untrue tht. all timber is in U.S. zone.
Ask for a competent probe.
Machine tools & plant: we have taken virtually nothing.
Propose: a) enquiry to reduce B. troops.
b) enquiry into efficiency of Control Commⁿ.
c) enquiry why we don't collect our money.

d) enquiry into timber: failure of own administration.
Accept financial obligation for 1947. Propose, however, grants (civilian) to
cease at end/1947.

P.M. Has this bn. brought to O.R.C.?

J.B.H. This is first suggⁿ of overstaffing at N. House or in Germany.
In N. House we are understaffed. Long hours. Not long to build up.
In Germany, much staff belongs to other Depts. e.g. B.I.O.S. : Timber
Control: Finance Divn Investigⁿ Branch (Ty. who protested v. recent
cut in its staff):
Billing of a/c. I'm not satisf^d. But none at all before my office establ^d. And
with Ty. concurrence no bills sent out until Apl. Why does H.D.
assume further delays.
Pressing fwd. now with Germanisation. 304 B. v. 3.000 G. on timber.
I never said no timber in B. zone. Recently got Balts fr. d.p. camps to work
on timber. Lenanton satisf^d at pace. But can't get full days work on
low rations. Timber now comg. out at rate wh. will enable us to reach
our target by end/year – overtaking arrears.
All revolves around coal & food. They are using wood for fuel. We shall
never get anything out of G. until we use coal then vice export.

P.M. Allocations quadripartite?

J.B.H. Yes. But are we ready to say no coal for France?
Unilateral deliveries. Sugg^d at O.R.C. tht. we shd. take what we wanted.
Was agreed 15/5 shd. be date by wh. we shd. have finished our
removals. But found impracticable. Because need to observe
quadripartite agreemts. Recently reached new understandg. on this.
Potsdam is what prevents us fr. bldg. up sound economy & prevents positive
policy.
Staffing. Reg. Comms. sent out: task to transfer to Germany: intend to
confer with them soon.

P.M. In Germany – sugg^d too many indifferent offls. Fewer & better?

J.B.H. Diff. to establish w'out searchg. enquiry.
We are getting results in work. In goods, can't expect it w'out coal & food
& under Potsdam.

P.M. Classify numbers?

J.B.H. Nor w'out notice.

J.J.L. Wd. welcome redⁿ in B. troops. But that is for C.O.S.

P.M. Exam^d in Def. Cttee. – who have already cut them below C.O.S. minimum.

E.Sh.

My source of infoⁿ re coal was E.C.O. & went therefore to enquire myself.
But in fact coal runs thro' whole economy. Have reported to P.M. & will prepare full report for Cabinet.

Agree with H.D. re timber: understatement.

- a) Quadrit. system hangs like a mill-stone round B. adminⁿ. Ques: not in this right. But: is this in acc. with Potsdam?
- b) No civil adminⁿ as such. Civil offls. subordinated to mil. command centred in Dept. Govt. Quality of civil personnel is v. poor – in ability & in personal character too.
- c) Coal. N.G. Coal Commⁿ obsessed with need to meet Fr. demands, w'out regard to adverse effect of high exports. I sugg^d moratorium on coal exports.

Miners want food: for food processing coal is needed: can't get coal w'out coal accessory machinery: can't get tht. because no steel: & no steel because no coal. No tyres because no coal to run synthetic rubber plants. Yet thousands of unemployed: reservoir untapped.

No improvement, thro' examⁿ of officials, until Potsdam mill-stone removed. Believe few good offls. cd. run the show better – thro' Germans. Tho' diffy. over de. nazification policy.

Finance. Our people are living v. well out there. Not good for morale.

Timber. Lenanton v. good – 10,000 t. exported. 1¹/₄M. by end/year. But only if quadripartite set-up doesn't trip him up. Use of d.p.'s – they are afraid of using them because crim. tendencies. Masses of trees. D.p.'s our policy shd. be work or starve.

We shd. have known more of what is going on in Germany.

Exports of coal to France. If we are going to get B. zone right, we must refuse exports to France. For 6 mos. we must plough it back into B. zone.

E.B.

Basis of set-up was we shdn't. get anythg. out of G. in 1st year. We foresaw all thes diff^{ies}. All comes back to Potsdam. But if you are going for self-supporting basis, you must face a def. break with Russia.

We all know tht. R. havg. got agreemts, become inflexible: & hold up action on A.C.C. Berlin.

France. Dead easy to say send no coal. And if you hadn't R. propaganda in Fr. wd. have given you Comm. France. How wd. you join like that? How wd. H.D. if he were at F.O. What price is it worth to avoid having R. on Channel Ports?

Thus, I wd. be reluctant to break. And wd. rather R. made the break. She may – now U.S. have refused to deliver plant. Wd. sooner U.S. had a row with R. than tht. we opened it. Why haven't I asked Cab. to follow suit? Fears of "ganging up". Thght. it wiser to wait until C.F.M. If then no solⁿ of econ. unity of G., I will come in with Byrnes.

Watch India too. Can't ignore infiltration twds. Afghanistan. If we flout R. over Potsdam, their counter-stroke might be re. India. We are vulnerable.

Haven't had time to submit memo.

Adminⁿ in G. After C.F.M. Ldn. I spoke to D.H. : and Ty are to blame if it hasn't be investigated. Byrnes has spoken to me & sugg^d top-heavy B.

administration. We have a right to Ty. criticism: help on such a thing as form of B. administration.

If we had what H.D. wants, we shd. have violated Potsdam.

Wd. you say I was wise if I'd stopped export of coal to Belg., Holl. & Fr. I thght. their re-creation was more urgent & import. than Germany. Do you dissent? Cdn't have done both. Alphand says G. plants have more coal than Fr. Their complaint re us is tht. we are too tender to Germans, in our methods: they say because we are wrkg. thro' military.

Crisis is near. Are you wise to change until we see outcome of C.F.M.? But we shd. work out 2 plans a) assumg. defiance of 4-Power control when it involves us in expenditure over & above what G. can pay. That is if Potsdam stands.

b) a complete break with Potsdam. But that means irrevocable partition of Germany & Commⁿ fr. Trieste to Stettin. Will H.D. take responsibility for that?

This is what H.M.G. have bn. trying to avoid all along.

O.R.C. You gave us only policy – not adminⁿ, wh. came under C. office. Thus no avoidance of its responsibilities.

But am willing to see O.R.C. strengthened. Wd. like to see E.Sh. on it: also other Ministers with staff out there. If O.R.C. had progress rpts & task of co-ordinating & overseeing adminⁿ, it wd. help me at F.O. Wd. like more informⁿ re day-to-day diff^{ies}. Often M & Byrnes know more than I do. Then I wd. prob. need another Parly. Secy.

J.B.H. has done well. But need help. Believe he wd. welcome it. Shortage of good staff.

In general, reconstitution of O.R.C. as in brief. M/Supply & M/T. are affected too. P.M. M/Food also.

Food: Coalⁿ Govt. misled by Cherwell.

F.O. memo in prepⁿ now. Let both go to enlarged O.R.C.

P.M. Right course – reconstruct O.R.C. J.B.H. has had diff. job. Needs support of colleagues. Some of complaints are not v. him. I will consider composⁿ & t. of r. On wider issue: wait, as E.B. says, until after Paris.

H.M. R. are puttg. own interpretⁿ on Potsdam. Prs. unwise to challenge P. as such. But R. aren't complying – on economic unity principles. Econ. Comp^{ns} must come in as well as foreign policy.

E.B. Haven't they?

H.M. No.

E.B. Liar. If O.R.C. can do it, well & good. Had wondered whr. E.Sh. cd. enquire into coal ques.

P.M. Will consider how to organise continuous supervision and support for J.B.H. by colleagues who must be Cab. Ministers.

H.D. Content tht. my memo. shd. go to new O.R.C. Hope all Dpts concerned will be on it. Must have prompt informⁿ.

[Enter Dugdale
[Exit Belcher

4. Despatch of Families to B.A.O.R.

P.M. What about this latest unauthorised Press rpt.

J.J.L. Men had heard about it. Press were troubling: A.G. auth^d statemt. tht. machinery was ready when Cab. decided. Told him to have corrⁿ issued of Herald story.

J.B.H. B.A.O.R. disclosure. Col. Jackson, Rhine Army.

P.M. W.O. to make written rpt to me.
Figures: 10,000 wives & 15,000 children.

E.W. Dissent. Think it a mistake to send the children: also don't want to spare the teachers. Expensive scheme & doubt if its worth it.

H.M. Parly. Secretary agreed. with this.

J.J.L. I won't rush this merely because of pressure from the men.

E.Sh. Varying views in Br. zone. Not keen on it in Ruhr. Elsewhere favour it. Bound up with future of B. adminⁿ. No need to let them go out until decided how we are going to administer the zone.
Food & accommodation for 25,000 is not inconsiderable.

P.M. Folly to begin it at once. Plan & prepare.

Dugd. As in Malta & Gib. where they can go out only as housing is available.

J.B.H. Housing is there.

P.M. Be careful & go slowly. Promise nothing earlier than August.

After discussion: Agreed remit to O.R.C. (new style)
[Exit Dugdale

5. Repatriation of Soviet Citizens.

E.B. As in memo.
This will bring us into line with U.S.

P.M. A.E. signed on behalf of Doms. also. Asked for views of Doms.

A. Don't believe any are directly involved. Want few more days to verify.

Agree it, subject to that.

J.B.H. "R. attitude has softened." But recent signal re removal of B. dead.
In general, welcome the policy: but hope E.B. will query inclusion of Todt workers. Also want Sov. informed before we put it into opⁿ.

E.B. Will of course inform M. But intention of Todt workers – why keep these bouches inutiles.

J.B.H. Forceful repaⁿ lead to suicides. B. troops don't like that.
Don't want to be more tender than U.S.

Agreed: memo.

1. Anglo-Egyptian Treaty.

- E.B. Consult^{ns} with S. New draft shd. put us in stronger posⁿ than under Treaty of 1936. That gave us no right to go in - tho' true we were there.
Art. 4 is key to whole Treaty. Similar language in Arab league. Wd. enable later expansion to cover dangers in whole area.
Devised to fit in with Security Council procedure.
Treaty simplified.
Vital part is Evacuation Protocol. Art III of that, "placed at disposal of Eg. Forces".
That wd. keep them in cold store for us. Believe they will accept that.
Arts III – IV is a concealed long-term w'drawal – substitution of 5 yr. period in another form. When it gets to mil. level, + we are away fr. Cairo, pressure for speed will be less.
Bldgs. Under '36 Treaty cost wd. have fallen on Egypt. Never built – because we stayed in Cairo. If we were ready to carry cost & hand over to E., stores cd. remain ours – believe E. wd. accept that. That might be a good bargain for us, even financially, and wd. enable us to get what we want. But if financial obligⁿ left with E. won't be done. – whr. under 1936 Treaty or otherwise.
Cdn't stay under canvas: cdn't force E. to build.
Propose send this out & ask if any need for S. to return.
Not wedded to words. Principle I want accepted. Sugg^d Joint Bd. system when it became clear we cdn't get a lease of a base. Flattering to E. to follow Canadian – U.S. precedent. Sidky hasn't yet reacted.: King is impressed & wants this. Care over word "Joint" because Joint Govt. in Cromer's day – may have to find another word. Disagreement on Bd. – cdn't have an arbitrator. Bd. gives a regular right of consultⁿ thro' standing mechanism. Another reason – scene is changing: what shall we do for India if independent? : this Joint Bd. principle wd. not be a bad precedent for India – better than having left this problem vague in Egypt.
- S. E.B. has covered the ground.
No doubt of unity of Eg. opinion, from King downwards.
Working Joint Board – need for latitude.
May not accept "M/East": may ask for "neighbouring countries".
Glad to hear King has reverted to this idea.
Alternative: face opposⁿ fr. united Egypt.
- C.I.G.S. Don't think this provides security we need in Egypt.
Original offer of alternatives by S. – said Eg. wd. meet us half-way & give x/ us complete freedom of action on threat of war. We aren't getting that.
No assurance tht. Joint Bd's recomm^{ns} wd. be accepted.
Lost our first gamble. Isn't this another? Slippery slope.
Diff. to see what use Joint Bd. will be.
- P.M. Choice: good-will instead of binding Treaty oblig^{ns}.

- C.I.G.S. Tried good will. Brought us nothing. cf. Irish Ports.
- H.D. Had thought strategic issues safeguarded by this as much as now.
Sterling debt £450M – second only to India. Thought we shd. take all financial disc^{ns} at once, offsetting what we are now ready to sell.
Finance however is kept open by memo. Will discuss with F.O. Don't want detail in Art IV – some addⁿ to III wd. suffice.
Attracted by idea of bldg. installations ourselves.
- A. Detailed points. P.7. Art III. Presupposes all wd. be removed or disposed of. But goes on “or placed at disposal of E. Forces”. Add “or safeguarding” in 1st phrase.
For Art IV assumes B. techn. personnel will be left to look after them.
P.4. Art. 4. Cd. you insert words going beyond advice.
- E.B. But these are the 1936 words.
Key is: do we insist on Art. 7 of earlier draft? Acc. to all advice from them, you can't get a new Treaty incldg. Art. 7. Ques. is: are we to fight it?
- P.M. If we are to stand on 1936 Treaty we must
a) evacuate Cairo & Alex.
b) reduce nos. to those allowed.
And what about ref^{ce} to L/N?
- E.B. L.O.'s are considg.
My advice is you can't get Art. 7. provision w'out taking country over: but if you go for Joint Bd. you will get better facilities than any other way.
- P.M. What dates in Evacuation Protocol?
- S. Beg. C.O.S. to hurry. We have 300.000 B. troops there – 20 times the auth^d number.
- H.M. Sympathise with apprehensions of C.O.S. But I can't judge whr. we cd. do better.
- J.J.L. Not much meat in Def. Bd. Shd. get something definite.
Sterling balances – no need for us to be generous on finance of Treaty.
- E.B. What do we do with Australia – any agreement that they will help in war – and she is a Dominion. Is Egypt an independent country? Can you force it to give such rights.
Stand on 1936 Treaty? What powers does that give? None to take over comm^{ns}. What rights do you envisage for India?
- J. We are comm^d to complete w'drawal. Trouble is no assurance like Art. 7 of rights on threat or outbrk. of war. Wd. they take “In event of threat or outbk of war E. Govt. shall notify U.K. & we shall come to their aid.”

That wd. give us some right because of acceptance of obligⁿ. Wd. they regard that as mark of inferiority?

- C.I.G.S. Wdn't give us guarantee.
- P.M. E. is in posⁿ where, if we get into war, they are automatically involved in war. We can involve them by our actions. Doms. all in much better posⁿ. E., tho' indep. State, is no worse posⁿ than a Dom. How can you defend that, nowadays, to Egypt.
- C.I.G.S. It's their geograph. posⁿ which exposes them to risk in war.
- S. Our install^{ns} in E. are there, not by virtue of 1936 Treaty, but because they asked us to build them. They can & will ask us again. Still believe x/. But they won't have it written down in a Treaty or Protocol.
- C.I.G.S. Tho' they are independent, their interests are same as theirs.
- P.M. Same argument applies to Holland & Belgium. You can't on that a/c say they must accept any Treaty that we propose.
- E.B. Eg. say – we want same freedom as Holland etc. Pity W.S.C. let cat out of bag tht. what we want is, not to protect Canal, but to secure bases for offence.
- A. Atmosphere. 300,000 B. troops.
- S. Includes 100,000 p.o.w.
- C.I.G.S. Art. 5. – doesn't cover precaut. stage. or peace. War only.
- E.B. Art. 4. Is there anything stronger in Iraq Treaty?
- C.A.S. Yes: some definite rights.
- P.M. Not what we want, but we can get. Suppose No Treaty. Then get out or go to ????. Even Art. 7 of 1936 is no use w'out good will. And insist on this sort of thing or try to stand on 1936, and you sacrifice the good will. 1936 negotiated under threat of Mussolini. What sanction have we now for pressing for more?
- A. Wording of Can. U.S. Agreemt. might be of some use.
- E.B. Cd. we define “common task” – defending comm^{ns} etc. Cd. C.O.S. try again, in consultⁿ with F.O. 1936 promised revision after 10 yrs. they say “clouds of war have now dispersed” – we have a right now to somethg. more favourable to E. than '36.

P.M. Let C.O.S. and F.O. re-consider.
Also point of E.Sh. Oil install^{ns} to be handed, not to E. Govt. but to B. oil
cos.

Resume 6.p.m. Friday

2. India

P.M. Read telegram fr. Cab. mission re publicⁿ of corr^{ce}: with Azad.
Propose instead issue of statement re position of interim Govt.
I wd. say tht. is w'in inst^{ns} of Mission & preserves constit posⁿ.

Auth^d

1. Parliament

- H.M. Business for next week.
- A. H/Lds. Coal Bill – some trouble. Going to discuss with E.Sh. and H.D.
Shd. finish soon.
- H.M. Shd. we consider what to do when H/Lds. get difficult
- J. Bill to give H/C. last word on H/L. amendmts.
- A. Don't believe trouble will come for a year or 2.
- H.M. Then it may be too late to work Parlt. Act.
- H.D. Reduce delay under Parlt. Bill fr. 2 years to same Session.
- P.M. But rejection on 2nd Reading – wdn't then come back to H/C.
- x/. J. shd. consider what shd. be done. /x
- H.M. This Bill must start soon if we are to force it thro' under Parlt. Act this Parlt.

Agreed as at x/.

[Exit W.W.
[Enter C.O.S. & N.B.

2. Palestine

- P.M. E.B. was to talk to Byrnes early this a.m. & let me know.
- G.H. Telegram fr. High Commr. Kidnapping – on top of worsening situation –
has created diff. posⁿ with B. troops.
With P.M.'s consent, I sent for Ben Gurion y'day p.m. – v. diff. attitude on
his part. Seemed genuinely distressed, particularly at kidnapping, &
agreed to issue a statement of regret etc. (as in Times). Cpd. with his
attitude over last 6 months, this shows anxiety at recent sitⁿ in Pal.
He categor. denied any commⁿ. betwn. Agency & Hagana – dissociated
himself from Stern Grp. & Irgun Zwei Leumi. Not so clear abt. some
Hagana troops. Mtg. him again to-day.
- H. Commr. has asked for 6 mos. past for powers to deal with situation. In
Jan. decided we shdn't search for arms. Later, after Tel. Aviv murders,
H. Commr. asked for discretion to put into opⁿ plan for cleaning up
illegal J. organ^{ns}. Def. Cttee decided H.M.G. must retain this
discretion. H. Commr now feels v. deeply. Promised not to act unless
he must.
His power to act might, however, act as deterrent.

For 9 mos. Agency has bn. un-cooperative. And until y'day made no statemt. of regret or renunciation.
Believe H.C. shd. now have this discretion.

P.M. H.G. suggⁿ of brkg. off disc^{ns} re 100,000. Wrong.
a) because we haven't adm^d we will allow the 100,000 to go.
b) brkg. off disc^{ns} with U.S. is a poor way of bringing pressure on Jews.
Saw Harriman y'day – suggested earlier arrival of Grady's party.
Limit to what B. troops can stand. May be trouble with them. Diff. to deny this discretion to H.C.
Awkward tht. Mufti shd. now turn up & in Egypt.

[Exit A.G.]

C.I.G.S. Tel. from Paget, supporting H. Commrs request.
Reached stage at wh. can't put more strain on troops.
Signal of 19/6 – puttg. Jewish places out of bounds: walking in pairs etc.
Another signal – search of settlement: possⁿ of arms admitted.
Damage to rlwys.
Kidnapped 5 in Tel Aviv. One more officer missing: & one nursing sister.
C.O.S. consider freedom of action shd. now be given to C. in C. M/E. and H.C.
Simultaneous disarmament of Arabs. We can manage Jews. But if we are beginning to implement Anglo. Am. Cttee Rpt. Fr. mil. angle better to confirm action to Jews & base it on retribution for recent action.

N.B. F.O. consider – don't brk. off Anglo. U.S. talks: do accelerate 2nd party.
We think H.C. shd. be given discretion now. "Hostages" is worse than murder.
But Ben Gurion's denial of contact with Hagana. Mil. plan was based on assumptⁿ tht. Agency controls Hagana - & involves seizing offices of Agency & arrestg. their leaders. That wd. cause trouble in U.S. Cd. we avoid doing that part?

P.M. Not clear whr. H.C. intends to go for Agency.

G.H. Has asked him to name those whom he wd. arrest.

T.W. Cdn't Ben Gurion (v. influential on Agency) persuade Agency to declare tht. until attacks cease & hostage released they won't negotiate with U.K. & U.S. Govt.

G.H. He wdn't go so far. Can put it to him again this p.m.

P.M. But c.f. reply of Agency – not dicussg. Rpt. until 100,000 admitted.

H.M. The Agency isn't what it was – those who believe in physical force have now got much more control. Ben Gurion is tough & increasingly non-cooperative.

- Believe Agency is torn several ways: fr. co-opⁿ thro' violence to insurrectionist.
- If this goes on, B. forces & police won't keep their morale.
- Don't like busting Agency as such. But we shd. authorise him to pick up the leaders of the violence movement – fairly extensively. Simultaneously adequate nos. may brk. up the organⁿ: will show our intentⁿ to govern. Can't go on protesting & makg. Parly. statements.
- Disarming. Wd. be nice to disarm both simultaneously. But
- a) wd. increase practical diff^{ies} for the auth^{ies}.
 - b) Arabs are not giving trouble now thro' violence.
- J.J.L. If B. troops begin to retaliate, you'll get a Black & Tan situation.
- E.Sh. Agree pick up conspirators.
But care over further proposals of C.O.S. – mght. create a worse situation.
Not clear tht. all violence due to terrorists. What happens if you suppress Agency?
Might encourage extremism.
Disarmg. Jews but not Arabs will cause serious reactions, in Pal & elsewhere.
Mufti – outrage tht. Farouk shd. give him asylum.
- P.M. Read out E.B.'s Telegram 228.
B.A. goes too far – we haven't accepted that recommⁿ.
- J. Continue with disc^{ns}. But disarm. Jews first: but make it clear tht. it's part of policy to disarm Pal. & Arabs will come next. Private armies are inconsistent with good Govt.
Pick up conspirators as such, not as member of Agency.
- S. Strong action: but associate it with these acts, not with earlier declⁿ re disarming both sides. Latter too big a task.
- T.W. Supported that line. Wholesale disarming of Jews w'out Arabs wd. consolidate Jewish opinion.
- H.D. Is it clear tht. kidnapping is by Hagana.
- C.I.G.S. Both. Latest by Irgum. – their members are under death sentence.
- H.D. For some say Hagana is legitimate defence force. If therefore you cd. first disarm the more extreme groups, leaving Hagana alone while Arab still armed, you wd. be in a better position.
- P.M. Diffy. of separating which are which.
- C.I.G.S. Not going for Agency as such. There are organ^{ns} w'in it tht. control the extremists. Want therefore to get their pp. to show this.

- G.H. Message fr. Palestine – “all pretence tht. Agency is unconnected with Hagana is now dropped.”
- P.M. Genl. views.
- a. H. Comms. must be given more power to act.
No good his threatening if he can't act.
 - b. Give him power to deal with any organ^{ns} wh. he is definitely convinced are responsible for this situation. No power to close Agency as such – tho' can raid it for informⁿ.
 - c. Disarming. More diff. to do both: but if Jews only will be said we're backing Arabs – bad reaction fr. U.S.A.
Thus, demand surrender of all arms & try to enforce it.
- N.B. Support c). Recommⁿ 10 of Rpt. Might lighten mil. burden because wd. diminish J. insist^{cc} if Arab arms also both surrendered: might even get J. Agency support. Hagana was started as defence re. armed Arabs. Need for maintaing. U.S. interest & support.
- J.J.L. Diff^{ies} betwn. demanding & enforcing surrender of arms.
- E.Sh. Agree to a & b. viz. action v. conspirators. And defer c.
Consequence of c. will be to leave arms only with bad Jews.
- G.H. Proceed with a & b. Plus a warning that c. will follow if terrorism continues.
- P.M. Remember past Arab revolt: & present threat to resist 100,000.
Can't therefore call for surrender of arms on that basis.
- C.I.G.S. The J. = illegal armies. The A. haven't – no organisation.
Declare we are brkg. up organised illegal armies: go for Jews; Don't need to take rifles fr. individual Arabs: but say we will prevent formation of illegal A. army. Backing for this in Ch. 10
- H.M. Declare a genl. p'mme of disarming civil popⁿ & proceed by stages?
- C.I.G.S. Wd. rather make the organⁿ the test.
- C.N.S. Hang this action on P.M.'s declⁿ re organised. And indicate we are implementing this p'mme, wh. included surrender of arms.
- N.B. W'out some statement tht. we are going to disarm the civil popⁿ, we shd. be in diffy. because P.M.'s original statement on Rpt.
Ready to have it done by stages.
- P.M. Say these events have proved we were right in our declⁿ – we will prevent growth of illegal A. organisation & also armed assistance fr. A. states.
- A. Statement can be even-handed. But wd. like to show priorities for action startg. with the organisations wh. are causg. current trouble.
Don't give military an impossible task.

- P.M. Agree with that. But we can't stop at disarming Jews.
- E.Sh. This dicⁿ wd. involve mil. operation v. Hagana etc.
- C.I.G.S. What we want to eliminate is the organisation wh. secures co-ordinated terrorism throughout the country.
- P.M. Must say tht. while disc^{ns} procedg. we intend to preserve law & order & to see that no illegal organisations are maintained or created.
Statement in Parlt.
- P.M. Not in advance of action to seize conspirators.
Promise statement next week.
Get Private Notice Ques. to Sys. War p'poned.
Don't like telling U.S. Govt. in advance.
- J. ? Say – Govt. will support H. Comm. in action wh. he thinks necessary to restore law & order.
- H.M. ? Lend a H.O. official familiar with 18B. to help Pal. Govt.
P.M. to see Leader of Opposition.
- Mufti.
Drove up & signed King's book. No power to turn him out.
But Sidki is advising King tht. he can stay only if he abstains fr. any pol. activity.

1. Persia

- N.B. Strong rep^{ns} to P.M. tht. we hold him respons. for B. lives & property. This has made impⁿ on him.
Has sent Director to receive complts. vice going to Tudeh Party.
M. Berthond has gone out – will send to E.Sh. copy of his directive.
Signs of some improvements. tribes hostile to Tudeh Party.
- E.Sh. Tudeh has strong hold – labour agitⁿ canalised thro' them.
- N.B. That is E.B.'s policy. Also hopes for formⁿ of T.H.: & Persians show signs of wanting our help with that.

2. Council of Foreign Ministers: Paris

- N.B. Going better than we feared. Shd. know by Fri. what hopes of agreemt.
Apart fr. Rep^{ns} main crux – Trieste. Some signs tht. R. wd. accept internat. regime & tht. Fr. will put it up. Diffy. may be to find an Ital. Govt. which wd. accept it.
Rep^{ns}. Sov. claim is being reduced to £10M: but involves principle of current prodⁿ. Danger = repercussions on Germany when it wd. be important.
- G.H. Malta. Rpt. on cost of rehabilⁿ rec^d: estimate over £40M. If repⁿ claimed, don't forget Malta. We have given or promised £30M & that won't be enough.
- N.B. We agreed last Aug. tht. we shdn't demand rep^{ns} from Italy.

3. Palestine

- G.H. 2 of kidnapped offrs. released. Seems tht. other 3 will be retained pro. tem.
- P.M. Pep. to-morrow.
- J. Anders addressg. P. troops in Pal. – saying workg. for new Poland, includg. Lwow.
Surely we shdn't allow him to go.
- J.J.L. Don't know anything.
- P.M. Find out. Also what he actually said.
- G.H. I wasn't told he was going.
- N.B. Our Genls. don't make such speeches. Why sh. he?

Anglo. Am. disc^{ns}: progress reported.
No rpt. to Govts. at this stage. Only report to main party.
x Telgr. to go to W'ton urging early arrival of Grady. x.

4. Canada: Long-term Wheat Agreement.

H.D. State Dpt. concerned about re-action on Loan. M/F. was apprehensive: was expectg. Clayton to press him to delay announcement. I thght. tht. wd. be embarrassing: send him some gen re Clayton (doctrinaire re bulk purchase).
Reply from M/F now coming in: can consider in light of tht. whr. we need hold up announcement.

A.B. Argentine wheat. Can we have def. report?

P.M. I will ask for rpt. from M/Food.

T.W. Any confirmⁿ of RSH's alleg^{ns} of purchase of linseed oil by Russia.

N.B. I will enquire.

5. United Somalia

G.H. Purpose = keep it open. Did E.B. mean w'drawg. B. trusteeship only or w'drawg. whole proposal. If the first, don't mind so much: if the second, must ask for review.

N.B. Diff^{ies} with Ethiopian (Ogaden) – diff^{ies} over B. trusteeship claim. E.B. concluded it was more trouble than it was worth. And he meant "that's out". viz., tht. in further disc^{ns} we wdn't raise again the ques. of United Somalia.

Further point: deal with Ethiopia for grazing land against camel corridor.
F.O. favour that.

But what E.B. has said needn't exclude takg. up later idea of United Somalia under international trusteeship.

P.M. Cd. understand w'drawg. it fr. discⁿ. See no reason to abandon it w'out quid pro quo.

A. Agreed. Wider implic^{ns}. Wd. be unfortunate to abandon whole idea.
Don't discuss intern. trusteeship in Africa until we know what form intern. trust will take. Don't be comm^d to agreemt. in advance to intern. principle.

H.D. Suspended for 12 mos. Somalia is least attractive part of Africa, fr. financial pt. of view. Cost of administrating this desert.

P.M. Must look at our posⁿ in area as a whole. Send message to E.B. saying –
Noted w'drawn. Assumes this means no decision: held over 12
months.

N.B. Para. 2 of Tel. 233. Can we say B trust w'drawn?

P.M. No. Wd. prefer p'ponement.
i.e. horse w'drawn fr. these tasks.

6. Basic English.

P.M. Whose vote?

N.B. F.O. vote: and don't like defending it.
Favour giving some support to this.

H.D. Support this.
Personal & financial factors are v. difficult.
But Ogden prefers Ty. to F.O. officials!
Can I explore it. Then M/Ed. can look into it with me now.

J. & A.B. Spoke in favour of B. English.

[Enter H.M.]

A.B. F.O. shdn't handle this.

C.E. International use – commercial jargon. And on that a/c, if no other, not
useful as introdⁿ to wider learning of English.
If we aren't too ambitious, this wd. be useful w'in limits.

P.M. Who then shd. look after it? Not B. Council nor F.O. Better suited to B/T

H.M. or C.O.I.?

Generally agreed: no ques. of B. Council.

N.B. Three uses

- a) commercial code.
- b) entry into English
- c) auxil. internat^l language

F.O. object to (c) [& aren't concerned with a) or b)]: for various
reasons.

Agree for these reasons F.O. wrong Dpt. to handle it. Wd. welcome its
being taken up – a) and b) – by someone else.

P.M. Begin on trading side.

A.B. Get it in on lower levels: high-ups have taken trouble to learn English.

Agree: official use (take copyright)
let H.M. with Ty. & others consider how to exploit.

[Exit O. Sargent
[Enter Barnes

7. Coal: Five-Day Week

E.Sh. Explained posⁿ. Drew attention to form of announcement.
Read letter from N.U.M. They say over 6 months another 7¹/₂ cwt. per man
per week wd. result from 5 day week.

Other advantages

- a) wd. stimulate recruitment
- b) better atmosphere in industry
- c) with the cond^{ns} att^d wd. increase prodⁿ.

I'm satisfied tht. w'out somethg. like this we can't improve posⁿ.

Reid Cttee recommd^{ed} 5 day wk. with 8 hrs. day. But Reid has since
admitted to me tht. with cond^{ns} I propose 8 hour day not essential.

Other demands in Charter (i) 2 wks with pay vice 1. (ii) paymt. for 6 stat.
hols.

Propose to reject (i) but accept (ii).

Date of operⁿ. Divⁿ of views. among miners leaders. Some wd. be content
with 1/1/47 (resting date): others want autumn 1946. But most
responsible men wd. be content with May '47 – at end of current coal
year. This would get us thro' winter. Also wd. give N.C.B. time to
settle details.

Further point:

- a) Repercussions. Particularly if applied to surface workers. Prob.
demand fr. agric. We've looked at this point. Cdn't differentiate –
cdn't get it thro' N.U.M.: cdn't work it in practice anyway. It wd.
mean reducing pay of some surface workers.
- b) Parly. announcement simultaneously with Bridlington. Have
considered & written to L.P.

T.W. Fr. pt. view repercussions on agric., most important to avoid giving imprⁿ
tht. this is Govt. decision. – either that or direct Govt. intervention
betwn. employers & min.
cf. L.P. decision – wording. Para. 5 of draft statement differs from that - &
seems to imply Govt. responsibility for this concession. cf. also “at my
request” on 2nd page.
This looks like thin edge of wedge of Govt. intervention in wages & cond^{ns}.

P.M. Diff. to suggest Govt. isn't responsible. We are nationalising the industry &
apptg. the Bd. which will negotiate.

A.B. And nationⁿ must be made to mean something to the miner. We want to
make it clear to miner that Govt. is author of this.
But we must get time to re-arrange in pits to avoid disastrous drop in output.

Traffic is bottle-neck: & shorter working week makes it worse.
Sympathise with M/Ag. re surface worker. The differential betwn. him &
underground worker is too small. You shd. take liberty to use surface
workers on 6th day if required w'out overtime.
Don't entrust publicity (for conditions) to miners' leaders.

- Barnes. Don't see a case for 5-day wk. for surface workers – more than cf. for
transport workers.
Haven't bn. satisfied tht. coal can be cleared fr. the mines with 5 day week.
We shd. have time to go into this before being comm^d.
Traffic has always bn. a bottle-neck & this will make it worse.
- H.M. B/T. take serious view. Grave risk of reduced output & increased cost (wh.
is already too high & is a grave liability to B. industry). Our advantage
expected fr. natⁿ was reduced price.
This means in effect a $\frac{1}{6}$ th increase of wages. If it leads to increased output
& lower costs, these arguments are invalidated.
- L.P. Cttee discussed & recommend the scheme on balance –
Some force majeure because reason to expect strikes etc., w'out this
concession.
E.Sh. assures us he will get quid pro quo by way of conditions.
On ques. whr. Govt. shd. father decision: pity we can't do it via industry,
but M. Assocⁿ. will be out before details settled, and N.C.B. won't be
in. : we agreed therefore to formula.
But we all think even this degree of Govt. intervention is undesirable.
Mining has bn. too much in politics. They sh. be told why this
happened this time & warned they will have to deal with N.C.B. in
future.
- Repercussions. Real case = nature of workers job. This doesn't apply to
surface worker: & there is danger of repercussion. Again, we want to
up-grade surface worker to face-work: & mustn't therefore reduce the
differential. I wish this cd. be met.
- Announcement.
a) risk tht. will be said E.Sh. gave way (b'mailed) to N.U.M.
b) this will have gt. econ. consequences good or bad. And Govt. are
responsible for it.
- They will want a debate. Maybe a Vote of Censure.
Unless Parlt. is treated equal footing with N.U.M. there will be trouble.
- Agreed: M/F & P. to make statement in H/C. on previous day.
- G.A.I. “See no objⁿ” vice “favour”. in the statement.
- E.Sh. Replied to points raised in discⁿ
a) Costs. If this leads to 5 days work, we're O.K. because only work
now $4\frac{1}{2}$:
If he doesn't work 5 days he doesn't get 6 day pay.
There is an element of risk.

b) Surface workers. If this isn't Govt. decision, it's for industry to settle that.

I could drop a hint at Bridlington. I can't be firm because don't believe its practicable.

Problem isn't serious, however. They are disappearing gradually: & we will have none save compensⁿ cases.

c) Transport. True you can't work on Sats. under this scheme. But you can't do much now: for there is 60-70% absentee-ism on Sats. And you need Sat & Sun for repair & maintenance work.

P.M. Govt. intervention point is not v. strong. For hours have for years past been regulated by the State.

E.Sh. May I amplify para 3.?

Agreed.

Agreed: as above: simult. statement in H/Lords [Exit Barnes

Agreed: special Cab. mtg. for other points.

4. (Cont^d). Canada: Long-term Wheat Agreement.

H.D. Clayton said cdn't defend this if challenged on Loan. Thght. 5/7 latest: maybe next week.

M/F thinks in these circs. better to p'pone. Want to know if he shd. try to persuade Canadian Govt. accordingly.

No alternatives therefore but to p'pone.

A.B. But v. sinister.

1. Payment of Loss of Remunerative Time: Health Service.

- H.D. Ask only for auth^y. for M/H to table amendmt. takg. power to make genl. Reg^{ns}.
Ques. what Reg^{ns} shd. be can be considered later.
- A.B. Cab. decision – Ty. Cttee and wider enquiry into main ques. For latter, composⁿ & t. of r. now settled.
- H.M. T. of r. shd. come to Cabinet. Composition too, I shd. have thought.
- H.D. I have taken a point on t. of r. Not settled yet.
- H.M. On narrower point – amendmt. of Bill cd. await Rpt. Stage. My anxiety is re cumulation “expenses” – travelling, subsistence + loss of r. time. Might be open to abuse. Shd. 2nd & 3rd be alternative, at choice of member? If you do this, how will you resist extension to l.a.’s generally.
- P.M. Those ques. will arise on form of Reg^{ns}.
- A.B. This has all bn. discussed before. There wd. have us trouble over Health bodies if it hadn’t bn. for Scottish differences. I therefore sugg^d only a Reg. making power, which prejudices nothg. At Rpt. stage the whole ques. wd. come up on its merits.
Read out terms of proposal amendment: to add “loss of remuneration time”
- A. Where does this finish?
- A.B. These words wd. enable you to provide tht. 3rd & 2nd are alternative. Must be able to do by Reg^{ns} here what you decide by legⁿ to do for l.a.’s generally after the enquiry.
- H.M. Legⁿ must follow that enquiry. Cdn’t you include in that legⁿ provision covering these bodies. Soon after Health Service has come into operation.
- A. “Compⁿ in respect of expenses and, if necessary, loss of remuneration time”?
- A.B. Anyway you can’t p’pone the issue because it arises acutely on Scottish Bill. Will try to get words makg. it quite clear tht. Regs. may prescribe alternatives.
- P.M. E.g. “or any one or more of them”. somethg. to show it isn’t necessarily all 3. Agreed.
Cttee of enquiry on general question.
- H.D. Cab. decision doesn’t require this to come back.

H.M. Is Grenfell the right Chairman?

P.M. Look into it – with H.M.

2. Parliament.

H.M. Business for next week.

P.M. Burma Bill on 28/6. Have looked at it and don't like it. Constitutional provisions e.g. nos. of upper House and property qualifications. We can accept some amendmts. on paper. Another point: no need to reduce age of franchise from 21 to 18. A.H. can handle it. Senior Minister shd. be at hand – L.P.S. (Agreed)

H.M. Demands (poss.) for Debate. Bread rationing: on supply Day. India & Palestine – will try to get them to take a Supply Day.

P.M. India must await return of Mission.
Palestine: can't make statement re action. Constitⁿ posⁿ: nothg. much to be said: trying to expedite Grady's arrival. Will ask W.S.C. to p'pone, until next week.

[Exit A.G.]

A.B. All night sittings. Has result of poor attendance at Cttees. Defeated y'day on amendmt. wh. I cd. have defeated if better attendance.

H.D. Whips sh. be able to send Cttee members house to bed.

H.M. Next Session we mustn't have 3 days a wk. on Standg. Cttee. This will mean a reduction in Legⁿ P'mme.

[Exit A.B. & W.W.]

[Enter N.B. & Strachey]

A. Want C. & W'less before recess.
Also C. Aviation quickly. If I don't get it until 18/7, I can't get it thro'!

W.W. That is present plan: not going to finish in H/C until 12/7.

3. Bread Rationing.

P.M. On details no diff^{cc} from earlier proposals. Single issue – yes or no.

J.S. Reluctantly recommend introdn on 21/7. Y'day on my return had hoped we might p'pone decⁿ for 3 wks., for some world wide prospect of improving crops.
But on examing. immed. stock posⁿ (p.2) concluded risk is too great.

These figures assume full U.S. realisⁿ of promises to H.M. Can't expect them to do more.
M/F. have be cautious re minimum stock level: but not to extent of 200,00 t.

P.M. Also relying on home harvest. What of weather?

T.W. Crops are good: but the harvest weather is the crux.

J.S. Wd. be reckless course not to ration at all. And if we are of that mind it is weak to delay now Press are discussing etc.

T.W. If we can assume the 430.000 t. fr. U.S. Saving of 6% on rationing over 3 months is v. small. If therefore poss. tht. by end/Aug. we will be round the corner, shd. we risk unpopularity for 6%?

P.M. Real object is control, not saving 6%.

J.S. Uncertain prospects of Argentine: no export licences being issued because adminⁿ chaos (spoils system): unwise to rely on them at all.

A. Domestic bread making. Large recent increase in flour consumption. How will that be controlled?

J.S. Scheme covers flour

Memo: approved – i.e. principle of rationing improved.

A. Heavy manual: only ²/₅ths above normal. Is that enough?

J.S. You don't eat 9!

E.W. Will be outcry if housewives (who say they're heavy workers) only get normal ration.

J.S. We tried more numerous categories: but concluded (T.U.C. agreeing) tht. it wd. be impracticable. Heavy workers = 6.m. + 3.m. women. Won't have to amend (improve) draft statement: e.g. I wd. bring it out tht. the manual workers are 9m.
Meat increase – can be done on 21/7 vice Aug. (as in memo)
Advertising – as in memo. C.O.I. see our point, but want Cab. guidance.
Don't ask for absolute priority.

H.M. Let me settle this – I will do my best for M/Food.

Agreed.

J.S. Announcement. Press say Cab. is discussing this a.m. – will anticipate decⁿ to-night & to-morrow. Shd. I therefore announce this p.m.

H.M. Ascertain fr. W.W. tht. no diffy. over other announcements.

Otherwise Agreed

[Exit T.W.]

P.M. Will be announcement by me, Truman: M. King re end of C.F.B.

[Exit J.S.]

[Enter Listowel, W.W.
again

4. Broadcasting Policy.

H.M. Joint Sel. Cttee not right form
a) wrong balance if H/Lds. included.
b) M.P.'s not best qualified to enquire.
Some enquiry, at right moment, I wdn't have opposed. But this is too late.
Coal. Govt. enquired: took long time: only Br. Br. was against
monopoly.
Raising it now leaves B.B.C. v. little time indeed.
Then they say – review for 1 or 2 years & have enquiry m'while. But that
wd. be unsettling for B.B.C. - & for their long-term problems.
I wd. prefer therefore to avoid enquiry: if our supporters can be held.
Referred to occasions when W.S.C. refused enquiry. (during war).
Press are unanimous in favour of enquiry.
We cd. say, let us review Charter & see how we go. Have enquiry later.

L. Once renewed it must run to the end.

J. Why not renew for 5 years?

L. Support that: original 10 was because techn. advances might take place:
these were delayed by war: case now for letting it run for another 5 years &
start enquiry after 4.

A. Believe there is a case for enquiry. Renew for 5 years: & promise enquiry
starting next year.

H.D. Not so soon: begin after 3 or 3¹/₂ years.

H.M. We said no enquiry in Feb. If challenged then we cd. have had enquiry.

P.M. Doubt if techn. ques. have much bearing on enquiry.
W. Paper might develop the idea of makg. Regions more autonomous.

L. Regions now have complete p'mme autonomy.

H.M. Might increase emphasis on this. But diffy. = Reg. can't find enough
quality.

Agreed: 5 years this time. Will see how it goes & be ready to have an enquiry. Don't promise one definitely.

[Exit L., W.W.]

5. Nationality of Married Women.

C.E. As in memo. Referred to diffy. re children.

J. Referred to tradition of Fr. whores marrying B. subjects.

N.B. F.O. support.

P.M. India want to be rep^d at expert conf^{ce}. Wait.

Agreed.

1. Chiefs of Staff.

P.M. Welcomed Lord Montgomery on 1st appearance as C.I.G.S.

2. Italian Colonies.

P.M. Telegrams 285, 286, 287.
Guts of it is in 287: & vital thing is draft declaration.
Clear we can't get U.K. mandate for Cyrenaica.

N.B. Discussed in F.O. Better to accept this 1 yr. delay rather than delay Peace Treaty.
Independence wd. be strongly pressed for Cyrenaica & Tripoli.
Incorpⁿ Eritrea.
Wd. have open idea of United Somalia.
Demilitarisation might be pressed strongly.
Above is forecast of U.N. Assembly line.
Attach import^{ce} to safeguard re adminⁿ.
How wd. Doms, re-act to going to Assembly vice 21 nations?

A. Para. 3 of 287 + 2 of declⁿ. 4 Power decision – will cause diffy. with some Doms. certainly S.A. & possibly A. & N.Z. This wd. exclude Doms. entirely in wht. wd. be thght. high-handed way.
Two sugg^{ns} to make for mtg. this diffy. – later.
Smuts wrote 22.1.46: “preferable ... arrangemt. as may be agreed betwn. action belligerents”.
a) Art. 2 of declaration after 4 Powers insert “after consultⁿ with belligerent powers.”
Art. 3 make correspondg. addition.

P.M. But this is a draft for Article in Treaty & as such will come to Peace Conf^{ce} of 21.
The only diffy. = it advocates a solution wh. Doms. won't like.

C.A.S. One aspect of Med. problem on wh. memo about to come to Def. Cttee.
In advance of that, however, no objⁿ on mil. grds. to Art. 1 & 2. On 3, we don't like Trusteeship because of admittg. Russia.
Wd. want mil. facilities in Cyrenaica.

N.B. Won't get it via trusteeship: might via independence: possibly thro' incorpⁿ in Egypt. Second, however, is the one to go for.

H.M. Worried. Can't see any alternative, however. Palestine, Egypt..... losing mil. footholds in M/East. Also hope of Jewish settlement in Cyrenaica.

J. Show H.M.'s misgivings. Hopes held out e.g. in Egypt: but what has happened? Wd. prefer we shdn't propose it.

- N.B. Then worse alternatives will be put fwd. by others.
- H.D. See x/. on para. 4 of Tel. 285.
- P.M. And note tht. R. have given up claim to Dodecanese.
- H.D. Genl. atmosphere is better in Paris.
- A.B. a) Failing 4 Power agreemt. reference to Assembly, does veto reply?
b) Repercussions on Italian opinion. Progressive forces there are beginning to make headway – don't want to discredit them at this stage.
- P.M. On b) there cd. be no ques. of leaving colonies with Italy.
- [H.D. Para. 1(a) of Tel. 286. Specifically leaves open the poss. of Italy being trustee.
Mistake: this was U.S. scheme.]
- N.B. In Italy Colonial policy has bn. controversial – Mussolini stunt, not a Liberal Party plank.
- A. Cd. E.B. get Byrnes to put this forward?
- N.B. Doms. can object to this draft at Peace Conf^{ce}. If it were accepted, then during the year we wd. consult Doms. If it came in the end to Assembly, Doms. wd. be there.
If A. persists, however, it wd. be possible to include reference to consultⁿ with belligerent powers in this draft.
- P.M. But R. doesn't like the 21. Insertg. them will damage this document as a compromise device.
Put it to E.B. on basis that he can drop it if he finds it embarrassing.
- C.N.S. Wd. open door to R. saying we must consult Byelo-Russia.
- J. Say also

Agreed: subject to informing E.B. (i) we wd. preferred someone else to put it fwd. (ii) something about the 21 belligerents having their say.

3. Trieste.

Telegrams 283 and 284 and 290 + paras. 5-6 of 288.

- P.M. B'ground. M. weakening fr. 100% support of y. claims: & in last few days has for 1st time seemed ready to consider an international solution.
E.B's solution is in Tel. 290.

- What will be the area? App. a buffer betwn. y. or Italy.
- C.A.S. Nothing v. this. Watch, however, a) future of Pola. May mean retaining troops.
- C.I.G.S. Para. 4. We shdn't be able to run down our troops in V.G. until U.N.O. gendarmeries in being. Army cdn't get down to end/46 ceiling, wh. assumes 100% evacuation of V.G.
- P.M. Depends who will provide the troops.
- C.I.G.S. Want to keep U.S. troops there.
- H.M. Don't like this – artificial: cf. Danzig. Truth is Italy shd. have it. R. seem to want to weaken Italy. Wish we cd. fight it out in favour of Italy.
- P.M. This is v. sweeping. Hinterland is largely Slovena. Port served C. Europe rather than Italy. Was handed to Italy as Austro-Hung. port.
- J. Good solution of v. diff. problem.
We shd. encourage E.B. to proceed as he proposes.
- T.W. Contains seeds of stable body.
- J.J.L. Depends on spirit in wh. 4 Powers go into it. Can be success if they mean it to be. Tangier worked well enough.
- A.B. Gt. progress made, I agree. Ital. Socialists take enlightened views: don't oppose internat^l regime bitterly. Agree with M., however, tht. 10% limit wd. give them target for agitation. Support E.B. there.
Don't however, agree with this admin^{ve} scheme. B.'s legist. council wd. have some authy. E.B.'s wd. give inhabitants no chance to operate democracy.
We don't defend that. We shd. however, suggest scheme wh. is capable of modificⁿ as time goes on with a view to enabling inhabitants to have a voice in their own Govt. Provide for review of constitution at given date.
- P.M. Then constant pressure for power on behalf of one or other. Consititⁿ can always be modified. But under a time limit system people never get down to working existing system.
- H.D. See also (g), wh. lends itself to development.
- T.W. And (K) too.
- N.B. Pp 4-5 of 290. Meets A.B.'s points. Local popⁿ will have a big influence. E.B. has bn. the last to abandon the Italian claim. He is only asking for this authy. (290) now because persistence in Italian claim wd. break the Mtg.

This is modelled on Saar. But popⁿ is mixed: port is not Italian port & everyone agrees it must be international. This is best place you cd. find for an international regime.

Danzig & Saar were well governed until L/N. began to crumble. This too will fail if U.N.O. begins to crumble.

Agreed: Support E.B. { Abandon 10 year limit
{ Stress means of getting popⁿ a voice.

4. C.F.M. Miscellaneous Points.

Danube – satisf.

Rep^{ns} – we shd. stand out v. current prodⁿ.

5. Palestine.

Telegram 1069 & 1071 read out to Cabinet.

G.H. Jewish leaders flying from U.S. to Palestine.
Demand for deputⁿ.
Connⁿ betwn. Agency & Hagana. High Commr. is clear there is such a connⁿ.: cf. his reply to our suggⁿ tht. 2 of Agency leaders shdn't be arrested. We now have def. evidence of connⁿ.

P.M. As soon as mil. opⁿ is concluded, Agency can function again.

C.I.G.S. Objectives:
a) people
b) documents. Future action must depend on examⁿ of documents.
No doubt of Agency's connⁿ with Hagana.

T.W. How far did B. troops co-operate with Hagana in war?

C.I.G.S. Nil.

A.B. Had we not an understanding – incldg. supply of arms – tht. Hagana wd. co-operate in defence of Palest.

C.I.G.S. In 1938-39 Jews were our Allies in fighting Arabs. Since then we haven't had dealings with them.

P.M. We did make arms available to Jews.

C.I.G.S. Not to Hagana.

A.B. But it isn't therefore an armed pol. force.

J. Doesn't alter the fact tht. we can't have private Armies.

P.M. Nor the use made of the arms made available when, after the war, the more extreme elements obtained control, & used power for “next round.”

C.I.G.S. Terrorism & Stern Gang, who owe no allegiance to anyone. Irgun, we believe is controlled by Agency.

G.H. Hagana has some (but varying) influence over Irgun.

C.I.G.S. Hagana = Home Guard. Irgun = Regular Army.

A.B. Told Higher Arab Cttee met immediately after publⁿ of Anglo. Am. Rpt: & decided tht. they wdn't associate themselves with any violent or armed resistance to implementⁿ of Rpt. Is that true?

G.H. Never heard so.

A.B. Shdn't we enquire?

P.M. Statement must be made in H/C. To-day? After Ques.
Draft read & amended. P.M. to reply.
Silverman M.P. will ask Riv. Notice Ques. = more adjournment.

[Enter J.S. & W.W.
[Exeunt C.O.S.

If adjournment secured – Gvt. and P.M. to handle it.

P.M. Room for 2 speeches? One is enough.

Agreed: P.M. to speak. Glt. to attend.

6. Bread Rationing Debate.

(Not heard by me.)

7. Report of Select Cttee on Tank Prodⁿ.

(Not heard by me)

1. Parliament.

H.M. Business for next week.

A. Coal Bill in H/L. Diff^{ies}: selection of members of consumers' council can be next.

Accounts – might be met. If these two are met, Oppⁿ won't press diff. ques. of compensⁿ.

H.D. Beware of precedent – can't have detailed scrutiny of accounts, for sake of other schemes.

A.V.A. Don't resist what we have demanded for private cos.

H.M. Shd. be a policy. Have Ty. got one?

P.M. Bring up to Cab. on Monday unless cleared beforehand.
Debates before Recess.

H.M. Must have B.B.C.

Agreed.

H.M. What of India & Palestine?
India: W.S.C. wanted 2 days: trying for one.

P.M. Shd. be able to get consent to 1.

A.V.A. Wd. be better for atmosphere in India (elections to constit. assembly over by 27 July) to p'pone debate as far as poss.

H.M. Try for Autumn: if not, as late as poss. before Recess.

A. H/Lds. want debate on 15/7.

H.M. Try to get it later.

P.M. Palestine. Pressing Truman to send his team: now names 15/7. Must have debate before recess: & must have some decisions. May have to say we'll do so: so if U.S. will come in.
Let us discuss Pal. Rpt. next week, at special Cabinet.

On memo. by C.O. & F.O. joint or separate.

A.B. Press articles on effect of taking off controls in U.S.

T.W. Can we have statements made by Truman.

P.M. Also informⁿ about “order” situation.

2. Palestine.

G.H. Auth^{ies} now ready to have Agency’s premises. Will pay for damage done. No releases of detainees yet. But beginning now to let those go v. whom no charge is to be preferred. Head of Hagana not found. Large-scale arrests over. Searches for arms & individuals continue. Pressure for Parly. delegⁿ to go to Pal. & roam round. Wed. Silverman took it up. Discouraged this. S.A. Govt. now ask tht. S.A. Jews be allowed to go. Also pressure from U.S.

P.M. Out of the question at this stage. Full facilities given to Press.

[Enter Listowel

3. Political Broadcasting

P.M. Some prelim^y disc^{ns} with some colleagues. Handed round drafts of letters to W.S.C. & B.B.C.

H.M. This shd. settle it.

a) willing to resume pol. b’casting. } These cover both
b) my b’cast wasn’t controversial. } my memoranda.
In 3rd para. of ls. to B.B.C., shdn’t “might” be “would”?

P.M. I wd. rather not claim an automatic right. “Might will” – Agreed.

L. Agreed.

Agreed: both letters to be despatched.

[Exit L.

[Enter Barnes & G.T.

4. Nationalisation of Transport

a) General case for limit of 40 miles.

H.M. Statistics show this is biggest single factor in road haulage. If this were given away, rest wd. be prejudiced – (i) loss of revenue (ii) repercussions on rlwys. Cttee decided this was right. Small men will be all right: fair considⁿ fr. tribunals. Politically, will be some trouble – tho’ many will accept what we propose. And T.U.’s will fear even this goes too far.

- H.D. I was reluctant (politically): but am now ready to accept, subject to special arrangements. for devel. areas.
- (b) Development Areas
- H.M. Sympathy with M/T. App. But B/T are in real diffy. They say determining factor in getting firms to go to develop. area is whr. a firm can run own transport. Won't be satisfy. to leave it to Tribunal – won't know where he is. Therefore I've sugg^d this power of direction be given to the Minister. Don't object if Minister's direction is given thro' licensing auth^y. B/T. not satisfy. with provⁿ tht. l. auth^y. shall "take account" of this consideration.
- A.B. Will this concession apply also to firms who have already establ^d branches in devel. areas.
- H.D. It should. Short-term problem. Support H.M.'s proposal.
- B. Principle. Can't escape this problem & can't get agreement. As you placate pol. opposⁿ you will undermine co-ordination & build up opposⁿ fr. those who favour natⁿ.
Freeing carriage under 40 miles meets more of the cases. If you go beyond you undermine the road haulage system & railways.
Develop. area. Practical way of solving it is to settle principles on wh. l. auth^{ies} will handle it. I've accepted Cab. view they shall have their licence if they are genuinely handling their own business only.
Directions to Reg. authy. shd. be such as to assure that. If so, develop. areas firm is met. But to save further delay, I am ready to bow to B/Trade & Ty. even tho' I believe its wrong.
- A.V.A. What about between loads & avoidance of empty journeys?
- P.M. The stronger you put the argument for devel. areas, the more you demonstrate that the concession shd. apply in other areas.
- G.T. May this not restrict discretion of l. authy. By makg. exclusive the privileges of devel. areas.
Bricks & cement. 40-miles limit won't apply. As before, there wd. be no diffy. Rather than limit to devel. area, I wd. prefer to have a direction to l. auth^y. to see that servicing of a factory must be ensured.
- H.M. We have a devel. area policy: & are doing all sorts of special things for it.
- A.V.A. And you give a 1st class argument to Parlt. that private enterprise can provide these transport services more cheaply than a nationalised system.
- B. That's why I wd. prefer to rely on the directions wh. I give to l. authy.
But to avoid delay. I will bow to this: tho' I believe dev. area case will get thro' under para. 3 (i) and (ii).

- A. Don't see how you can stop at dirⁿ in resp. of develop. areas.
- P.M. A compct. Opposⁿ wd. knock hell out of this.
- A.V.A. Yes, they would.
- H.M. I cd. defend it: on basis tht. preference for Devel. Areas is positive Govt. policy.
- J. Discriminate in favour of devel. areas but not on face of the Bill. Why not give Ministers a power to give a specific direction (not in terms related to devel. areas) but let Cab. agree that this shall be done in devel. area cases.
- H.M. A general power wd. be criticised – improper pressure on Minister etc.

Agreed: accept H.M.'s solution.

c) Farmers

Agreed.

[Exit Barnes & G.T.
[Enter J.S., N.B.]

5. Canadian Wheat Contract

- J.S. Remember this arose fr. strong pressure on us from Canada. D.O. pressed me to get on with it. When I got there, I found tht. Gardiner was pressing for it; but appeared rest of Govt. split & they don't know whr. they want it or not.
Then learned that it wd. prejudice the Loan. Informed Cab. As a result, its held up: & opponents in Canada have this opportunity to press their case.
I propose: don't discuss until Loan cleared & we know what Can Govt. x/ propose. But they mustn't be allowed to use this pause to re-open terms of contract on existing lines.
But latest development – Wash'ton Tel. 4296 – all these long-term contracts are contrary to I.T.O. ideas. We have 4 or 5 running now with S. Doms. & seeking another with Denmark.
U.S. have a bad case on this. cf. 10 year agreemt. betwn. U.S. & Canada on news. pulp.
- H.D. Sorry this contract wasn't clinched. Agree to x/ re Canada.
W'ton Telegram is monstrous. U.S. have always admitt^d tht. long-term contracts with long-term regular suppliers don't affect I.T.O. This must be traversed. Am disposed to wait until after Loan is thro'. But must consider with Ty., B/T.
- H.M. Discussed at large what we shd. do about it all, some time.

This contract I wd. justify as special measure for transition: not as settled part of permanent Govt. policy. Avoid head-on collision on ques. of principle.

Disposed to reply thus before Loan debate.

A.B. Why not recall that this was designed to increase wheat prodⁿ – by giving confidence to primary producers.

H.D. Agree. Helpful sugg^{ns} for reply – but don't want to reply now.

H.M. y/ I want Clayton to have a line of Defence which we cd. use if others raise this in Loan debate.

N.B. Don't tie our hands: over long-term contracts.

Agreed: { a) verbal commⁿ thro' Makins to cover y/.
{ b) inter-dept. unhurried consultⁿ to bring up draft on ques. of princ.

A. Care over a. not to compromise our general position.

J.S. May I send personal tel. to Gardiner askg. him to keep us inf^d

Agreed.

[Enter J.B.H.]

6. Gift Food Parcels for Overseas.

J.S. Diff. to refuse facilities for relatives & close friends. Problem = avoid abuse.

Best s'guard = limit it to rationed foods.

J.B.H. Favour in principle: small nos. & concern since postal contact resumed. Austria: quad. agreemt. on p. post service wh. enables food parcel to go so long as not sent by individual (shop instead). Cd. pos. be amended to fit in with M/F scheme.

Germany: no quad. agreemt. & no p. post. But U.S. are starting such a service: to U.S. and B. Zones. Robertson inclined to favour same security risk as for A.

H.M. Favour it in principle. Worried re politics: bad temper over rationing: feeling re Germany fluctuates. Believe this is wrong moment to do it. P'pone 3 months.

J.J.L. There wd. be claim for some facilities for relations to send parcels to B. soldiers in G. & Austria.

P.M. Favoured delay.
Rationing may be awkward: let it settle down for a while.

How cd. you prevent people pressing unduly weaker brethren to send their food.

A. Counselling delay. More will oppose than will welcome.

J.S. Obvious there cdn't be a worse moment for U.K.
But it is these next 2 mos. which are the most critical for relatives etc. in G.
& A. betwn. now & the European harvest.

J. Controversy over this has died down. Leave it alone.

Agreed: Postpone for a time.

1. Cabinet Mission to India

Welcome: congrat^{ns}: patience (trying phys. cond^{ns}) v. diff. problems.
Need for rest.

2. Eire: Membership of U.N.O.

- A. Referred to earlier decision.
U.S. initiative now. Don't want U.S. to get in first. Now want auth^y to inform Eire Govt. tht. if they apply we will support.
- C.E. N.I. may fear Partition will come to U.N.O. as result: may cause trouble with N.I.
But am keeping N.I. Govt. info^d.
- N.B. F.O. support D.O. view.

3. Parliament

- H.M. W.S.C. wished 2 days for India & Parliament.
Cd. Cab. Mission + P.M. see W.S.C. and A.E. + Cranbourne and A.N.
Other.
House will expect a statement. But with this informal mtg. we might avoid any debate, or long debate, before Recess.
- R.S.C. Some debate now wd. be better than end/July. Must be statement, and wd. think short debate also inevitable. Statement must be long.

Discussion deferred.

4. India: Report of Cabinet Mission

- P.L. Thanks for congrat^{ns}. Arduous task.
Diff^{ies} of negotⁿ. No one who can spk. for Congress – no one to make a deal – Azad can't & doesn't commit Congress. Also Ejhandi – unpredictable: nor can he commit Congress: but Congress agreement isn't firm w'out him.
All v. suspicious, both of us & one another. Everything therefore must be in writing.
Hot weather. Everyone cross & someone always away!
First month spent in seeing everyone & exploring the ground. Saw them in private as well as public. Thus arrived at idea of settlement wh. we hadn't in view when we left – the 3-tier system. This in a small country wd. be over elaborate. But that objⁿ doesn't apply in India –

whose popⁿ exceeds sum of U.K., U.S.A. & U.S.S.R. We concluded it was only hope of solution.

At Simla got them a long way twds. agreement on this.

Jinnah indicated readiness to accept this & abandon sou. Pakistan.

Nehru, while rejecting parity, offered system by wh. major ques. wd. require majority of each communal Party.

They offered to consult separately: broke down: & we issued our statement of 16/5.

That was one of our 2 tasks: the long-term solution. The other – formⁿ of interim Govt. – we decided to leave convers^{ns} to Viceroy. He saw both sides on basis of 5:5:2 (minorities) Govt. Jinnah assumed 5 Congress rep^{ves} wd. all be Hindus. Congress insisted tht. this Govt. shd. have real power, & not be Advisory Council.

I believed some accommⁿ wd. be poss. short of altering constitution.

Finally, Azad indicated that settlement wd. be reached if we gave assurances about new status of interim Govt. We gave them: then Congress raised all the other points!

Then statement of 16/6 re interim Govt. Clause wh. will become important in future penultimate para. of India 71. We were thinking of Jinnah, if we were thinking of anyone. We were prep^d to put Jinnah in & leave Congress outside if they wdn't co-operate. That was a heavy responsibility, wh. we were prep^d to take.

Delays. Eventually told Congress we wanted an answer by 23.6.

About then, a v. unfortunate thing happened. Congress were on verge of accepting – resolution had bn. carried tho' against advice of Ghandi (who advised Congress to remain a national not solely a Hindu body).

But they delayed communicating. Azad saw Viceroy & sugg^d nominatg. Moslem in place of one in the list. Viceroy told Jinnah, who exploded & wrote to newspaper. Press also had headline "Congress admits it is Hindu Body". This publicity turned the scales: & they decided to reject the interim Govt. proposal. But they then reflected tht. if they also turned down 16/5 scheme on long term, they wd. be left behind.

With unexpected result tht. they accepted long-term & rejected interim!

There phrase in India 71 came into play. Viceroy has to start forming another Govt.

Congress argued that talks must now start again. We thought everyone was tired – useless to go on – decided to leave an interval. We came home...

Two Questions:

a) How far will long-term plan be worked?

I believe there is a good chance that both sides will play.

Viceroy is v. gloomy: thinks it's a patched-up business & won't last.

Believe truth lies nearer my view.

b) What about interim Govt.

Fear Viceroy began by offering Moslems too much. They are only $\frac{1}{3}$ rd & it's a bit steep to deny that Congress representatives may ever include a Moslem.

Don't believe we'll get Congress in on basis of 16/6.

Must consider what guidance we give to Viceroy.
Diff. to conceive central Govt. w'out Congress. Wd. like to see a
Coalition: only way of holding fort. They all agree in principle but
not on terms.

Parliament (resumed)

Debate will bring out disagreeable features. But much published in India
already.

We shd. have to defend ourselves as best we can w'out exposing failings of
Indians.

If any debate, earlier the better. 3rd or 4th wk. July wd. be awkward for
Viceroy wd. then be forming Govt.

P.M. Won't do any good. But doubt if we can hold H/C.
Also don't under estimate success in establ. the constitⁿ makg. body.
The disagreeable facts will come out anyway.

x/ Publish the W. Paper & have early short debate. Informal mtg. with Oppⁿ
(both Houses).

A.V.A. Control over our Govt. supporters: necessary in Viceroy's interest.

Agreed at x/.

R.S.C. Change of temper in India: believe w'out sincerity.

Agreed: D.O. to consider disposal of L.S.T's etc.

1. Council of Foreign Ministers.

P.M. Read E.B.'s latest telegram. Still hung up.

2. Greece.

N.B. Gk P.M. to meet no. of Ministers this week. Left-wing Parties have announced will take part in Plebiscite: prob. means measures for fair vote: but doubt whr public order will be maint^d. Has got worse in north – because of autonomist movemt. wh. may be supported fr. over frontier. Impress on P.M. therefore need to m'tain order – even-handedly v. Left & Right.

H.D. Shan't offer him any money. Is that agreed?

A.V.A. You have a fixed date for ending maint^{cc} of Gk. Army. There shd. be a place for scaling down by then. Otherwise Gk pressure on us to continue.

N.B. We've advised them to m'tain Army of 10,000 while threats fr. over n. frontier.

J.J.L. From morale angle we want to get our troops out.

N.B. H.M^cN. will see P.M. to-day & get his economic plans. G. will need help for econ. reconstⁿ. Cd. C/E be symp. twds. Greece getting loans fr. Export/Import Bank.

H.D. Don't mind that.

3. Cyprus.

G.H. If P.M. refers to Cyprus, hope firm tone will be adopted.

P.M. We've never decided to cede Cyprus. What is F.O. view.

N.B. E.B. wants discⁿ p'poned. F.O. view think any declⁿ this wk. wd. be a blow to Tsaldaris' posⁿ.

G.H. Will be raised in H/C. & somethg. must be said.

H.D. What have we done for, or with, Cyprus since 1878? C.O.S. never say its any good. Discredit and incubus. Don't rush to view that this is desirable posⁿ.

G.H. There is a reply to that case: but we aren't discussing merits. E.B. doesn't want Cyprus ceded to Greece: but wants to choose an opportune time to say so.

P.M. Stand pat: if ques. raised, say hasn't bn. considered.

N.B. E.B. thinks it wd. be embarrassing if this issue raised in H/C. before P. Conf^{ce}.

P.M. See the main M.P.'s. & urge them to lay off. }
} Agreed

G.H. And I will try to agree with F.O. on some formula for use. }

4. Palestine.

P.M. F.O. telegrams suggesting issue of statement with a view to influencg. Loan disc^{ns}.

G.H. Doubt if this will do any good. Doesn't meet Zionist view: they will be cynical about it. Hope to receive fr. H. Comms. statement about ending of B. action then. Wd. rather wait for that.

N.B. We don't think much of this. Attach more import^{ce} to W'ton tells. re publⁿ of the evid^{ce} connectg. Agency with Hagana.

P.M. Have asked C.O. for memo. on this. Now told we must be careful how we use this informⁿ. Want it this week.
I asked if this informⁿ cd. be used in debate. Imposs. to deny this now, when I have used it.

H.M. I raised the ques. whr. the evidence for it cd. be used. And they were doubtful.

P.M. Statement shd. include supportg. evid^{ce} collected in the raid.
x/ I will meet C.O. & M.L.S. officials with a view to getting statement out before Loan Debate concluded.

H.M. You won't get it out until near the end - & can't tell which way it will go.

H.D. Don't believe it will. Wd. p'pone it until after the Loan debate.

N.B. Wdn't issue anything after Debate has begun. And can't get anything out this p.m.

P.M. Only thing that wd. swing opinion wd. be promise over the 100,000.

G.H. Factual statement re end of H.C.'s action in Pal. wd. be better.

Generally agreed.

A.V.A. Plus statement re earlier arrival of Grady's team.

Generally agreed.

J. And issue here (H/C) vice Washington.

H.M. Let H.C. announce it even earlier.

Leave it until some news announcement can be made.

E.W. Cd. we not use "Zionist" vice "Jew".

Generally welcomed.

Confirmed decision re Parly. missions.

P.M. Illegal immigration – must be considered v. soon. Prob. Thursday.

5. Austria: Russian Seizure of Property.

N.B. R. seizing property in Austria as being German. Genl. M. Cain has replied tht. G. assets shd. be defined as follows – quote.
Suggest we support U.S. view: encourage Austria to resist: press for earlier discⁿ in Paris.

[Exit OS
[Enter W. & Barnes

6. Civil Aviation.

A.G. L. Boyd amendment re M.P. not being on Board.

Agreed: resist amendment.

7. Petrol Rationing.

E.Sh. As in memo. regarding represent^{ns} made.
Stocks ample to enable us to meet all demands with rest^{ns} removed.
Consumptⁿ of goods vehicles is now 85% & p. service vehicles 93% of pre-war.

But that conceals higher consumptⁿ by old vehicles – prs. 15-20%.
Financial implications – as in memo. \$50M in a full year.

Won't be poss. anyway to m'tain present posⁿ for long. And admin^{ly} impos. to relax, rather than abolish rest^{ns}. 30,000 comm. travellers reciev^g. suppl. We deal with these demands (e.g. farmers etc.) by staggering applⁿ dates. If we gave a genl. relaxⁿ (as suggested in alternatives) cdn't do that & wd. need much larger staff. We therefore prefer total abolition.

Pressure fr. Doms. Had to compromise in N.Z. – discussg. with Austr. – in S. Africa total abolition of rationg. already.

Cd. be self-sufficient on sterling oil. But that is now our highest export & we must m'tain that market: sometimes we sell v. hard currencies.

We therefore import dollar oil – for that reason & because of shorter haul.

Wd. relieve pressure on rlyways.

B. In general agreement. My chief reason = economy in staff, who are doing little good. We are mtg. main needs of commercial transport. Wish E.Sh. had consulted my Dpt. on details. No tanker diffy.

P.M. Is it true there is w'spread evasion?

R.S.C. Opposed

- a) will make it awkward to m'tain rigid control of other imports.
- b) tyres: controlled thro' E. petrol licences. How cd. we then get the tyres to doctors & others who need them. No chance of tyres for other than E. licences until July.
- c) will knock the car export market. 50% of prodⁿ going abroad now, by vol. agreement because little demand here for new cars.

Prefer therefore relaxation to abolition.

H.D. Premature to decide now.

When we last exam^d we agreed on \$1300M p'mme. Provisional, to be settled later.

Don't therefore concede this in advance of general review after Loan.

Need to avoid too big a relaxⁿ of effort when Loan is thro'.

Priorities: Food: machinery: timber & heavy fuel oil (switch-over from coal).

In all these cases there will be strong pressure for addl. dollar expenditure.

Can't give complete freedom for motoring in advance.

Also risk of rising prices because of relaxⁿ of price control in U.S.A.

Don't want to exclude this as middle-distance project.

Suggest

- a) consider as part of general review.
- b) consider, not abolition (i.e. absence of all control), but increase of basic ration: that doesn't involve the admin^{ve} complic^{ns} of increasing supplements.

J. What about black-market? Corruption etc., but the whole thing in danger of being a scandal.

T.W. Those who want to pay can get all they want. Nothing in R.S.C. point. c). Order books are full.

E.Sh. Don't think much of arguments con.

R.S.C. (c) can be met by raising home price.

I'm not askg. for unlimited commit^{mt}. Ty. themselves have prep^d estimate of cost.

Price. Partly due to abolition of price control. But export prices turn on world supply: & as there's no world shortage price won't rise. We have ample stocks. No one suggests we shd. stop buying dollar oil: & continue rationing. Ty. don't want it stopped.

Not in same posⁿ as food. You can't get more wheat. You can get petrol.

Consumption pretty high: but don't under-estimate the agitation.

Timber: can get much fr. Germany: shdn't need dollars for additional timber.

Tyres: Reply is: doesn't follow tht. abolition of petrol control will make that more diff. Wd. rather have our grouse than two.

Private motorist is using tyres now....

How can you m'tain existg. restr^{ns} when it's known we have ample stocks?

That's main point. I can temporise re Loan. but no more.

- H.D. With unlimited demand, your stocks will be exhausted.
- E.Sh. That doesn't meet the point about selling sterling oil.
I have really no firm case on wh. to resist pressure. Service argument has gone: for their consumptⁿ has bn. substantially reduced.
- P.M. Shdn't you have reduced importⁿ.
- E.Sh. Can we tell Anglo. Persian to reduce prodⁿ in order to bolster up rationing.
- B. Discⁿ shows there shd. have bn. inter-Dept. consultⁿ.
Petrol rationing is brkg. down – 600 in M/T. 1,000 in M/F & P. employed to no purpose. Danger of spread to other forms of rationing.
Tyres: governed by limitⁿ on use of vehicles.
- P.M. Effect on traffic in London.
- B. I wdn't use that sort of R.S.C. argument.
- C.E. People must soon have some reasonable facilities for recreation. Their range at present is v. limited.
Abuse. Of course it's widespread.
Moral as much as material factors must be considered in this regard.
This surely is one restrⁿ that cd. go.
- J.S. We cd. get more food with more dollars: not wheat, but variety in diet.
Don't dissent fr. C.E. views: but wd. wish to have proper priority between various claimants on a general review.
- H.D. Million dollars. 1300 total. 450 food. (inclgd. 75 for improved variety)
250 for oil p'mme. (assumg. rationg.) 250 raw materials. 175 tobacco
100 machinery 75 for films.

- A.V.A. Nicely balanced. But what we have to consider is genl. fiscal & economic posⁿ in 3 yrs. time. V. awkward unless we have m'while
 i) eased situation at end L. Lease.
 ii) created good will for export trade. Otherwise, the content will be short-lived; and disillusionment will come 18 mos. before election.
 I wd. support view of Ty. & B/T if they have assessed those consid^{ns}.
- H.M. When Loan is thro', Dpts. will have to make a genl. review.
 Inconvenient tht. this shd. come alone & direct to Cab.
 Shd. be considered interdepartmentally & ? come to L.P. Cttee or other appropriate Cttee. first.
 Food shd. come first.
- P.M. Want it reviewed by Ministers concerned.
- N.B. Not yet out of the wood in Persia.
- A. Hope that in the review proposed C.E.'s consid^{ns} will be prominently kept in mind.
- H.D. Cttee – shd. be Ec. Planning Cttee cf. earlier C.M. disc^{ns}.
- P.M. What propⁿ does actual consumptⁿ bear to what it shd. be on ration. Can't this be ascertained, as check on allegation re black market.
- E.Sh. What do I say re this on Thursday's adjournment?

No answer.

[Exit N.B: Barnes: W.]

8. Social Survey.

- H.M. B/T. willing to come over to C.O.I. in the end. M/F. may find it more difficult.
 Ty. not only concur but advocate. Keep watch on expend^{te}. Review in 2 yrs.
 M/H was converted.
- H.D. My advisers think this is more economical. I am more sceptical than they.
- A.V.A. Why not use commercial firms?
- H.M. M/F use them & spend more. Believe that wd. be more expensive.
- R.S.C. Confidential nature of some enquiries – better not entrusted to outside firms.

Memo approved.

1. Agricultural Prices.

[Enter J.S.]

- T.W. Tried to avoid automatic increase. Tried to provide inducement for things we know we need most. Consulted Ty & M/F who agree these are best prices.
- J.W. Agree. Shall have diff^{ies} on para. 16 but I accept need for wheat incentives.
- C.E. Agree qua N. Ireland.
- H.D. Not enthusiastic. Only £2M p.a. margin between these prices & automatic recoupment, which latter I must continue to resist in principle. Have made some cuts: & tho' I don't like it I don't now contest it.
- A.V.A. Where will this policy take us? This is now a direct subsidy of wages which the industry cdn't pay. A v. awkward precedent for coal, steel etc. V. dubious policy.
- R.S.C. I'm concerned fr. same sort of angle. In our price-fixing we have bn. at pains to avoid the automatic principle: & insisted tht. greater efficiency must carry wage increase. Wd. sooner see an acreage subsidy than this. Then it wd. become poss. to vary the grant with quality of soil - & meet "marginal problem". But what we are doing here is to follow the wage-price spiral.
- P.M. The marginal product was the argument for higher prices – but he doesn't employ labour. Always assumed tht. larger farmer cd. afford his labour costs.
Under these prices the man who will do best is the man who employs none.
If you knocked out those who employ^d none & those who cd. afford to pay more the residue wd. be small.
- T.W. Estimate is based on hired labour. (15 ½ M) excludg. f. & wife (wh. wd. have put it to (£25M)). This means tht. big farmer will get only 75% of increased cost. He gets less out of this than anyone.
Trying for months to get a solution of "marginal" problem.
Acreage paymts only for wheat, sugar & potatoes. Wdn't cover milk prodⁿ.
Our problem = spread increased costs over whole field
a) to recoup in part
b) to provide incentives. Cdn't do that by acreage payments.
Re A.V.A. argument, I recognise the danger: & put memo. on it when wage increase was asked for. Repeat this warning – repeated increases in agric. prices will start the spiral. But at this moment, when we want the food & the man-power, we must take an exceptional step. Must make the best of a v. bad situation.

- R.S.C. Agree you can't do all by acreage paymt. But £3M. (App A) & £7M (App C) represent wheat, potatoes & sugar; & if you handled them by acreage method it wd. take large slice out of the price rise. Surely it wd. help, even tho' milk etc., has to be done by price increase.
- T.W. Want wheat grown when biggest yield. Price is better incentive for big yields, & choice of better crop. Acreage paymt. wd. tend to get wheat grown on land when barley wd. give a better yield.
- E.Sh. Remember tht. the wage increase has bn. given – with official Govt. encouragemt. however we concealed it.
Wage policy = skeleton at feast. Lived with it for 12 months now & it will get worse. And we always shelve it. Ind. Council won't really do.
We shall have to tell Unions they can't have increases.
Prices are rising & there is inflation.
- H.D. Give us facts not fancies.
- E.Sh. Must face whole economic set-up which is creating this situation.
- P.M. Back to mutton. Why can't you combine price & acreage payment.
- T.W. Already makg. acreage paymt. for the 3 commodities: & our experts think this increase shd. be made on price item in the composite payment.
The acr. p. has special virtue when aiming at maximum. But expedient only for period you want more than normal prodⁿ. When you are shading off marginal prodⁿ, begin with shedding acreage p.
- A. My view is contrary to R.S.C. Acr. p. encourages prodⁿ on uneconomic land: induces farmers to use land to worst advantage. Want it reduced not extended.
Need system wh. will increase efficiency.
But must remember
 - a) man who doesn't employ – largely milk, who will get an advantage: but first don't often grow wheat or pots.
 - b) national emergency. This is main justification. That is why I wd. have put an even greater emphasis on wheat vice barley.
 - c) We are makg. livestock producers kill their stock. Destroying their capital stock. That is a reason for extra assistance.
 I wd. therefore represent these prices as exceptional, due to b) & c). Don't tie it up to labour costs.
This is well below farmers' demand. Needn't therefore be related to wage increases.
- J.S. Want max. prodⁿ in U.K. & can't therefore avoid supporting these proposals.
Duty on this country, as others, to maximise prodⁿ even in uneconomic way.
Wheat/barley differenⁿ: satisf. if Can. wheat crop is good. This is promised tho' not actual. Take note, however, tht. if Can. crop failed in next month, then Cab. shd. consider ratio of wheat/barley prices in U.K. so

as to encourage greater sowing of wheat in autumn. & greater extractⁿ of barley fr. animal feeding fr. 1946 crop. Pity we are fixing this 6 wks to soon.

R.S.C. Repeated acr. p. argument.

H.M. Supported A. Price = better incentive to big yield. prefer to put weight on that. Remember we are running price control: w'out it a lot of these prices wd. soar.
Don't forget the advantages.
Recommend agreement.

Memo approved.

A.V.A. Land increment values. Higher prices for agric. land. Is Ty. looking at this in relⁿ to subsidies wh. are being paid.

T.W. T.C.P. Bill + my new Bill shd. take the edge off speculⁿ.

[Enter W.W.
[Exit T.W.

2. Parliament.

H.M. Business for next week.

[Exit W.W.
[Enter N.B. C.O.S.

3. Palestine.

P.M. Statement rejected. Harriman asked for something. Issued statemt. re forthcoming consultⁿ.

Memoranda circulated.

a) Situation in Palestine

G.H. Mil. searches ceased. Search for leaders only procd. Not yet announced.
Have asked H.C. to consider doing so, after consultⁿ with C-in-C.
Interview between Weizmann & Ch. Secretary – in teleg. circulated.
Shows W. says we didn't know of Palmar organⁿ until present visit to Pal. Yet this known to most people for ¾ yrs. Want Cab. views on suggⁿ for release of Agency Members.

Intercept betwn. leader of Hagana & Ben Gurion. – indicates cleft & asks B. Gurion for guidance.
Bldg. handed back y'day. Damage assessed £P.137.

2 Zionists now on their way to U.K. & Weizmann soon to come too. Joint Anglo. U.S. disc^{ns} may be advanced by them & convenient to discuss.

- P.M. Why not invite & say so – to strengthen hand of moderates.
What of other members of Executive?
- G.H. Some are acting with W. Others detained: on a/c of ev^{ce} collected. H.C. also wants guarantees fr. those with whom he is treating before he releases these men.
- P.M. J. to attend mtg. this p.m. on examⁿ of evidence collected in search.
- G.H. 50% of leaders of Agency arrested & still detained.
- C.I.G.S. Must let wasps settle. But further action: plans to eliminate Irgun, Stern & later Talmac.
- P.M. Mustn't let situation run on too long.
- G.H. Illegal immigrants. Now 2.500 in detention. Fills quotas to mid/Sept. Ship with capacity for 2.000 arrived at Constanza. F.O. asked to enquire. C.O.S. proposing again diversion of these ships to Cyprus. May precipitate diff^{es} in Cyprus as well as Palestine. Risk of another Patria. We therefore feel tht. at this stage it wd. be too dangerous to divert to Cyprus.
- P.M. F.O. shd. take strong line in Bucharest.
- N.B. What can we say, unless they are Romanian Jews.
- P.M. Put pressure on Agency people to stop the flow.
- G.H. Only W. is coming. Wd. you want me to get a negotiating Cttee over?
- N.B. There is a Cttee mtg. in Paris. Get them over here.
- G.H. Wise & Liboki coming here, not Paris, we thought.
- P.M. Discussions re immediate situation in Palestine. To avoid Arab resentment. Make that clear: otherwise trouble.
- G.H. W. understands that. Shaw's telegram.
Cd. we divert proposed J.A. mtg. in Paris to Ldn? Trouble: B. Gurion is "wanted" by H.C.
- N.B. Better have it in Paris.
W'ton wanted some publⁿ of ev^{ce} before end of Loan discussions.
- P.M. Not prep^d to give anything before given to H/C. And want careful scrutiny.
Will do what I can this p.m.

- H.D. Advices re Loan are favourable now. Don't rush it.
- b) Long-term Situation
- Brook: Report on disc^{ns} with E.B.
- P.M. G.H. memo represents rest^{ns} to offls. to speak wholly v. report of Anglo. U.S. Report. Wd. rather let the offls. put fwd. constructive plan as in G.H.'s second memo.
- H.D. Shift ground of debate. Rpt. is a bad one. Can we not move twds. E.B.'s long-term solution. Indep. Jewish State: & Arab territory added to adjacent Arab countries. H'to opposed Partition: but mind is moving twds. Partition. Then you cd. say let the 100,000 go in: & the Agency pay. If we have Partition in mind, why not take it into a/c at once in Anglo.U.S. disc^{ns}. Disadvantages of G.H. plan: still have mandatory responsib.: finance: strategic needs via Treaty with Arab States.
- P.M. Much history in this. Palestine boundaries v. diff. Value of interim scheme: can separate sovereignty & cultural autonomy. Avoids diffy. of tariffs, customs etc.
- J. Gt. diff^{ies} over boundaries. Wd. involve immed. relinquishment of mandate & thus disc^{ns} in U.N. Under G.H. you buy time & get boundaries accepted with less diffy.
- R.S.C. Cantonisation is best route to Partition. With central adminⁿ boundaries much easier. Eventual solution can then develop. Prov. bound^{ies} can be adjusted: national can't.
- P.M. This wd. solve the immigration problem.
- G.H. Boundaries on populⁿ basis. Gave figures from memo.
- P.L. What power to prevent Jews spilling into Arab Province?
- G.H. Land laws to prevent it: under Arab Province Control.
- E.Sh. Don't rule out possibility tht. when we can remove econ. Diff^{ies} there may be some accommⁿ betwn. J. & A. No short-term solution. Don't adopt merely negative attitude in disc^{ns}.
For strategic reasons (C.O.S. memo) Partition as such must be ruled out. Provincial solⁿ unwise – semi-autonomous Regions to be preferred. Assist^{cc} to Arabs (econ. standards) is essential.
Don't accept Zionist view. But must do somethg. for Jews in other countries.

- Most who want to go to Pal. want to go there for economic reasons.
Must try to get other countries to treat them reasonably. Jews in C.
Europe wd. still be a problem, even if Pal. solved.
- P.M. shd. have dis^{ns} with W. Still has influence. Want breathing space
before tackling long-term problem. The 100,000 cdn't go at once: step
up existg. quota: discuss that with Arabs.
- P.M. Face up to U.S. offls. to Rec. 1. at once.
- J.S. From angle of U.S. negotiations, must face the fact tht. if we refuse or
appear to dodge recommⁿ 2 nothing else will have any effect on U.S.
opinion.
- P.M. Re-actions of Arabs.
- J.J.L. Remind U.S. of our Polcs.
- N.B. La Guardia is proposing admission of 120,000 into U.S. He & S. Bloom
will have chance of getting this thro' at U.N.
Hope I may be encouraged to support him in this.
Wider issues. Diff^{ies} in early Partition. prefer G.H.'s plan. But if we put it
fwd. as alternative to Anglo. U.S. Rpt., we may be in diffy. Have
promised to take it as basis of discussion. Mustn't start like that. This
finds weakness – viz. Rec. 3 & 6. Put it in under Rec. 3.
- P.M. Put firm line on Rec.1. Plus: we haven't accepted Hitler's policy of
expelling Jews fr. Europe.
Then Rec. 2
Then under Rec 3. What practical prospects? Inject alternative.
Views of C.O.S?
- C.A.S. Strategic consid^{ns} apply whatever the solution.
Our strat. needs (comm^{ns} & oil) in M.E. depend on retaing. good will & co-
opⁿ of Arabs. U.S. becoming increasingly interested in M/E oil.
- H.D. C.O.S. apprecⁿ of how their needs cd. best be met – under 3 alternatives,
inclgd. Partition.
- J. Transfer of Arab popⁿ. Hope G.B. won't have to pay.
- N.B. Many won't want to go. Some cd. however be absorbed in Lowdermilk
Jordan Valley scheme wh. wd. pay for itself.
- P.M. Not much in favour of G.B.'s long-term idea.

1. Parliament

- H.M. Business for next week.
- E.B. Palestine: debate awkward at this stage. Govt. cd. say nil or imperil settlement.
Consult Parties & invite p'ponement until after Recess.
Can't get debate even at end/July because anticipatg. disc^{ns} with J & Arabs.
- H.M. Will try. Remember firm promises given.
- E.B. Spoke to AE – willing to be reasonable if Govt. supporters will lay off equally.
- H.M. Silverman, Crossman etc. Cd. they be squared by 3.30 p.m.?
W. Paper will be published. May say Parlt. helpless. P.M. incldg. W.S.C.
- G.H. I.S. said y'day he wd. press for a debate.
- A. Samuel & Cranborne want debates on a) Palestine & b) F. Affairs.
Samual is insistent on a) – not accomodatg. Told him p'mme full up to 29/30 July. : subject to consultⁿ with Cab. those days available.
- J. If you do have debate, limit it to present & leave out future.
- A. Debate on F. Affairs: Samuel & Perth. insistg. on it. Said only 30/7. But Cranb. is willing not to press.
- P.M. E.B. cd. see Samuel & Perth.
Will have to debate W. Paper. Thing is to avoid saying anything on long-term.
Try to square Parties on that.

[Enter J.S.]

2. Bread Rationing.

- J.S. Rather surprising news from Canada –
70/100m. bushels higher than any prev. estimate. 450m. bushels minimum.
Asked Gardiner to confirm. For if confirmed case for rationing as safety measure collapses.
Decision was taken in principle before I assumed office. Went to Am. largely to see whr. this was unavoidable. Hoped to recomm. p'ponement of decision. But on day of my return found figures wh. were alarming.

Felt unable on those facts to over-rule strong view of Cereals Divn. in favour of rationing.

This a.m. have assurance from Gardiner of minimum of 450 m. bushels – expects more rather than less: wdn't be surprised if 500m. Gives me auth^y to announce expectⁿ of 450m. I asked also for auth^y to give assurance tht. we wd. get 200m. (vice 160m). He won't give me that auth^y.: tho' no doubt we shd. get up to 200m. out of crop of 450m. M.S. supply as before. Shall be tight by end/Aug. But rationing wdn't alter that.

My view therefore is tht. it's safe to p'pone rationing. Keep scheme in being: but unlikely we shd. need it.

Grave pol. embarrassment, of course. Running away from the bakers. On supply posⁿ, correct decision = p'pone.

- P.M. We decided on this as precaution because 2 uncertainties
- a) U.S. supplies and
 - b) U.K. weather
 - c) told also tht. physical limit^{ns} in increasg. exports fr. Canada because eastern elevators wd. be empty. Crisis was next 2 months.
- J.S. These were M/F points. My view now. b) we have written down reliance on U.K. to a safe point. On c) I'm satisf. tht. if Can. wheat avail. in winter we can ship it, at inconvenience of longer hauls.
- P.M. d) J.B.H. told us last week there wd. be absolute shortage in G. w'out U.S. early supply.
- J.S. Admit p'ponement will be internat. loss of bargaining power. On a) U.S. July supplies are afloat: Hutton is confident tht. replacement deliveries will come thro'. Now able to test estimates v. nationalisation. On d) our hand wd. be strengthened if we rationed.
- P.M. Suppose a real crisis in G.
- J.S. Wd. only announce p'ponement for a month.
- A.V.A. Rlwy workers' demand for higher pay: seamen on Lakes – in Canada.
- J.S. That will be safe enough.
- P.M. Can. supply situation was never major factor in our decision.
- J.S. Entwined with genl. supply sitⁿ – short & long.
- P.M. I assumed crisis was before Can. crop began to move.
- J.B.H. If b'down in G., gt. pressure on us to divert shipment to U.K. Diff. if we have no bread rationing.

- T.W. Change of decⁿ will be criticised.
- A. If we can get extra supplies, right thing wd. be to increase animal food by shortening extraction.
Politically, v. diff. to run away now fr. what was criticised as a hasty decision.
- A.B. Material situation hasn't altered enough to warrant change of policy.
Argument: stock posⁿ too tight to run risks.
Psychologically: we've won the battle: mistake to change now.
Need = variation of diet. Any relief shd. go into animal food.
- H.M. Arguments the other way. If it were clear it was unnecessary we shdn't do it.
Shdn't ration for sake of it. If facts were clear, I wd. relieve bakers & housewives of worry of this.
If it proves troublesome & is unnecessary – trouble.
G. thought we'd decided not to divert from U.K.
U.S. reactions. Wdn't worry because they never wanted us to have to ration.
Problem: if you reverse situation, what convincing reason cd. you give to H/C.
- E.W. Will Gardiner say tht. he has given guarantee tht. made rationing unnecessary.
- J.S. No.
- R.S.C. Best line = say improved crop prospects: greater hope therefore that it will be short-term but short-term problem still acute.
- H.D. "Don't gamble with nation's food" – still holds good.
- E.B. a) Believe there will be big strikes in U.S. in Sept. Raising of price controls.
b) Don't be sure Canada won't get involved in it too. Big timber strike recently. Strikes in Can. v. long.
c) On 9 wks. stock, strike in Lpl. or Ldn. wd. knock you down to 4 wks.
Near the knuckle
d) Now to end/Sept is biggest movement of population. Points scheme as "2nd currency" facilitates flexibility of supply movement. When holidays began in U.K., millions said 2 wks. addl. stock was required.
Let M/F say one of his first steps will be to improve quality of bread.
U.S. reactions will be dangerous.

Agreed: Let decision stand.

[Exeunt J.S.]

3. India

P.M. Have bn. into this (guidance to Viceroy) with Cab. Mission.
Short point: if Jinnah won't come in, we must go on w'out him.

Approved.

4. Amendment of British North America Act.

A. As in memo.
Letter received – Prayer passed, legⁿ wanted before Recess.
No notice given by Canada.
Draft Bill follows earlier precedents – 1943 & earlier.

P.M. May not be able to pass this w'out controversy.

A. More than 2:1 majority in both Can. Houses. We can't challenge their
decision.
No controversy in H/Lds.

P.M. There was trouble in '43. Strong objⁿ taken because Act laid down prop^{ns} in
Provinces for protection of minorities. Can. Govt. want it rushed to
prevent Can. obj^{ns} being voiced in Westminster.

A. Figures. Re-dist^{ns} will give 8 (out of 10) of the extra members to Quebec.
Manitoba & Sask. are only losers: & no pressure from them.

J. Mere accident tht. Can. didn't take over under St. of W' minister.
But we are obliged to do what Can. asks. We shd. not argue merits at all.
Mustn't get involved in Can. politics.

H.M. Bring it in & try to get it thro' But if substant^l trouble, may have to hold
over until autumn.

Agreed: H/Lds first.

[Exit W.W. J.J.L.]

5. Paper for Fascist Publications

A.B. Conditions are not normal. These arguments are directed to a normal state
of affairs. People will consider this in light of concrete situatⁿ.

E.B. Will cause mis-understanding abroad. De.nazification etc. And yet we give
paper for this. What wd. Molotov say?

R.S.C. This is giving it to a publisher, not Fascist.

- P.M. On what basis do you deny supplies? Are you going to ration paper acc. to type of publⁿ? Better proclaim the organisation illegal.
- A.B. Why haven't they published before?
- R.S.C. Because h'to they haven't got hold of a publisher who had paper. Are you willing to change the law?
- C.E. Commonwealth Party. Acland bought a T. & C.P. paper: & applied the quota of paper to advocacy of his pol. principles. Govt. didn't object. This book will not attract attentⁿ. You will draw more attentⁿ to it.
- P.M. If you want to stop this, you must enact legⁿ empowering prohibitⁿ of this type of book. If E.B. thinks that essential, we must face it. But much too dangerous to use this weapon.
- A.V.A. E.B's point will have to be considered in due course by electorate. We are spending much on rooting out Nazi-ism in G. Shall we allow this book to be exported to G.?
- H.D. Cd. we have recomm^{ns} for action to cover points raised by E.B. & A.V.A.

Agreed: Approve memo.
Let E.B.'s point come to L.P. Cttee.

1. Overseas Economic & Publicity Problems.

- H.M. Staffs fallen rather far since war – in appropriateness rather than quantity.
Suggest Embassy control. Gather from E.B.'s memo. this being done.
E.F.C. B. element needs watching. No doubt M/F. will watch this.
Publicity – for work of international bodies.
C. Kerr's memo: doesn't cover ques. wtr. work of Civil Secretariat is being continued & how – again appropriateness of the staff.
Publicity services – Embassy understaffed. Appreciate diffy.
Final small point: care over transport arrangements cd. be improved – specialist needed in N. York & perhaps W'ton.
- E.B. Began on this as soon as took office.
Need for Embassy to be used. Ministers going over w'out notice etc.
Necessary in war – equally growth of organisations.
Far too many B. officials in W'ton already. Want it slimmed down & concentrated back into Embassy.
Told Halifax to pull it together & see what cd. be shed. Told C. Kerr to continue.
F.O. cdn't know what was happening.
B.I.S. was under M/I. Issued much F.O. knew nothg. about, on matters of policy.
Brought to a head by handling of W.S.C.'s speech at Fulton. Still not satisf^d tht. it was right to hand it out thro' official channels.
Want therefore to push on with re-organisation on lines indicated in my memo.
- P.M. Liquidating a war situation, in wh. we had to match chaos with chaos.
Top quality men but fewer of them.
Mistake to concentrate too much on W'ton. Develop Consulates.
- E.B. Have worked out with C. Kerr areas & groups settled in areas.
c.f. Welshmen in Colorado. Match that with experience of our Consuls, in postings.
- A.V.A. Glad E.B. has included his last para. Complaints re situation – rise in costs.
- R.S.C. Agree – better but fewer. Re-organⁿ going v. well so far as we are concerned.
Don't leave men too long in U.S.
- H.D. Ready to be helpful. Prob. don't need net increase. Some hang-over fr. war.

Ty. rep^{ve} in W'ton is considerg. with C. Kerr & will submit recomm^{ns}
on staffs & allowances.

Agree with spread thro' Consuls & ?Labour attaches.

Ready to buy the land & concentrate staffs.

Mustn't have Missions working independently of Embassy.

H.M. Need for element "down town". Not sure all ought to be concentrated
in Embassy.

J.S. If we go back to trade channels, C. Kerr plan is enough – Food Attache
on F.O. vote & channels. But if M/F. is to be trading organisⁿ
& do the buying, diff. for it to be part of Embassy. Can't trade
thro' F.O. machine. Can't therefore accept para. 5. Tho' connⁿ
with Embassy must be close, our Mission must be part of
M/Food.

P.M. Wd. like early report from M/F. on policy of food purchase.

N.B. H.M.'s para. 2. Untidiness inevitable – because started pre Peace
Treaties etc.
The temp^y Europ. Ctt^{ees} have done good work. Must now
consider their relation with Ec. & Soc. Council.
Have tried to work for integrⁿ of Health & Educⁿ organ^{ns} with U.N.
Tendency there however to keep techn. apart fr. pol. consid^{ns}.

H.M. Too many internat^l org^{ns}. Shd. get Cab. authy. before conniving at
establishg. more. Threat to U.K. man-power.

A.B. No harm in functional organisations.

E.Sh. Only create political problems. c.f. E.C.O.

P.M. * Let us have memo. on internat^l organisations. *

J.S. Do we reject para. 5?

E.B. Covered by para. 4. of my memo.

2. Palestine.

Boundaries etc., note not taken.

Palestine.

- G.H. Casualties: 41 killed 52 miss. 53 injured.
Large propⁿ of my staff are dead, missing or wounded. This loss of staff has created sitⁿ wh. can only be dealt with by drastic action by H.M.G.
Shaw has consulted Exec. Council & G.O.C.: & offers alternatives –
a) Large-scale searches to liquidate J. resistance movement – state of war.
b) Final political situation.
Prefers (b). Further negot^{ns} with Zionists imposs. Immed. partition on H.M.G.'s terms. Won't be accept. to local Arabs. But believe Arab League might accept if bound. conserv. drawn.
- P.M. We have ev^{ce} tht. earlier outrages implicated Hagana as well as Irgun & Stern.
No ev^{ce} tht. this was work of any but extremists.
Our prev. action strengthened constitutionalists. Wd. be mistake therefore to drive all Jews into extremist camp – esp. when no ev^{ce} who is respons. for this.
Mistake to take sudden pol. decⁿ when Anglo. U.S. talks going well.
On (a) H.C. said we shd. be invitg. immed. war. See this solⁿ rejected by Actg. H.C. & G.O.C.
Other sugg^{ns} – sequestrate funds or stop legal immigrⁿ. What effect? Wdn't unite Jews v. Stern gang.
My view: press for agreemt. with U.S. Try to announce tht. policy & rally support for it.
- E.B. Read telegram sent y'day to W'ton. Asking for strong & prompt condemⁿ by U.S. Govt. Reply: Byrnes is seeing President. Propose to try for immediate declⁿ by U.S.
On a) agree with P.M. Until we have ev^{ce} of responsibility, doubt effect.
Doubt b) – afraid of imposing Partition. Wait for conf^{ce} – may come out of that.
- Brook. Position of Anglo-U.S. talks.
- H.M. Slackness in security arrangemts. in Jerusalem. Govt. shd. report on that.
Because of loss of civil staff, mil. will have to take charge.
Against (b).
Shd. go ahead with W. Paper. 3 p.m. or 4 p.m. Wed.
- E.B. Timing. If we got agreement with U.S. this week. Cd. meet Byrnes on Sunday in Paris. Then you cd. have U.S. decision before Debate - & announce it because it has leaked. Telegraph

summary of plan to Jews & Arabs before announcing it.

- A.V.A. Need for firm statement to-day. Diff. to be rushed over long-term policy. But if we seem to be giving way because of violence.
- P.M. Not proposing to be diverted by violence from what we regard as right policy - & wd. say so to-day.
- J. Right to say that. But on immediate action. W.P. will show leaders of Agency came to an agreemt. with dissident organ^{ns}. This outrage is prob. the work of one of them. No peace in Pal. so long as these criminals are about. Isn't this a chance to get Agency to stamp out these organisations.
- A.B. Unwisdom now of publishing ev^{cc} associatg. Agency with these organ^{ns} - timing.
- P.M. I said there was a connⁿ. Shall be faced with it.
- A.V.A. List of incidents published in Times to-day. Fatal to delay publⁿ.
- H.M. Also undesirable to publish this ev^{cc} & policy statement simultaneously.
The leaders have also a share of responsibility - for flirting with violence.
- E.Sh. The long-term policy won't satisfy the dissidents.
Remember too tht. there is a background - wh. influences the leaders.
Ready to try the Provincial scheme. Say we propose it. Positive policy is only solution - & early production of it.
Decision: Reject alternative (a)
Expedite search for long-term solution with U.S. Not diverted by violence.
?Invite world Jewry to stand v. violence & root it out.
- A.B. Consider psychology. Can Agency co-operate w'out a long-term policy.
- P.M. Won't accept that unreasonable attitude. Trying for a short-cut by terrorism.
Decision: Publish W. Paper to-morrow as planned.
- G.H. Statement to-day. Put forward draft.
- C.A.S. In reply to ques. - find it diff. to believe tht. w'spread search for arms wd. provoke war.
Told so on last occasion - but casualties only 3.

P.M. Insecurity of H.Q. Jerusalem. Shd. be a report on that.

H.M. Shd. mil. be given a chance to think again re a) – in view of
C.A.S. statement.
Agreed.

1. Palestine.

- P.M. Publication – against W. Paper. Prefer announcement in a debate – if agreement with U.S. Govt. reached.
- E.B. Important to tell U.S. Govt. thro' State Dpt. that we accept this. Stress fact that this is basis for negotiations.

2. Parliament.

- H.M. Business for the week.
- E.B. Mission to G.?
- W.W. No. Estimates Cttee, whose report will be publ^d at 11 a.m. to-day.
- E.B. Knew nothg. of this. Dangerous – Peace Conf^{ce} opening etc.
- H.M. Oppⁿ chose the subject. Can't help that. F.O., Duchy & W.O. are all concerned.
- H.D. Estimates Cttee are concerned only with economy w'in limits of policy – debarred from considering policy. Their rpt. need not be embarrassing.
- E.B. Told they will traverse coal.
- A.B. Shdn't E.B. be absent, to avoid policy ques's.
- H.M. Respect to H/C. They cd. properly refer to treatg. G. as an economic whole.
- A.V.A. V. dangerous if H/C. allowed to range widely over that at present.
- W.W. Last debate Opposⁿ asked wtr. too much money wasn't being spent. That's what they will talk on. H.D. shdn't be there.
- E.Sh. Ask Opposⁿ what they intend. But can't see how policy can be divorced from Adminⁿ.
- P.M. In view of Paris they shd. be asked not to debate this.
- W.W. They say they are only on cost of adminⁿ.
- P.M. Can't stop Private Members fr. ranging wider.

E.B. My discussion with U.S. will be made more diff. by public discussion.

P.M. Ask Opposⁿ to lay off. If they won't, try to limit debate.
W.W. to see them & bring in E.B. if necessary.

Palestine.

P.M. Will it be mainly on current situation – if so, C.O.

E.B. If U.S. gives quick approval, cd. we separate the debate. First day
on current ques: second on long-term. Wd. like to keep them
separate.
Invit^{ns} to Arab States have gone out.

H.M. Difficult. Policy statement shd. be at beginning. Spkers on first
day will be hamstrung otherwise.

P.M. Yes: for complts. will be that situation was due to past. If you get
debate on to long-term little recriminⁿ re past.

A. Also provisionally fixed H/Lds. debate for Wed.

G.H. Agree: statement vice W. Paper. [Enter N.B.
May avoid discⁿ if this made at outset.
Wd. prefer debate to be mainly on policy – forget the past.

A.B. Separately - & positive side first.
Worried at suggⁿ against putting it out as W. Paper.

P.M. Want identic. statements here and in U.S. Better than W. Paper
here only.
Agreed: statement on policy on first day.

H.M. Parly. Delegⁿ to Denmark & Scandinavia – Food & Agric. Group.
M/Ag. cd. authorise if he certifies in publ. interest. But if we
start allowg. domestic groups to go abroad, where does it end?

T.W. I said we had official deleg^{ns} there in Sept. Se. offls. also going.
All I did was to offer facilities for rpts etc.

P.M. Must stop this. Agreed. M/Ag. to decline.

1. (cont^d) Palestine.

Brook. Explained scheme. Was thanked.

E.B. Jews have come round to Partition. Believe this scheme wd. work.
Arabs wd. oppose Partition. They might accept this; and grow

twds. Partition.

Collective trusteeship frightens me – c'dn't keep the troops there.
Alarmed at going to Assembly – save prs. on report basis. Want to
reserve my position on that. Ques. of tactics. Risk of Russia
getting a foot in.

- E.Sh. 1) Excellent basis: press on with it. 2) Care in bringing this to
U.N. – for fear of R. diff^{ies} causing delays. Speed is of the
essence. 3) If we rely on this as basis, we shdn't weaken
on it because of opposⁿ of A. or J. There may be greater oppⁿ
fr. A. If we weaken on a/c of that even greater resentment
of J.
- H.D. Favour this scheme. Financially v. satisf.
Apart fr. troops our fin. commitmt. likely to be limited to recurrent
Arab deficit. All the capital schemes otherwise catered for.
With Intern. Bank & Jordan Valley Scheme it shd. become
self-supporting area.
- H.M. A good scheme.
- E.B. x/ Para. 16. Look again at ques. of widening Council to cover Jew &
Moslem places as well. And communicate with U.S.
- P.M. Prepare draft statement.
- E.B. Say – we accept in principle: we must make statement next week:
want it identical: preparing draft & will send it at end/week.
F.O. to State Dept.
- H.M. Statement at outset of Debate. P.M. to make it.
G.H. to open second day & E.B. to wind up.
After discussion: agreed P.M. to open: 2nd day E.B. to open &
G.H. to conclude.
- E.B. Send report to Doms. & Col. for offers under 6(c). Get them in before
Debate.
- G.H. No room in Colonies – been thro' it all. Tropical countries.
- R.S.C. Communicate substance to J. & A. before announcement. Agreed.
[Enter C.I.G.S.]

Palestine – Immediate Situation.

- P.M. Read commⁿ from Arab Higher Cttee.
- G.H. Total casualties – as in Press. incldg. 50-60 Arabs.
Irgun have admitted responsibility. Known tht. perpetrators came
from Tel-a-viv. H.C. considerg. possibility of search for

terrorists in Tel-a-viv particularly. Wd. take 2 Divns. Politically wider than search for Hagana arms. 2 wks. prep^{ns}. Examining plans.

Need for striking action to prevent A. takg. law into own hands & bolter B. morale. Suggest a) stopping immigrⁿ.

b) sequestrating funds.

On b) imposⁿ of large fine. Read remainder of telegram.

- P.M. a) Searches for terrorists in Tel-a-viv etc., is directed to outrage.
b) Sequestrⁿ of funds is futile because it hits all Jews.
c) Immigration cd. be considered – tho' U.S. views.

Agreed don't do this because reaction on suffering Jews

Recommend a) and not general search for Hagana arms.

Reject b) Agreed.

- C.I.G.S. Enough troops in M/E. so long as J. alone are resisting. There are known Arms dumps. We wd. like to seize them & act v. terrorists. Ample troops in Pal. for that. Wd. not involve w'spread searches.

P.M. Action v. Irgun: not v. Hagana.

J. Collect known arms dumps also.

A.B. Don't upset Jews when on eve of settlement.

Agreed: immediate action to root out Irgun & round up known arms dumps to extent they cd. be used by Irgun i.e. avoid impⁿ of striking at Hagana.

A.V.A. Need to screen immigrants – for security reasons.

G.H. Practical difficulty.

Noted: action won't start for a week i.e. after the debate.

R.S.C. Cd. you outlaw members of Irgun? } To get } "drama"

P.M. Put that to H. Commr. Stern gang to be included. }

E.Sh. If this encounters wholesale resistance, is it war?

C.I.G.S. Wd. be done w'out large-scale op^{ns} all over Palestine. Only "war" if they came out to battle. [Enter J.B.H.]

3. Civil Aviation Bill.

A. Divn. will be forced to-day – on posⁿ of subordinate Scottish company of B.O.A.C.

S. of S. Scotland thinks no objⁿ to it.
The reduced proposal will be pressed. My instinct is not to divide v. it;
for it will be carried v. us.

A.G. Doesn't affect principle of Bill – nd. help to conciliate Sc. opinion –
accept it.

R.S.C. Will it be internal to Scotland only?

J. Internal & such other rights as may be given fr. time to time by
B.O.A.C.

H.M. Was considered in H/C. Sc. Divn. of BOAC., with Sr. manager &
Sc. advisory cttee.
That was accepted by Scott. members of H/C.
That was enough, surely. Of all the services on wh. to admit domestic
organisation, civil aviation is the worst.
Bad to give way to H/Lds. on this.
Concede the principle on an economic issue, & where do you get to –
e.g. on electricity & other G.B. jurisdictions.

J. The Minister is v. much opposed to it – as is his Chairman.
Agreed: resist amendment.

4. Germany: Results of Paris Discussions.

E.B. Considered posⁿ as result of Paris mtg. Not practicable for us to make
our own Zone self-supporting. Union with U.S. Zone will take
longer but produce better results in the end. Believe it might
reduce our expenditure from £80 m. to £25 m. – in 12 months
after merger.

Cd. draw timber & other useful supplies from U.S. Zone.

But means tht. U.K. & U.S. will be forced into independent revision
of level of industry in 2 Zones.

Danger of dividing Europe in 2. But R. fear of efficient U.K.-U.S.
Zones may be more effective than argument. We have tried for
agreement – over 12 months.

Scheme won't become operative until Fr. & R. have seen it & said
wtr. they will come in.

Seek approval therefore for Recomm^{ns} 1-3.

Re recommⁿ 4. Are publishing our record in B. zone which, on the
whole, does us credit. As against this, ev^{cc} tht. R. are makg.
munitions in G. & exporting them to R.

Therefore recommⁿ 4 shd. be put into operⁿ – at suitable moment,
not now.

R.S.C. Care in using App. C. – because of compromising sources.

P.M. Para. 2 of J.I.C. covering note.

E.B. Don't propose to publish App. C. as it stands.

A.V.A. Does this plan involve abandoning idea of socialising industries in B. zone.

E.B. We will go on with that - & U.S. won't interfere.

E.Sh. Who will conduct negot^{ns} with U.S.? Our people in G. don't understand economic ques.

E.B. Experts (economic) fr. U.K. must go out to advise Control Commⁿ.

H.D. Want Ty. Rep^{ves} there.
 Agreed F.O. may communicate to State Dpt.
 [Exit. H.M.
 [Enter. de Freitas.

5. Marriages between B. Servicemen and Foreign Women.

C.I.G.S. When we lifted non-fraternisation, I sugg^d ban on marriages shd. hold. G. women, expectg. trouble in winter, are trying to marry B. soldiers in order to get B. nation^{ly}.
 I wd. prefer tht. soldier shd. not be allowed to marry until he gets home.

J.J.L. Pregnancy cases. They get permⁿ.

C.I.G.S. V. few.

C.E. He can marry now when he gets home. That involves no change. We were told permⁿ is given in pregnancy cases. That is an easy way to dodge the ban.
 At Party mtg. sugg^d affiliation procdgs. in G. shd. be made binding on man when he comes home. Many cases here of girls who can't enforce v. U.S. and Can. soldiers who have left.
 If we do maintain the ban, we shd. have no pregnancy let-out.

J.J.L. Marriage if contracted is valid – in spite of the ban.
 Once that is generally known, you cdn't go on imposing discipl. penalties.

P.M. Can it be effective? You encourage clandestine marriages: you put a premium on "anticipⁿ" of marriage.

J.B.H. Also – no control over (increasing no. of) civilians.

J. If you exempt for pregnancy, it's an invitation to immorality.

C.I.G.S. If Cab. decide this way, we can urge men to wait until after a leave home.

(in reply to A.B.)

Memo. approved: subject to admin^{ve} safeguards.

[Exit C.I.G.S.

de Freitas.

6. Rhodesian Railways.

- A. As in memo.
Colour bar – in S. Rhodesia, tho' not in N. Rhodesia or Bechuanaland. Due v. largely to the local Labour Party. Hopeless to expect the 3 Govts. to make a sensible arrangement. But co. are entitled to know where they are. We recommend that co. be allowed to go ahead: & I send out to S. Rhodesian Govt. statement that we aren't going to nationalise for 10 years. Reason: natⁿ is not practicable.
- G.H. I support this.
- H.D. My officials concurred. I find it diff., however, to agree to this anti-Socialist declaration being issued on eve of nationalising own rlways.
Alternatives: a) cd. S. Rhodesian section of rlways. be worked by nationalised S. African rlways.
- R.S.C. For £25 m., is 10 years a long enough period of security.
- A. Driven to this unwelcome conclⁿ by the facts.
S. Rhod. Govt. press us for proposals. Don't make any themselves.
- P.M. They shd. put up a proposal.
Agreed: C/Exch. to consult with D.O. and C.O.
[Enter G. Tomlinson
M/Supply.

7. Timber for Housing.

- A.B. Facts as in memo.
Need for greater supplies from Germany. Espec. as it can be secured all year round whereas R. ports wd. be closed.
- P.M. Had full discⁿ in O.R.C. on this. Can't go over all of it again.
But can J.B.H. report further?
- J.B.H. Been over to see Lenanton. Food & man-power are bottle-necks.
For latter we must have skilled supervisors e.g. from Italy, Newfoundland etc.
Not satisfied tht. Lenanton group has bn. sufficiently active.
- P.M. Told before tht. Lenanton was v. good.

- E.Sh. He is a good man. Get him over here before O.R.C. & let him speak for himself.
- P.M. All can't be well if so obvious a thing as supervisory labour has been overlooked.
- J.B.H. Lack of liaison is prob. the trouble. Lenanton given a free hand to cut the red tape: & now he isn't getting their support when he needs it.
No bottle-neck at Hamburg now.
Lenanton acting directly under B/Trade. Failure of liaison.
Agreed: Get Lenanton & Head of Econ. Mission over to U.K.
- R.S.C. Anyway will be acute shortage of timber, this year and next.
25.000 stand fr. Russia by autumn, I hope: then no more until June.
Might get 40.000 st. fr. Finland in return for iron & steel.
Importance of timber for exports: crating. Every alternative to use of timber shd. be exploited.
Only ultimate solution = Russia.
- E.Sh. Timber for Sweden – v. coal wh. is now going to France.
- N.B. 20.000 (or 10.000 – JBH) available in Austria.
- J.W. Tractors: use Army tractors already in Germany.

1. Repatriation of German Prisoners.

- P.M. Memorial. Need for some scheme to be announced.
Memo. by M/Ag. disturbing. Can't rely on p.o.w. labour up to '49. Must find other means.
- N. a) Final date. Unnecessary to announce once if we adopt age & length of captivity release basis. Want, however, to know how long we rely on p.o.w. labour.
- P.M. Shortage of man-power will appear in G. as soon as coal available.
Need for scheme under wh. majority will see their release date – not a final date by which all go back.
- N. Age & l. of service wd. be general & subject to priority for whites & greys & also special skills needed in Germany.
- P.M. b) Phasing. Are Austr. & Can. p.o.w. their own affair?
- N. There is Imperial Co-ordinatg. Cttee.
P.o.w. in M/E. are wanted for creation of camps in Canal Zone – until June 1947 all save whites (2.000) will be wanted.
- P.M. Demands in Annex to C.P.325. – show no diminution. Why not?
E.g. M/Works.
- G.T. 18.200 on housing. 7.900 on bldg. materials ind^{ies}.
2.000 c. engineering. 6.000 directly empl^d on work for other Ministries.
Increased requirements all round for 1947.
- A.B. Told by Steering Cttee we must accept short-fall of 100.000 in next year on housing.
- P.M. Air Min^y?
- G.de.F. To relieve 15.000 fr. R.A.F. – on maintenance units. Takes a/c. of nos. guarding them. 2 prs. = 1 man.
This is not work which cd. be left undone.
- A.B. No. of guards?
- N. In Army 14.000.
- P.M. Dpts. must stop basing plans on assumptⁿ they will have p.o.w. labour.

- B/T. We are ready to w'draw our demand for timber.
But wd. some Germans be ready to stay on, freely?
- C.E. Take care of that.
- P.M. 160.000 Poles, who shd. work, shd. be offset – at least as many p.o.w.
cd. be released.
- E.Sh. T.U. obj^{ns}. N.U.M. won't agree even to 200 Polish miners.
Ready to forego my 2.500 p.o.w.
- Barnes. Cd. reduce to 5.500 & cd. take some Poles instead.
- E.Summ. 1.500 on non-seasonal cd. be spared. But 3/4.000 seasonal on beet,
milk processing & refining. Wd. like to substitute Poles, but
T.U.'s won't have it.
- E.W. T.U.'s might face realities when p.o.w. go.
- M/Ag. 25% of regular labour force are now p.o.w. Redⁿ must affect prodⁿ.
For 1947 we're issuing dir^{ns} & therefore under obligⁿ to provide
man power to harvest. Must have 215.000 for 1947 harvest.
The 1948 posⁿ is of course less certain.
- P.M. M/Ag. must face labour problem after 47. Can't rely on p.o.w. labour.
b) All Dpts must plan for p'essive redⁿ in p.o.w. labour. Must
plan for continuing fall in total: & Dpl. plans adjusted to
that.
- N. 14.000 B. troops & 38.000 p.o.w. engaged in guarding & servicing
labouring prs.
- N.Ed^{wds} 326.000 p.o.w. working out of 398.000.
- P.M. (c) Can you be so precise?
- N. Whites shd. go first. – groups w'in them. 22.000 of them. Agreed.
150.000 greys. already screened.
- H.D. After “whites”, utility shd. be criterion. – usefulness in Germany.
- P.M. Length of captivity not service.
- N.Ed. Care that they don't get out earlier than ours.
Must, however, be some order in selection.
- P.M. Detailed scheme to be worked out Some groupings to be fixed.
Agreed.
Rate also to be fixed.

- Barnes. 15.000 a month cd. be handled w'out inconvenience to shipping.
That wd. clear whites & greys in 12 months. Agreed: until further notice.
- N.Ed. Must have announcemt. giving a man some date – to encourage them to work.
- P.M. V. well – but don't promise too far ahead. cf. diff^{ies} over demobilⁿ.
- A.B. Repercussions on demob. scheme.
- N. cf. what E.B. says. I must have some dates if we are to get full effect.
- P.M. But no terminal date by which all will have gone.
Release of p.o.w. shd. go pari passu with return of our men fr. overseas.
- O.S. Care of comparison with R. release of 200.000.
- P.M. Put it in %ages. R. have v. many more.
Agreed: move the whites, if possible, by G. elections. At least announce their departure.
- P.M. (e) Incentives to work. Do they want to return?
- N. Most of them do. Some might stay as volunteers.
- E.W. Are our p.o.w. residents of B. zone?
- N. Collectg. that informⁿ now. Not to be assumed all zones will be anxious to receive.
- P.M. Incentives as under (e).
- N. Refer to Cttee? Consider increase in pay (now 1½ d. skilled and ¾ d. unskilled p. hour) & freedom to send some home. Or get deferred pay.
Agreed: L.P.S. to superintend
W.O., M/Labour & Control Office to work out repaⁿ scheme (including wtr. any wish to volunteer to remain).
U.K. holdings only pro tem.
Whites to go out at once.
P.o.w. to go from Gib.
Incentives to be considered by Official Cttee on Emplt. of p.o.w.
Doms. to be informed.
The 215.000 odd remaining in 1947 be empl^d mainly in agric. & housing.

[Exit. Barnes, de Freitas, Summerskill, N. Edwards.
Collick. Tomlinson.
Enter. Sholto Douglas.]

2. Coal Exports from Germany.

- A.G. As in memo. French thinking of reductions, but not enough.
- O.S. Read Tel. 674 from E.B.
If U.S. produce the coal, French grievance will be met.
If not, we shd. still cut exports by 350.000 t. in October & hope for
improvements in posⁿ for Nov. & Dec.
- S.D. Genl. posⁿ. Shortage of coal: effects on rlways, steel, bldg. materials
(delaying housing repairs) exports (with result of continuing
B. subsidy).
Econ. distress = breeding ground for Communist agitation.
3.5 m. to w. Zones now: 2 m. to B. Zone. Leavg. 1.5 m. for export
of wh. 950.000 available for E.C.O. countries. Prodⁿ rising
slowly but no hope of big increase w'out more steel for mining
machinery & miners houses.
Cttee of experts at work for a month but can't agree. Even when we
get rpt. will have to go to C.C. & C.F.M. Must this week allocate
for Oct. & shd. do so for Oct/Dec.
Suggest, as compromise, 3.8 to w. Zones for Oct. involving cut of
350.000 to E.C.O. countries.
Believe U.S. will support us in Berlin. Not sure they will go to
350.000.
Even French are expectg. some cut.
Want therefore auth^y to announce intentⁿ to cut exports by 350.000
tons.
Agreed: Proceed as E.B. recommends.
[Exit S. Douglas.
Belcher.]

3. India: Foreign Relations.

- H.D. No estimate of cost. Past figures were rather high. May be £250.000
for Bushire alone. Ask that cost be considered.
- P.L. £6.000 total £189.000 annual charge.
- O.S. The capital expend^{re} at Bushire is quite independent of Indian
developments.
Was in order to remove from Persia.
- H.D. Hope Katmandu Mission will result in cont^d recruitment of Ghurkas.
- O.S. If it doesn't, it needn't be maint^d.

- H.D. x/ Consultⁿ with Ty. on cost & phasing – Agreed.
 Agreed, subject to x/.
 {Re-enter: de Freitas, Tomlinson
 {Enter: Edwards. Exit. Sargent.
4. Squatters.
- C.E. Situation less tense.
 Diff^{ies} when we come to evict those who are in.
 Squatters in property actually in use – have auth^d l.a.'s to evict.
 Hope inst^{ns} given by Serv. Dpts will ensure tht. squatters find it more
 diff. to get in to these properties.
- A.B. Can Serv. Dpts co-operate more quickly.
 Dawes Hill Camp (R.A.F.) occupied by squatters because undefended.
 High Wycombe. V. diff. to get them out. Shdn't let them get in.
- de Fr. Don't know facts – will enquire.
- C.E. Serv. Dpts promised (2 weeks ago) to give at least 3 months' notice
 to M/W. so that we cd. know what we shd. do with it. Shan't
 get full effect of that for some weeks.
- E.W. Bamber Bridge & Lancaster – allotted to us. Are Serv. Dpt. still in
 occupⁿ – to guard them?
- A.B. Propaganda – “finish the houses”.
- N. Every hut in every W.O. camp has an occupant.
 Problem is easing off.
- de Fr. While we were looking for ambulance aircraft, squatters tried to move
 in.
- P.M. Give me report on H. Wycombe.
 Let Air Min^y make up minds more quickly what airfields they want.
- de Fr. We have produced a p'mme to Airfields Cttee.
- E.Sh. They have now taken camps earmarked for training of Irish labour for
 miners.
- G.T. We shall be able to relieve that situation.
- E.W. Meeting of 20/8. No action to evict w'out consent of Ministers.
 What does that mean? L.a.'s are hamstrung. Long procedure –
 Regional Cttees referring to H.Q. etc.
- A.B. Explained procedure. Can't evict w'out court order.

N. No summary proc^{re} available. Wd. take 90 days at least. And
D. Express would pay defendant's costs.

1. German Coal.

P.M. Prospects of U.S. contⁿ not good. Gist of E.B.'s telegram. U.S. proposal: cut 150.000 t. in Oct./Nov. and 350.000 t. p. month in next 4 months.
Hope Cab. will endorse.
Agreed.

2. Food Supplies. (a) Bread Rationing.

P.M. Harvest in U.K: strikes in U.S. ports: not best time to remove BU's.

J.S. Harvest worsened since my minute. No estimate of wheat we will lose – told it won't be large.
Over-riding consⁿ: wdn't now impose rationing if hadn't bn. introduced – supply posⁿ is such. Can't keep it on because not certain of future position.

P.M. U.S. strikes might spread to Canada.
Two factors influenced me before
a) not ready to gamble on U.K. weather
b) risk of strikes on American seabord.
a) proved by events. b) U.S. posⁿ might spread to Canada.
Wd. wish to have figures to show what wd. happen if certain supplies not in.
How much of M/F. figures are stocks & how much estimated arrivals?
Where wd. you be if no exports fr. N. America?

J.S. Run-down – breakdown in say 5 wks.

P.M. Importance of period before freeze-up.

T.W. Speculative prospects in U.K. Unless sun & wind, shall lose quantity & mayn't even get the 200.000 t. assumed for Sept. In Aug. got 60.000 out of estimate of 75.000.
Weight of harvest: if we cd. gather it's over average for 10 yrs. past.
Can't say how much we will get in.
Politically: harvest as it is, & attracting such public attentⁿ, fantastic to abolish BU's at this moment. Shd. be asked – why we imposed it.
Seriousness of foodstuffs posⁿ & its consequences. Livestock killed can't be replaced for some long term. Affectg. dairy cows as well as pigs etc. If therefore we can abolish B.U.'s or shorten ratio of extraction to 85%, I wd. much prefer the 2nd course.
This wd. cost 25.000 t. wheat a month. First wd. cost 40.000 tons.
My advice: defer abolishing B.U's for a month: and reduce

extractⁿ ratio.

- P.M. How much do you expect to harvest in Sept., if weather remains as now.
- T.W. V. little. But with good weather (10 days) we'd get 200.000 t.
- J.S. Rationing not going well. Public not minding: but not good morale behind it & much bread sold w'out coupons. Reaction on points scheme. Bread saving is decreasing. As in memo. Further week = 82. If it's coming off this autumn, better do it soon. But no strong feelings in favour of Sept. vice October.
- P.M. Political effects. We decided to ration because of uncertainties in supply posⁿ.
One factor was home harvest. That has bn. reduced prob. & delayed. Second factor was shipping hold-ups. No assurance that won't spread to Canada.
- J.S. Earlier Canadian harvest has increased U.K. stocks by 100.000.
- P.M. This is inopportune time. Consider again in Oct.
- E.B. Must take an early decision re extraction rate.
Prevent killing off of Xmas poultry. Politically unwise.
i) Millers shd. be told Govt. aim at de-rationing in Oct. (in confidence).
ii) lower extraction rate (I wd. prefer 80%) in October or even 85.000 tons (para.10).
iii) to cut deliveries down to 90% to avoid waste by bakers.
- P.L. Risk of famine in India: serious to de-ration or reduce extractⁿ at this moment because of effect on India. Take neither step at this moment.
- A.G. Think J.S. memo. unconvincing.
In B. & U.S. zones, hope to m'tain 1550 calories p.d. (from U.S. sources). Will absorb 50% of wheat surplus of U.S. By mid '47 may have to reduce that ration or supplement from here. We are concerned to re-establish economy of B. zone. Can't chance redⁿ of 1550 calories next spring. Bad politics to abolish BU's now with idea of re-introducing next spring.
Wd. like J.B.H. to be heard on this before decision taken.
- A.B. Prefer to reduce extⁿ rate to abolish rationing if any change to be made. Political disadvantages of removing rationing – at beginning of what is bound to be a v. diff. winter.
- J.S. Admin^{ve} diffy. Not only for roundsmen, but also for M/F. machine.

They cd. of course continue for another 5 wks.

- H.D. Extractⁿ vice de-rationing a better method. Do that first, when time comes to do either.
P'pone de-rationing until Oct.
But cd. we reduce extractⁿ now by 5%? Cd. we get into confidl. talk with millers. Enlist them on (iii) above against rebellious bakers.
- E.Sh. Cdn't abolish & re-impose. Politically impossible.
No complaints re rationing in Scotland – or in my Ldn. home.
Situation in India & in B. Zone.
Reduce extⁿ rate by 5%. That wd. be popular. Rationing is not unpopular.
- P.L. Spoiled grain fr. U.K. harvest wd. be available for animal feed.
Replace reducing extractⁿ rate.
- T.W. Wdn't meet the case. Clear tht. much wd. be unmillable if bad weather – but cdn't bank on that as cure for our feed problem.
- P.M. No decision to de-ration bread, at this time.
Agreed. Reduce extraction rate: 5% as soon as practicable.
No public indication of forthcoming de-rationing: tho' no objⁿ to mentioning (iii) to millers, saying they must do it if they want to get rid of rationing.

(b) Indian Requirements.

- N. At P.M.'s request explained action taken by S.E.A.F. Cttee.
Effect, as in N.'s minute to P.M., on India & Malaya.
- P.L. Further telegram showing slight improvement as cpd. with figures in 2nd memo.
52.000 t. short in Sept/Oct. none the less: & uncertainties due to strikes will affect them even more.
Only contribⁿ we can make is diversions of U.K. supplies.
- J.S. Much done since last memo. month since a) U.S. Govt. have increased by 120.000 t. this month's shipments. b) Argentine: 140.000 t. maize export licences issued. c) Barley from Turkey. d) S.E.A.F. diversions. e) 35.000 t. of Canad. wheat already diverted. We helped on a) – d). Gap much narrowed.
Diff. to divert more Canadian wheat. Asked for 40 m. bushels more over crop year.
To ask now for more for India wd. damage our interest. Cdn't get more than 30/40.000 t. – wh. wdn't make much difference to India.
x/ Will do our best to snatch such other opportunities to help. x/

Barnes. I cd. only ship 50.000 t.
Not notified of more than 32.000 t. export licences fr. Argentine.

P.L. Thanks for past services. But I'm still short. 30/40.000 t. would
help.

G.H. SEAF. action has eased position in Ceylon & Malaya.

P.M. Can't do more than x/ for India, takg. a/c. of action
already taken.
Bring it up again if you must.

(c) Argentine.

H.D. Have said I'm ready to pay more for meat – on 2 yr. contract. So
long as kept separate fr. sterling balances.
Agreed. [Exit: Barnes, J.B. and Nathan.
Enter: Civil Lord.

2. British Nationality Law.

C.E. Pity Canada raised this at this stage.
Agreed as in Para. 18.

Edwards. Bearing on naval service.
a) Will lift the colour bar
b) Effect on Eire citizens who have given loyal service to R.N.
They won't be able to continue entering R.N. if they've lost
B. nation^{ty}.
Consider Service Dpts. shd. be empowered to keep Conference
informed re consequences on Services.
Para. 18(1) agreed
.. 18(2) .. subject to G.H. considering title.
.. 18(3) ..

E.W. Para. 18(4). Wdn't this force the issue? Might they not refuse?

C.E. We wd. take soundings & wdn't invite if we knew they wd. refuse.
Para. 18(4) agreed, on this understanding.
Para. 18(5) agreed.

A.G. Negot^{ns} may be protracted. Do you suppose legⁿ this Session?

C.E. Doubtful. Will prob. take 12 months or so.
[Exit. Civil Lord.

3. Marriage Bar in Civil Service.

H.D. As in memo.

If you abolish, it wd. be v. diff. to avoid in practice continuance of inefficient women in Service.

One of main obj^{ns} to abolition is in G.P.O. – where workers are opposed because of effect on promotion from routine duties.

Has bn. suggested we shd. proceed as in para. 5.

On 5(a) I wd. instruct tht. bias shd. be in favour of keeping the woman on.

Recommend para. 5 at any rate as first step.

Must discuss with Staff Side before announced.

- P.M. Not impressed with argument v. abolition, in present man-power shortage.
We've appealed to industry to keep women on: then State gives this example, as an employer.
Para. 5(b) is invidious.
- E.W. Cdn't Dpts. secure resignation of those who are inefficient.
- T.W. If para. 5(b) adopted, as automatic, danger of retaining inefficient.
- E.Sh. You encourage living in sin, that's all.
Does this apply to temporaries?
- H.D. No.
- E.B. How long will you m'tain freezing order? It should go. Unfair to take advantage of a war.
- P.L. Views of Assoc^{ns}: any ev^{ce} of views of women w'in those Associations.
- A.B. Room for favouritism, when rule is not automatic.
- P.M. Position of woman whose husband dies w'in six months.
Risk tht. woman not allowed to continue will be branded as inefficient.
- H.D. Practice of other Govts. in App. And other employers in U.K.
- E.Sh. Delay decision during man-power shortage?
- A.B. Not impressed by G.P.O. view.
- E.W. No credit fr. either side for this compromise.
- P.M. Also will be said to be class-distinction.
- E.B. Will it affect marriage-bar in Foreign Service?
- H.D. No.

- T.W. Wd. it affect absorption of temporaries?
- E.E.B. Not to any appreciable extent.
 Agreed: Abolish marriage-bar: Home Service only.
 Not in Foreign Service.
 Consider Colonial .. .
 Consider means of removing inefficient after marriage.
 Tell Offl. Side before announced.
 [Enter G.T. & Shawcross.
4. Squatters.
- G.T. Occupation of luxury flats on de-requisitioning.
- P.M. What is the law?
- H.Sh. Can sue in trespass & demand possⁿ. Might get interloc. for
 imm. possⁿ.
 If not, go to trial - & wait months. But 1.500 in one bldg.
 They might disregard the court's decision.
- A.B. But this = organised attempt: entry by force: Police helped them in.
 If I took such action cdn't Police have stopped it.
- H.Sh. Yes: conduct likely to lead to breach of the peace.
 Crim. conspiracy prs. But fear jury wd. acquit. Positive there wd.
 be worse.
- A.B. Communists say they are going to put 10.000 members into this class
 of property. Govt. will be in hands of others soon.
- H.Sh. You can't re-enter by force, once the bldg. has bn. completely
 occupied.
- C.E. Criminal offences may be comm^d in the course of occupⁿ: but
 prosecution for those don't give you possession.
- H.Sh. My advice is to start procdgs: try to get order: & chance using force
 in giving effect to it.
 Can use force to prevent it. Can tell Police what is about to happen.
- A.B. May I refuse to install facilities, cooking etc.
- P.M. Yes.
- H.Sh. I cd. consider crim. procdgs. (with D of P.P.) but wdn't give possⁿ.
 A.G. to consult with Ty. Solr. & D.P.P.
 H.O. to warn Police of forthcoming attempts.

1. Repatriation of German Prisoners.

- A.G. As in memo.
Volunteers – will be met by scheme of deferment. Not wise to offer addl. inducements to volunteer at this stage. Awkward also to create separate privileged class of p.o.w.
Incentives – specl. attentⁿ to d) and f) i.e. output bonus and sending money home.
The latter – both re-settlement bonus & also current remittances subject to limit of 5/= a wk.
Announcement shd. go out to-night.
- T.W. No objⁿ in principle.
x/ But in drawing off p.o.w. fwd. planning to ensure least poss. dislocation where p.o.w. are living in. Long notice to farmers.
Incentives: wd. have preferred somethg. like 15/= a week: esp. for those coming fr. camps.
- N. Gave assurances on x/ - save for the 8.000 “whites” who are going at once.
- C.E. Inducements: H.O. to be consulted on (h) p.14.
- N. Yes.
- H.D. Agree with proposals. Output bonus not to be available for expenditure in U.K. – I accept on that condition.
- G.T. Had hoped inducements wd. be higher.
- N.E. At 15 R. to £1, the output bonus at 50% will not be sufficiently attractive.
- N. Agreed: means only 1/3rd value. If that rate is to be retained, the bonus shd. go to 15/=.
- H.D. More concerned re rate of exchange than amount of bonus.
Agreed: output bonus to max. 15/=
Exchange rate 15 to £1.
Draft of public announcement. Various amendments sugg^d & approved.
- T.W. No reference to nos. remaining for '47 harvest. Farmers will ask me. May I say to organisations something to allay their fears?
- P.M. You can say we shall take steps to m'tain labour force.
[Exit N. de Freitas. N. Edwards. Summerskill.

2. Silver.

- H.D. As in memo.
W'drawal will be gradual – spread over 20 years.
Token coin anyhow. Silver in it was originally only 1^d per 1/=.
- R.S.C. And put a 3^d piece into silver series.
- H.D. Will hold competⁿ for design & submit to a few Ministers.
- R.S.C. Silver bullion for industry?
- H.D. Govt. needn't go on buying. Wd. be ordinary purchase, with licence.
We shd. cease buying at once when the Bill passed.
- R.S.C. Can I start discussing with bullion brokers?
- H.D. Yes: on confidential basis.
Legⁿ: at end of this Session.
- A.G. Yes: easier then than next.
- G.H. Parallel action in Colonies. Agreed.
Memo. agreed.

3. Squatters.

- C.E. Read Police report of mtg. with Communists & Labour M.P.'s.
Discussed plan to stir up feeling about housing – Ministers
dilatary – in order to get popular platform for Communist
Party whose fortunes are flagging.
Police doing their best to thwart the operations.
But Dpts & other owners are still not 100% good at makg. premises
secure.
- A.B. Need for publicity – to get it across that squatters are jumping the
claim & doing down those higher on the list.
- P.M. Let M/H. send circular to l.a.'s warning them, in part, not to provide
facilities.
Let this be focus for publicity.

1. Anglo-French Economic Co-operation.

E.B. Joint Cttee of Experts. Lr. from H.D. [Enter G.T. H. Shawcross was v. helpful.

Communiqué embodying t. of r. of Joint Body. Read main items.

Important item: avoidance of conflict in reconstⁿ of the 2 countries.

Better than mil. alliance. Will produce some standardisation which may assist mil. co-opⁿ later. Will affect M/F. purchase of foodstuffs etc., from France. Will affect C.O.

Read terms of communiqué.

H.D. Indicated approval. My contⁿ related to method of handling Fr. debt to us.

Anxious for world of low-interest rates. Argentine have bn. reluctant to accept our line tht. ½ % interest is all we'll pay on sterling balances. Have sugg^d we take only ½ % fr. French.

W'in Franc area possibilities of imports (e.g. phosphates, iron etc.) Shd. help to produce better Anglo. Fr. atmosphere.

H.M. a) standardisation won't slow down our reconstⁿ?

E.B. No.

H.M. b) conflict with I.T.A.?

E.B. No.

Communiqué agreed. [Enter Newsam.

2. Squatters.

H.S. Applⁿ granted in Court this a.m: injunction restraining named defendants fr. continuing their trespass. M/H. case will come up this a.m.

P.M. How many cases?

A.B. Gave particulars.

P.M. Action after Court decision.

a) Good warning to Squatters of position in law.

b) Alternative arrangemⁿs. for accommⁿ.

A.B. This (b) is in hand. L.C.C. will look after (b) as p.a. auth^y not giving them any priority for housing, only case on p.a. basis.

- F.A.N. (b) will be gt. relief to Police. If squatters won't go there, are Police to take them off on grds. of obstruction. May Police be informed they can remove them (to rest centre, not Police station)?
- H.M. Forcible removal to poor law institⁿ wd. be awkward.
- F.A.N. Wdn't take them so far.
- H.S. Wd. only move them on. If they won't go: arrest for offence.
Public announcement.
(a) Announce Ct's decision.
(b) All are equally liable: & all shd. move.
(c) Procdgs. will now be commenced for damage etc., v. all: but will not proceed v. those who have voluntarily.
- H.D. Put squatters to bottom of priority list for housing – as at Aberdeen? Genl. view: not a good idea to do that. Tell l.a.'s they shd. not give punishment for which the law doesn't provide.
Agreed: issue communiqué from 10. Downing St.
- G.T. Want to tell my caretakers what in law they can do about squatters, after High Ct. decision.
- H.S. Caretaker entitled to use force to prevent entry.
- F.A.N. Need for clear directions to Police. Can't exercise a discretion. The bottle of milk for the baby can be handed in by someone else.
- H.S. May be some exceptional cases.
Don't allow the man who goes out to work to return.
New entries – absolute bar. Re-entry – as little discretion as possible.
- A.B. No re-entry: tho' in v. except. cases of domestic hardship it might be allowed.
- G.T. Need to avoid enlisting public sympathy for squatters. Also to winkle the squatters w'out force.
- H.S. Conspiracy case. Communist leaders: but 4 can show hardship. Point raised in Minute to P.M. Cd. we take the line tht. we want to establish the law not to obtain penalties? Fear Comm. "reprisals" by industrial disturbance.
- A.B. Believe Comm. Party is divided – this is only London Branch.
- A.B. London housing. 750.000 = target for U.K. = separate home for each family.
But that won't give uniformity all over - & Ldn, in particular, will be far behind (i) because of damage (ii) need for decentralisation. There is therefore some basis for Ldn. action.

Propose therefore (i) W.O. & Air Min^y to consider wtr. they can de-requisition some more living accommⁿ (flats etc.) by concertina-ing.
(ii) Hotels being de-requisitioned. Cdn't they be used for housing?
Holborn e.g. asking for 2 such bldgs. V. diff to go on resisting that.

G.T. Cab. decision on priorities. Read extracts.
On (ii) hotels came into 2nd group of priorities.
13 hotels in Ldn. in care of M/W. used for refugees, builders – now can be de-requisitioned. B/T. as comp. auth^y have asked they be used as hotels.
On (i) I've bn. pressing Service Dpts. to do this for some time. Much has bn. done. Of 4.200 hotels etc., 656 still under requisition de-requisitioning at 10 p. day.

R.S.C. Need for hotels –
(a) hotel accommⁿ v. short.
(b) must let buyers come to Ldn.
(c) Tourist traffic for '47.
Once you start, all l.a.'s will want hotels for all sorts of purposes.

H.D. Support RSC. re hotels. But Serv. Dpts. are not fast enough – W.O. & Adm^y are not doing as well as Air Min^y. Latter have reduced 75% accomm. in relation to redⁿ of staff. The other 2 only 20-30%. I have written to those Dpts.

P.M. I will look into Serv. Dpts. myself.

E.W. Use of deep shelters?

A.B. Not in peace.
Will w'draw (ii) on condⁿ that hotels de-requisitioned are taken into hotel use w'out delay.

P.M. Let them open at once, even in part.

E.B. Low priority for release of luxury flats has caused pressure on lower-rented flats by people who wd. otherwise take the luxury flats.
Cd. P.M. do a Battle of Accommodation drive on this? 4-mile radius fr. centre of Ldn. Use of flats by Govt. Dpts.

[Exit H.S., G.T., A.B. & Newsa
[Enter C.O.S., N., J.W., de Freitas.

3. Central Organisation for Defence.

P.M. Ministerial Cttee: consult^{ns} late C.O.S., H.L.I. and E.E.B., leading

Ministers closely concerned in last war.
 History & commentary for informⁿ of Cabinet.
 Concurrently, enquiry into common services. N.'s rpts. not exam^d yet.
 Wdn't embody our concl^{ns} on that issue in this W. Paper.
 Main proposal here = M/Def. with scope excludg. pro tem. those
 common services.
 Defence Cttee vice C.I.D. (wrongly named & advisory). Its Cttees
 wd. be constituted under D. Cttee.
 Co-ordination a) of cutting edge: via M/Defence
 b) with civil Dpts. for total war. If M/D. took that over
 he wd. over-ride Min. responsibility: that is for
 Cab. and P.M.
 Continue practice of Defence debate – defence as a whole - & all
 Estimates to be in unified picture.
 Bottled experience vice theory.
 Some amendmts. to W. Paper will be needed. First, however, points of
 princ.

H.M. Two ques's. a) can you delimit between M/D. & 3 Serv. Ministers?
 Wd. it be better to have one Minister with 3 Juniors
 under him.
 May be better to go to that at 2nd stage.
 b) ultimate responsibility of P.M. must be safeguarded.
 This does it.
 Parly. consequences not dealt with. Rs. Spkr out of Chair debate shd.
 be removed: get away fr. 3 separate debates & go for unified
 debating. Consider this.
 Definition of reduced function of Service Ministers: and closer
 definition of M/D. functions. Para. 26.

P.M. Don't want paper too long.
 Nomenclature. Many alternatives for M/D. (to keep that for P.M.)
 were considered, but cnd't find a better.

E.W. Personalities: strong M/D. & S of S. for War.

E.Sh. How does this differ from Inskip?

P.M. He had no executive functions, no staff.

E.B. And not much sense.

J.W. Will he have auth^y to settle research & devel. p'mmes.

P.M. Yes. Para. 26.

E.Sh. x/ Para. 42 (b) P.Q.'s.

P.M. By practice.

- E.B. S of S. for War will have to be changed? To Army.
- P.M. Yes: later on.
- H.D. x/ Evolve. That is charm of this scheme. Flexible enough to permit evolution.
V. gt. help from Ty. angle – discuss with 1 Minister vice 3. At present I get pushed into balance of expenditure between the 3, wh. is not a financial issue.
- E.Sh. a) Trend under this will be to increase work of M/Defence. Must face that. Bound to reduce standing of Service Ministers.
b) No need for more than one Junior Minister in Service Dpts., on basis of my experience. As we go on, this will become more marked.
- P.M. I agree – and intend both these consequences, in the long run.
- R.S.C. Defence & civilian research – correlation. What is intended?
- P.M. Single Chairman of 2 Scientific Cttees.
- R.S.C. Will want a link above the official level.
- J.W. Co-relation of mil. & civil aircraft research & production.
- T.W. Hope Service Ministers will have chance to speak on this.
- E.W. Relations between P.U.S. of M/D. & P.U.S. of Service Dpts. Mayn't a close relationship there under-mine posⁿ of Service Ministers?
- P.M. This is not a super-Minister. The spheres are exclusive, not supervisory.
- E.B. Defence Cttee. M/Labour shd. be involved because of man-power, training etc.
Representⁿ on J.W.P.S. is not enough.
Mulberry nearly failed because 6 wks. passed before I was told of it.
If defence is going to affect designers – dirⁿ of training in industry is vital to defence. If M/L. doesn't know he can't lay his plans accordingly.
- P.M. On same principle, M/T. and B/T. must be permanent members. Shd. rely on bringing Ministers in when they are concerned.
- E.B. Believe man-power & other M/L. interests are more continuously concerned.
Example: only 14,000 draftsmen available when I took office. And M/Labour had never bn. warned to prepare for that.

- P.M. Ditto for scientists. But doesn't follow that M/E. shd. be perm. member of Def. Cttee. On that basis Cttee. wd. get much too large.
- H.M. On merits agree with P.M. Expediency: is it wise to mention the composition in W. Paper.
- R.S.C. M/L. in diff. posⁿ fr. the others quoted – he is continuously interested.
Agreed: add M/Labour.
- E.W. Wd. like to be consulted re common services – education. And M/Edⁿ shd. be on the Bd.
- P.L. Submⁿ to Doms. Shd. it go to India?
- R.S.C. To Viceroy? With discretion to mention to his Govt.
- P.M. C.O.S. Comments.
Para. 20(c). C.O.S. Cttee. Suggest: “& he will also preside over mtgs. with the C.O.S. whenever he or they may so desire.” Agreed.
- C.A.S. Para. 31.
Location: premature.
- P.M. Surely it's essential. What will M/D. have if he hasn't C.O.S. organisation.
- C.A.S. Close co-ordⁿ with Cab. Secretariat has bn. element in its success.
- R.S.C. “Within” vice “located in.” Agreed.
- P.M. Second part of sentence is not redundant.
- P.M. Para. 34. Will have to be re-considered in light of decision to defer decision re common services.
Para. 30. Revised draft.
Wiser to warn Parl. now.
Import^{ce} of link betwn. M/D. & Cab. Secretariat.
Legislation. Can we avoid 2 Debates? On Bill, not W. Paper?
Approve scheme – subject to drafting (for P.M.).
- G.H. Para. 40. Some larger Colonies may be called on to do more than []. ? Omit.
- E.E.B. Say “peace-time forces” Agreed.
- J.W. War Potential in Doms. No change. [Exit J.W. de Fr. N.]

4. Burma.

- P.L. Serious situation – origins pol. and economic.
Aung Sang demand 10 dominatg. posⁿ in Council: & when denied it have stirred up trouble. Events in India have encouraged them further.
Econ. Trouble = lack/commodity goods. C/living risen accordingly. Pay of Police etc., inadequate. Ty. said to raise their pay of all Govt. employees wd. start inflationary spiral. Did, however, raise Police pay. Recently appt^d Cttee. to consider means of reducg. c/living. Followed wk. ago by Police strike. After mtgs. Govr. offered Pol. & all Govt. servants c/living bonus. This hasn't succeeded. We now have a) demand from 10 organisations of Govt. employees & municipal & p.u.n. – all threatening strike if demands not conceded in 3 days.
Followers of Aung Sang have also made extreme demands for share in Govt. & changes in policy. Failg. which they will encourage genl. strike.
A. Sang ill (moderate in a way); & can't see Govr. Has now asked Govr. to go & see him. Govr. will do so.
Govr. asks tht. w'in 2 days he be authorised to take certain action – some of wh. affects C/Exch. Must reply to-night or early to-morrow.
Will P.M. hold mtg. of Ministers this p.m.
- P.M. H.D. going to U.S. to-night.
- H.D. How does it affect Ty.?
- P.L. Exp're even w'in Burma needs Ty. sanction.
Proposed relaxation of detailed Ty. control over expend^{re}.
- H.D. L.P. will be looking after Ty. in my absence. Can he go into this for me?
- P.M. G.O.C. says he won't have enough force if there is widespread revolt. Indian troops will be w'drawn in that event.
- E.B. You aren't ready to meet the strike. You'll have to yield.
- P.M. Two sides to this – economic: prob. some grievances.
political: we've known for long that only hope was to work thro' A. Sang: that's why we sent out another Govr.
- E.B. Can A. Sang control pol. situation if econ. situation is composed.
- H.D. Cd. Govr. be authorised to agree any financial re-arangemt. wh. doesn't commit U.K. Exchequer. Wd. that be enough?

E.B. Must Govr. deal with A. Sang on strike issue. Can't he deal with that thro' organisations?

R.S.C. Must have a mtg. of I.B. Cttee – but with pp. containg. summary of problem and Burma Off. recomm^{ns}.

Agreed { meet Wed. 10.a.m. on a document prp^d by
{ Burma Office. I & B. Cttee & C.O.S.

1. Textiles for the Services.

R.S.C. P'pone until after mtg. Friday.

N. Agreed.

2. Pensions etc., for Colonials Enlisted in Egypt. [Enter Blenkinsop.

N. Figures misleading qua principle. Specl. terms for conscripts than volunteers – dangerous.
Principle: enlistment in B. Forces not same as in U.K Army. Those enlisted abroad are local Forces. Diff^{ce} between e.g. Australian & U.K. Forces. Princ. always bn. local standard/living.

P.M. This was arbitrary conscriptⁿ of all B. subjects in Egypt.

N. But shd. a Maltese so conscripted in E. shd. be better treated than volunteer fr. Malta.

E.B. Many B.s escaping service because resident in Egypt. The Act related to all foreign countries – not E. only. Recall mutual arrangemt. with U.S. Everyone else was paid U.K. ratio because brght. home to U.K. Forces. Can we now distinguish betwn. U.K. national & Maltese both conscripted in E.

N. If Maltese brght to U.K. Army he wd. have had U.K. rates.

E.B. They were in B. Forces.

N. Not in U.K. forces.

E.B. Yes.

N. Didn't serve in E. – nor in U.K. Army.

P.M. What were they in?

P.M. They cd. have bn. put in U.K. Forces because conscripted. Same as U.K. nationals.

R.S.C. Argument in para. 3: unfounded: no such difference.

N. Formidable consequences. For principle: troops fr. all origins if in B. Forces must be treated equally.

P.M. No. The terms will be fixed by country of enlistment.

Dugd. Nos. of Maltese etc., in R.N. – paid B. rates, even tho’ living in Malta.

H.M. Ty. apprehensive. Far-reaching consequences. Codes of pay for local Forces are about to be considered. Proposal = new Pay Code varied acc. to stand/living in country of origin. This wd. be undermined by this.

R.S.C. & P.M. This is a complete fallacy.

G.H. Govr./Malta has said no re-action on Maltese Forces.

E.B. No precedent for E. – cd. never do this again there.

P.M. No precedent at all: because special circs. of compuls. enlistment.

Blenk. Doesn’t affect us directly. Might have some v. indirect repercussions. But we don’t object to F.O. view.

de Fr. R.A.F: genl. service liability – U.K. rates.
 limited local ..
 All in Egypt were on genl. liability.
 F.O. proposal approved.

[Exit Blenk. De Freitas

3. T.U.C. and Extra Food for Miners.

E.Sh. Extra food for miners – Cab. favourable – M/F. thght. it impract. – T.U.C. opposed.
 Nothing therefore done.
 Later at Coal Cttee 1/8 M/F. said somethg. (meat) cd. be done if meat available. Knowg. T.U.C. opposⁿ to differentⁿ, I thght it useless to go to them again. I therefore asked miners to negotiate it with T.U.C. They did.

J.S. Endorsed this history. Quoted concl^{ns} of Coal Cttee – subject to T.U.C. concurr^{ce}.
 I took parallel action by informg. Woodcock (Food Cttee of T.U.C.). He told his Cttee.
 Cause of trouble. Miners officials spoke (before T.U.C. mtg) saying we favoured it and T.U.C. opposed it. That was the trouble.
 T.U.C. Council approved in the end, subject to censure of our tactics.
 Promised other heavy workers same addl. meat in their canteens.
 Took note. [Enter C.O.S.
 [Exit J.S.

4. Policy in Libya.

- E.B. In a lonely posⁿ in Paris.
1st Austr. amendmt. to add 3 who fought in Italy to 4.
2nd Smuts – concerned at its going to U.N. When Fr. came out for restoration to Italy: with R. support: and U.S. unintelligible: Smuts told me I was right in favouring 12 mos. delay & Commⁿ to see inhabitants.
Found that our adminⁿ operatg. in acc. with Hague Convⁿ – with result tht. it wasn't as progressive as I wd. wish. Saw Genls. Cummings & Anderson. (Even Senussi were beginning to complain.) Concluded we shd. take a broader interpretⁿ of our oblig^{ns} in adminⁿ.
We shd. try to get Cyrenaica.
Tripolitania diff. Sympathy for Italy assocⁿ.
Symp. for assocⁿ of Abyssinia with Eritrea.
Looks like condominium for Trip. & Eritr., with Italy & Arabs associated with it. Have tried, however, to get Cyrenaica separated vice dealg. with Libya as whole.
Hostility in Paris to U.K. Sugg^d therefore independence. Recalled pledges to Senussi. U.S. have since discovered violence of local opposⁿ to Fr. or Italians return.
Therefore proposals in my para. 13. C.O. have promised help.
- C.N.S. C.O.S. in accord – esp. para. 10. – so long as Fr. document so drafted as to give us strategic facilities.
- H.M. Think F.O. right. Need such a base.
Shd., however, remind Cab. of H.D.'s view re overseas expenditure.
x/ Ty. think strategic worth be considered first – in comp. with Kenya plan and the Transjordan commitment.
Cost £3½ m. over last 4 years. On this plan £1 m. p.a. apart from any mil. expend^{re}. Too much for popⁿ of ¼ m. Ty. wd. prefer to stick to damage repair p'mme.
- P.L. India think Libya shd. be treated as whole: & 2 countries be independent as early as possible.
- P.M. Give Doms. one week to comment.
- E.B. Smuts agrees.
- R.S.C. Para. 13 stands, whatever may happen. This wd. help us to get trade in this area.
- A.B. If we have mil. bases we can't dissociate ourselves fr. social & economic cond^{ns} of inhabitants.
If we do, we have to spend more later.
Support F.O. view on this, as against Ty. who take a short-term view.

G.H. Support F.O.
Agreed. & consultⁿ with Doms.
[Exit C.O.S. N. & Dugdale.
[Enter Oliver. N. Edwds.

5. Postponement of Municipal Elections

J.W. Less diffy. in Scotland. But support memo. because risk of strike.

G.H.O. As in memo. Need to safeguard risk of strike – hence O. in C.
proposal.
Legⁿ needed at once.
Provⁿ in 3rd schedule of 1933 Act. To meet that, legⁿ shd. provide
that notice be given as soon as practicable after election.

P.M. Why not foreseen? Overtime abolished in August.
Where is printing done?

H.M. All over the country: but S.O. makes contracts.

P.M. Don't you want flexibility – need all the elections be p'poned.
Uniform delay of 5 days mightn't meet the case in all areas.
Why not empower l.a. to p'pone. for a period not exceeding
x days.

J.W. That is what I am suggesting for Scotland.

A.B. V. diff. Parly. situation.
What defence – v. argument tht. our democracy can't work in time.
Any priority for this printing.
Principle that elections shall be held on same day.

P.M. Why can't it be printed?

O. Because usually done in over-time hours. No powers over printers.

T.W. No overtime rule has created a new situation.

E.B. Why weren't contracts w'drawn to Ldn., where no elections?

H.M. Cdn't we improvise – { re-distribute printing orders.
{ duplicate vice print.
{ Order requiring priority.
{ Consult Printers Union.

Think further thgt. shd. be given to these possibilities.

Agreed: H.M. to go into this, with a view to avoiding legⁿ.

[Exit N. Edwards.

6. Reciprocal Abolition of Visas.

- E.B. Serious diff^{ies} in W. Europe. Brake on movement.
D.p. argument. Doesn't arise.
Want power to open disc^{ns} – France, Holl., Belg. – then Scandinavia.
Tourist traffic: we are losing on balance.
Want peoples of W. Europe to mix.
Future – hope to get ppts issued thro' M/Labour offices.
- P.M. No restriction on tourists. Decided only not to encourage.
- R.S.C. Cab. ruling not carried out. c.f. last sentence of H.O. memo.
But the rest^{ns} cd. be raised now.
- P.M. Visa's – we previously thought it shd. be p'poned. Think
negotiations cd. begin now.
- R.S.C. Strict examⁿ at ports will be far worse than visas.
- G.H.O. The trouble is not undesirables but visitors intending residence.
Visa abolition will mean stricter control at ports.
- R.S.C. Favour abolition if port control is no more strict than pre-war.
- H.M. Save to the extent that Europe's conditions are unsettled.
Memo. approved. F.O. to consult H.O. on
tourist "restrictions".

1. Parliament. [Enter. W.W.]

H.M. Tues:
Mon: Atomic Energy – P.M. to move. M/S. to reply.
Wed: Hill Farming. Rpt. – 3rd R. M/Ag. Scotland watching.
Followed by 3. Scottish Bills.
Thurs: Housing in Scotland on Adjournment. J.W. & Buch.
Frid: Roosevelt Memorial. P.M. to move. W.S.C. to follow.

R.S.C. India?

W.W. Opposⁿ agree to defer, pending developmts. Good.

J. H/L. Tues/Wed: 2nd Rdg. Nat. Health Bill.

A. Shall complete business in month.

2. Returning Ministers.

P.M. Welcomed J.L., A. and G.A.I.

A. Attitude of Canadians.

J. Pendg. case to Privy Council on ques. wtr. Canada can abolish appeal to Privy Council. Likely to be decided tht. they can. Then we put it on Canada to suggest what shd. be done.

A. Fr. Canada will want to keep it.

3. Enquiry into Press.

H.M. N.U.J. originated demand & feel strongly a) reporters expected to write to order, even falsifying facts. b) growth of groups subject to control of one man.

Intrusion of views into news (part of (a)).

Labour M.P.'s have tabled Motion – strongly supported.

Problem: functioning of Press in free democr. society. As strong a case for enquiry into that as into B.B.C., which we have conceded.

R. Commⁿ might recommend legⁿ. Recognise diffy. of that. But we cd. consider when Rpt. received.

Judge – or ex-Judge or Sc. Judge – wd. be helpful: give appearance of independ^{ce}.

P.Q. to P.M. for Tuesday (Marples).

- P.M. Feel gt. diffy. The more R.C. brght. out evils, greater pressure for Govt. to act. And how cd. we curb, esp. chains groups etc. What help to expose evils, if result is demand for impossible action.
- R.S.C. Dangerous to embark on enquiry w'out policy of own. Launch this enquiry & don't know how you can deal with results. Better have Cttee of Cab. to consider what policy we cd. adopt if these facts were disclosed.
- A.B. Even so, favour enquiry. Resultg. agitⁿ wd. inspire solution. Evil situation already exists – morale being weakened by daily diet of lies & half truths. Inducing atmosphere of pessimism & daily denigration. Vast area of corruption – salaries of columnists & expenses. Newspaper spends only 12½ % of expend^{re} on editorial staff. Proprietors aren't newspaper men. D. Mail: compensⁿ paid on change of executives – mainly out of E.P.T. During Squatting – Ev. Standard story re export of prefabs. Must find out who owns newsp. – who the nominees represent etc.
- R.S.C. All this depends on wtr. we have any remedy to apply.
- T.W. a) Wd. enquiry draw out the disgraceful points mentioned by A.B.? Doubt it.
- J. I doubt that. May get a whitewash. We shall then look foolish. Short of hostile x^{mn}, doubt if facts will come out. Witnesses will be squared.
- G.A.I. If we drop this now, and N.U.J. carry their resolⁿ at T.U.C., what then? Surely Govt. can't admit they have no remedy. Northcliffe was the first to draw attentⁿ to danger of monopoly in Press. Get hold of his pamphlet. Strong demand in U.S. for more informⁿ re U.K.
- P.M. But what remedy? Can you have Freedom of Press w'out Freedom to Lie?
- A.B. Right to lie is democratic right: but public have right to ascertain wtr. speaker is a liar.
- E.Sh. Only way to counter a lie is to emphasise truth. Why are N.U.J. so keen? Because they fear monopolies, as threat to empl^t. Their right course is direct action. If they are too weak to do so, R. Commⁿ won't help them. Right line is to see tht. pp. which do support us get help & informⁿ: and to see we are in posⁿ to counter lies in newsp. Our Party prop. isn't good enough: & doubt if Govt. prop. is either.

- P.M. How do you prevent a group getting power – or a paper distorting the news.
- A. a) Doubt if we cd. get the facts.
b) Don't see how you cd. prevent a man from lying.
Reluctant to start this w'out knowing what we cd. do.
Wd. prefer to approach this fr. angle of improving machinery for putting our case.
- P.M. Suppose we find K. group controls 100 newspp. How cd. you check that?
- A.B. Ascending scale of taxation on advertising revenue.
- P.M. That wd. hit independent equally with chain newspp.
Problem = check multiple ownership.
- A.B. Increased newsprint has gone into advertising vice news.
- P.M. Only new factor is increase in control by one man. Tell me how we cd. deal with that.
- J. Nominee shareholders – you cd. deal with generally.
- R.S.C. That is covered by Cohen Report.
- H.M. The nub of the whole case of N.U.J. – reporters can't tell the truth.
New idea tht. you mustn't appoint a R. Commⁿ unless you know the answer & have a policy.
P.E.P. have made a report on this.
Reform newspp. or debunk them. Let public know the truth.
Strong feeling in Party & movement.
- P.M. May have to hold enquiry now you've gone so far.
But consequences worry me.
“Daily pessimism.” Alternative – directions what they are to say?
- A.B. D. Mirror circulation 3½ m. Maint^d its independence because shares widely held.
Result: managed by newspaper men. What if this was collared by a Press Lord?
- P.M. Risk of being driven into Govt. control.
- E.Sh. Any other form of enquiry better. Select Cttee?
- H.M. Too political.
- R.S.C. Powers to get ev^{cc} on oath. Only by T. of E. (Ev^{cc}) Act.

A.B. Believe a R. Commⁿ can take ev^{cc} on oath. This shd. be looked into.

P.M. T. of r. How to secure freedom (i.e. fr. control of interests as well as Govt.)

A.B. Cd. J., R.S.C. & H.M. consider t. of r. & make recomm^{ns}.

J. I will, if asked, try to get a Judge. I have, however, ascertained tht. L.C.J. hopes you won't ask for a Judge. Must be kept free fr. any suspicion of bias. Hope I won't be asked to press a Judge to help in something so near the political. Wd. prefer Sir H. Hetherington. General support for that.

H.M. Names shd. be scrutinised by Cab. – or at least P.M.

J. Cd. we reserve final decision until we see t. of r. and names and powers.
 Agreed: H.M. to consult with J. & R.S.C. and bring up again.

[Exit W.W.
 [Enter J.S. Barnes
 M^cNeil.

4. Indian Food Requirements.

J.S. Gave U.K. stock position and U.S. shipping prospects.

P.M. Is this continuing need? If we gave now, wd. we have to give again next year.

R.S.C. Understood this was temp^y failure in allotted supplies because of shipping strike.

H.M. If so, it shd. be on loan.
 But wd. this cure trouble. Wd. still have 233.000 t. deficiency. Shd. we therefore start diverting. Early experience was tht. diversions made U.S. believe U.K. had more than enough.
 Stressed M/F. argument v. maintaing. bread rationing here because shortage abroad.
 Fear help fr. us will increase reluctance of India to practice self-help.

R.S.C. Case for loan, to meet gap due to specific cause, to tide over to 1947. Pol. position in India is now v. favourable. Dangerous to damage that.

J.S. No prospects of repayment.
 We haven't got anything fr. any source but Canada.
 Diversion for B. territory in S.E.A. (87.000 t) must have priority over this.
 How can I go on pressing Canada for the extra 40 m. bushels if I show I can spare this for India.

R.S.C. State in India shd. make it clear tht. isn't a case of our being able to do w'out it.

J.S. Stocks now } 729 wheat + 248 flour at present.
in U.K. } 737 .. + 300 .. at 1/11.
Loss now of 100.000 t. might well mean that we shdn't get our stocks above danger level all thro' winter.

G.A.I. More seaman's strike to come in Canada.

J.S. Canadian p'mme is lagging now – 113.000 t. down in Sept.

R.S.C. Yet we added 100.000 t. in Sept.

J.S. But this is the stock bldg. season – before St. Lawrence closes in mid-Nov.
This time in 1945 stocks were 50% higher.

B. P'mme is lagging because congestion in St. Lawrence.

E.Sh. Cd. the diversion be a loan v. expectⁿ from Argentine.

J.S. Fear that Argentine wd. then cancel export licences: either India's or ours.
There are chances of swops – e.g. Can. barley via U.S. ports – against later deliveries wh. wd. otherwise go to India. Wd. Cab. wish me to explore.

G.H. S.E.A. territories worse than India: no stocks at all: living hand-to-mouth on v. low ration indeed. No wheat for them fr. Australia (regular source of supply) until Dec. Ration 6½ or 7: and India has bn. 12., only now coming down.

J.S. We have done much to help India: cd. do more with detailed swops: but S.E.A. needs must come first.

P.M. 100.000 t. diversion can't be auth^d.

P.L. Can we then get ships to lift the maize fr. the Argentine.

B. Yes. Priority to Indian loadings can be given.

J.S. If S.E.A. is to have priority: I will try swops on barley & maize: but don't want to divert any more wheat.

A. Open diversion wd. have bad effect in Canada.
Agreed: Priority for S.E.A.
Quick lift fr. Argentine
Swops on barley & maize.
[Exit J.S. Enter Edwards.

5. Japanese Merchant Ship-Building.

- P.M. Summarised history. Issue narrowed down to size of ship.
- H.M^cN. E.B. has re-considered & remains of same opinion. Consequences of reductⁿ wd. be ...
This wd. mean deficit area.
Increased competition in textiles.
Political animosity in Japan.
- R.S.C. This is an attempt to give B. shipping preferential posⁿ over all B. trade.
Thought we were cutting down only qua security. Can't take into account effect on B. shipping unless we consider other trades too.
Security is a strong ground: once we have it we are in a bog.
- H.M. Ty. not disturbed at latest proposal. They want to improve J. balance of payments: but don't put that v. strategic argument of Adm^y.
Cd. Japs run chartered ships vice bldg. them.
Agree our argument must rest on security grounds.
- Edw. Adm^y case: if we allow the larger type of vessel, they can transfer to warship-bldg. If limited to 2.000 they can't turn over even to destroyers.
- P.M. Either you control or not. If you do, you can prevent switch to war ships.
If you don't, you can't prevent their going above the 2.000 limit.
- E.Sh. a) Depends what you mean by "warship".
You can construct a merchant ship wh. can be used as a warship.
b) Told tht. w'in 2 yrs. there will be a slump in B-ship building. The less competition fr. Japan the better. Why not restrict them to coastal.
- R.S.C. That (b) is my real ground of objection.
- B. I support this primarily on security grounds. Our own experience shows tht. ship-bldg. capacity is most important security guarantee for an island.
Rapid conversion to warship-bldg.
On b) there will be a serious contraction of B. bldg. If J. competition then comes in, posⁿ will be serious.
- A. Doms. have bn. consulted. Austr. & N.Z. favour 2.000 on security grounds.
S. Africa not keen, tho' favour some limitⁿ for a period.
- T.W. How long can we hold down J. to these levels – on security or commercial grds.

- H.M. This is Allied policy – not B. alone.
As the case can rest purely on security & Doms. favour it, we shd. support the memo.
- R.S.C. Remember this will damage our other industries.
- A.B. Surely Germany has taught us tht. we can't establish our prosperity by ruining our enemies. Support R.S.C. Only cure is to ensure prosperity of J. not it's impoverishment.
Security: proper method is inspectⁿ at "finishing" end. Weapons can't then be made. Anyhow next war is always waged with new weapons.
- P.M. Prime need is to decide what we are going to do with Japan.
This is particular example of policy of destroying war potential. Can't destroy it all.
J. as an island can't live w'out merchant navy.
U.S. support this – they are threatened more than we.
- P.L. Agreed with P.M. & A.B.
- J. Support memo. if limited to term of years. Then we are with Doms.
- G.H. Agreed.
- J.J.L. Attempt to suppress J. will drive them to work thro' China.
- A.B. Period of years – this is the time when they are no danger.
- E.Sh. Why not let J. begin with coastal trade.
- P.M. Because she is an island: needs more than coastal.
- J.W. } Supported P.M.
T.W. }
G.A.I. }

Agreed: balance of opinion v. Admy. & M/T.

[Exit Barnes & Edwards. J.J.L.]

6. International Employment Policy.

- H.M. Only issue for Cabinet is in para. 2 of covering memo.
Read telegram from P.J. Dangerous views. Won't pursue that now because C/E. made the appointment and isn't here.
Only ques. is wtr. internat^l instit^{ns} like the Bank shd. play their part.
- P.M. Need for small group of Ministers to watch this while Conference is on.
- E.B. Want our people to play down national action: stress international.

R.S.C. Must deal with both. Internat^l ideas must be translated into national policies.
And U.S. won't be represented.

G.A.I. I.L.O. is considering this ques. They shd. be brought in: they may be useful.

1. Paratroopers in Malaya. [Enter Bellenger & W.W.
- B. Statement to-day. J.A.G. advise procdgs. can't stand: & I'm quashing convictions.
In view of misdirectⁿ of ev^{ce} of accused: irregularities prejudicing accused.
Trial as a whole unsatisf. [Exit Bellenger.
2. Parliament.
- H.M. Business for the week.
- J. Nuremburg Judgmt. – to be publ^d as Cmd. Paper.
3. King's Speech Committee.
- P.M. Announced membership. [Exit W.W.
4. Palestine.
- P.M. Take note only. Discuss when E.B. available.
5. South West Africa.
- P.M. As in brief.
- A. S.A. will strongly resist independent U.N. enquiry & will expect our support.
Earlier Cab. formula will, they think, reflect on them.
Asked Hailey (out there) for his view: he has no doubt (i) fair explanⁿ given (ii) opinion of natives freely given (iii) consult^{ns} were in accord with normal tribal practice.
Enquiry made was as good as any you will get.
If we don't support them, they will assume we doubt their bona fides.
Will gravely prejudice our relations with S. Africa.
- P.M. Not a ques. wtr. we think this fairly done – ques. of precedent for action elsewhere. Will mean we must accept enquiry done by other people's local officials.

- M^cN. Fair chance Smuts will lose this at Assembly.
Para. 7. goes beyond support at Assembly. Such a statement wd. go far qua precedent. At least say we will await what ev^{cc} is subm^d in Assembly Debate.
- P.M. Parallel case. P.M. of a Balkan State: we believe it to be all crooked: USSR. say it's all properly done: we shd. then have to accept it. We are satisf. if the methods adopted prove agreeable to U.N. But can we run ahead of that and say we are satisf. now. Wd. be diff. if some disinterested persons had been there. Stupid of Smuts not to have done so.
- C.J. Also form of ques. was unfortunate. Alternative govt. by another Power.
That wasn't the issue.
Public endorsement of Smuts applⁿ now wd. embarrass us i) in considⁿ of our own agreemts. in U.N. ii) in controversies in Kenya etc., where local Europ. opposed our trusteeship proposals.
- A. This is diff. Mandate – territory was to be treated as integral part of Union.
- P.M. Same as Austr. & N.Z. Mandates (C.)
- A. Suppose we defer expressing a view – we'll have to decide then.
- P.M. Cd. we not support Smuts applⁿ if U.N. satisfied with methods used. Read out formula provided by R.S.C. Confidence in S. Afr. intent^{ns} tho' for U.N. to say wtr. they are satisfied that it is enough.
- C.J. Try to persuade Smuts to p'pone. M' while Trust. machinery wd. be establ^d: and we might get somewhere on ques. of citizenship. Needn't come to Assembly. Can carry on pro tem. under mandate. This wd. ease tension among Africans.
- A. He has given notice. He dared w'draw it – for fear of Malan etc. He will go on - & we shall have offended him to no purpose. Agreed.
No hope of getting him to p'pone.
- P.M. Get P.Q. p'poned. Agreed.
- C.J. Still leaves the embarrassmt. for us in negotiating our Trust. agreements at U.N.
- P.M. This formula leaves it to U.N.
Talk to Smuts when he arrives. (Agreed.) about the line we may have to take in disc^{ns} at U.N. See wtr. R.S.C. formula wd. meet him.
- M^cN. Find out, too, what Smuts will do if defeated in U.N.

6. Nuremberg Sentences.

- P.M. Telegram re Nuremberg sentences.
Jodl wants to be shot vice hanged. U.S. & Fr. favour it. Others opposed.
Need we intervene? Can we allow it to be settled by C. Council.
- P.M. Von Papen: wants to return to place where arrested. Then he will be interned under Cat. 2. – for wh. maximum penalties not yet prescribed.
- H.M. Why not let him go to B. Zone and get interned? Good for him.
- R.S.C. What alternative?
- J. Don't appear to try again a man whom the court has acquitted.
- A.B. be giving him sanctuary.
- P.M. Instruct not to admit to B. Zone.

7. Importation of Danish Meat.

- T.W. View of my vet. staff v. strong. All our experience indicates there is ground for apprehensions – details of outbreaks in Denmark.
Not enough to stop imports if outbrk. occurs – damage wd. then be done. We shd. lose our herds & our milk.
Ton for ton D. meat no more dangerous than Argentine. But door to Europe wd. be open with what consequences?
- A. Might backslide. Our reputⁿ for pedigree stock might suffer.
- P.M. Denmark gets on well enough with f. & m.
- T.W. Pedigree stock. U.S. restrict admⁿ even now to cattle wh. has bn. in quarantine for 6 wks. in Canada.
For Cab. to decide wtr. need for meat is so great as to over-ride this risk.
L.P. Cttee seemed on this occasion to be biased v. the vets! Wished therefore to be sure Cab. agreed to run this risk.
If U.S. zone wants meat from us, c'dn't Danish meat go there?
Are we re-exporting any foreign meat?
- P.M. Can't Denmark take precautions wh. we have insisted on in Argentine.
The Dan. adminⁿ is better surely?
- T.W. They wd. do their best. But opens another source.

- J.S. Danes willing to accept all the conditions wh. we impose on Argentine U.S. Zone point. We haven't agreed to make the loan: & won't unless they assure us of repaymt. of 30,000 t. wh. we lent last year.
- A. Ev^{ce} that f. & m. is spread by imported meat is v. doubtful. Care & adminⁿ of Danes much better than in Argentine. Balance in favour of the meat.
- J.W. Support the case put by T.W.
Agreed: Take the risk.
- E.Sh. Then may we take firm decision on extra meat for miners.
- J.S. I am ready to go ahead.
- P.M. Wait until I have received T.U.C. deputⁿ?
- E.Sh. T.U.C. have agreed. They are coming to you only on procedure.
- P.M. Decide: but p'pone announcement until after T.U.C. deputⁿ – if Tewson thinks it may offend them. I will tell M/F. when he may announce.
Agreed: Grant extra meat ration for miners.
Let P.M. inform M/F. when this may be announced.
8. a) M^r Churchill's Book.
- P.M. E.B. had said publⁿ wd. be awkward at the moment. But publⁿ won't be for 2-3 years.
Obj^{ns} to earlier appl^{ns} taken on basis of damaging confl. relations: secrecy of documents: foreign relations.
- A. Considered from angle of Doms. Told tht. his telegrams to Dom: Ministers were frank & aggressive. E.g. to Curtin. W.S.C. plan is to give his text and only gist of reply. Dom. Ministers wd. object. Can't let him publish w'out consent of Dom. Govt. concerned – either his message or the reply.
- R.S.C. Not for them to consent to his message. That is for us to censor, at the 2nd stage when he submits his book, on grounds of inter-Dom. relations.
- M^cN. W.S.C. evidently envisages this procedure.
Agree with the general line.
- M^cN. No interim publⁿ?
- P.M. No.

b) Sherwood's Life of Harry Hopkins.

P.M.

Applⁿ for leave to publish documents produced to Hopkins by

B'brook on production programmes.

Have exam^d documents – no objⁿ involved.

Suggest we agree so far as concerns H.M.G.

1. U.S. and Canadian Dry Cargo Shipping.

- B. Dilemma: U.S. Govt. may be forced to w'draw ships on charter (3 m. tons to us).
Deficiency: 4-5 m. tons due to war: bridged by b.b. chartering 1 m. fr. Canada & 2.8 fr. U.S.A. plus voyage chartering 50/60 U.S. ships.
Ask therefore for auth^y to purchase 75 U.S. ships (750.000 t) – so as to sweeten U.S. to continue chartering remainder.
75 Liberty ships cd. be re-sold to U.S. (? Br.) owners hereafter.
Later ques: shall we be forced to buy the ships we voyage-charter? Effects on B. ship bldg. We are aiming at stabilising it at 90.000 men over 10 years. If we're forced to buy the extra 50/60 ships it will depress B. bldg.
Shan't therefore consider that unless forced to it. Want auth^y then to assure builders & owners tht. they will be taken off market after 4/5 years if they then threaten B. bldg.
Finance not serious factor – represents what we wd. pay in hire over 3 years.
- P.M. All based on assumpt^{ns} re import/export p'mmes. Any allowance made for revival of carrying trade?
- B. Our bldg. p'mme wd. meet that. Fear it mayn't materialise.
- H.D. Procedure – b'ght up as isolated case: not thro' Exchange Requirem'ts. Cttee. tho' they were asked to do so. Will M/T. chase his officials?
But on merits a) we must buy the 75 ships on private account. Dollar cost will write off in 2 yrs. & ships will last longer.
b) we must have 35 Baltic coasters.
c) addl. purchases of Govt a/c: I can't agree yet because data not supplied to Ty.
- B. Don't need decision on c) now, but thought it right to inform Cabinet.
- H.M. Hurcomb shd. not be hustled by U.S. into buying more than U.K. needs.
- G.H. Concerned only with effect on B. bldg. Hope M/T. will keep in touch with Shipbldg. Advisory Cttee on this because t. of r. include effects on future bldg.
- A.B. Abnormal rates of freight shown by these calcul^{ns} re capital cost written off in 2 yrs. Timber prices to be raised because freight rates. Shdn't whole ques. of freights be examined?

- B. That's why we may have to buy c). But if we do, we damage B. bldg.
- P.M. Let M/T. put in a memo. on freight rates.
- G.A.I. Para. 12. B. bldg. replacing obsolete ships. Avoid shortage of work in our yards at time of next election.
- E.Sh. Memo. based on assumptⁿ tht. U.S. & Canada will demand re-delivery. What evid^{ce}?
- B. My own impression fr. U.S. Govt.
- E.Sh. Cab. considered purchase before & were against it. Aren't U.S. pushing this too hard. They're getting high freight rates. Why shd. they want to sell, except to be rid of old junk. Our owners so regard it. They will then ask us for scrap & build policy.
- H.D. On facts as now it's good business. How cd. we control the high rates.
 Agreed on a) and b)
 c) reserved for discⁿ with Ty.
 M/T. to submit mem^a on { freight rates
 { age of B. mercantile marine
 { revival of carrying trade.

[Exit Barnes & Hall. Enter Wilson.

2. International Commodity Policy.

- R.S.C. Want same line on F.A.O. and I.T.O. This accords with earlier dec^{ns}.
- P.M. One doubt: helping countries with less purchasing powers – cost to fall on producers with no contⁿ fr. importing countries. Will they accept that.
- R.S.C. It's all for benefit of producers – they shd. carry it.
- P.M. Mayn't you have to make concession on that?
- R.S.C. Yes: but we start as in memo.
- P.M. Not too flat-footed.
- H.D. Can't have burden accepted w'out reference back. B. use of dollars for the benefit of others. Can't accept any further commitment for improvident good nature expend^{te}.
- R.S.C. Add: no concession on this w'out reference back.
- J.S. Price differential v. diff because concealed.

H.M. Agree with memo.

T.W. So do we.
Agreed.

3. Excavators. [Exit M^cneil.

R.S.C. Decisions by Coal Cttee held to cover order of excavator for Finnish Govt. required for power station. Disturbs relations with Finns when we are about to do a timber deal with us. They want it this autumn before winter prevents work.
Will Cab. decide wtr. requisitioning powers of this kind cover goods ordered by foreign Govts.

E.Sh. Quoted Coal Cttee decision. B/T. represented at the mtg.
This excavator is being delivered now to a pit: will be erected in 5 wks.
It gives only 50 yds. of the 500 priority. Will yield 40.000 t. of coal p.a.
Want to increase open-cast yield because drop in mined coal prodⁿ.
Can't expect any export otherwise. Aiming at 15 m. tons of open-cast: depends wholly on machinery. Export: will help B/Trade.
Priority is or isn't priority. Can't have exceptions.

P.M. What sequence of events?

R.S.C. They ordered this some time before 1/8. They built special ship to carry it.
Thought allocⁿ wdn't apply to such orders. – property of foreign Govt.

E.Sh. My file goes back to Dec. 1945. Corr^{ce} with Stokes M.P.

P.M. Were you contemplating requisitioning it there? Not until August.

A.B. E.Sh. has had v. generous treatment over excavators.
Set 40.000 t. of coal v. 200.000 standards of timber. Timber wins!

E.Sh. 15/8. Minute: shows we cleared this with other Dpts. F.O., B/T. and M/Supply.

H.M. L.P. Cttee 27/9 were concerned with new prodⁿ on 1947.
Clear tht. on 1/8 Coal Cttee hadn't in mind this export machine.
I favour therefore B/Trade claim.
Cab. cd. also help to enforce L.P. Cttee decision of 27/9 re 30% diversion of Service holdings.

P.M. I will send strong note to Serv. Dpts. A more legitimate spoil for E.Sh.

P.M. In future – no absolute priority anyway except by Cab.
L.P. to allocate.
This excavator must go to Finland.
[Exit Wilson.

4. Parliament.

A. When can I get Coinage Bill?

H.D. Probably after Friday next.

5. China: Request for Arms.

P.M. Telegram fr. E.B. Arms for China – to attack Communists.
E.B. recomm^d refusal of request.
I have informed him I agree.

1. Parliament.

Business for week.

2. Paris Peace Conference.

P.M. Welcomed E.B. on return fr. Paris.

E.B. Conference of polemics not Peace.

Diffy. thro' attend^{ce} of Press at all mtgs incldg. Sub-Comm^{ns}.

Prevented any tentative sugg^{ns}: led to spkg. to Press vice
Conference: hardened lines of division betwn. blocs.

Diffy. goes back to D.P.M. – Evatt's views. I decided to raise it with Ministers on C.F.M. but Evatt had sent message to Byrnes in advance & he sprung it at C.F.M. mtg. I had to support it. Sympathise however with Molotov. We agreed Moscow tht. Conf. wd. be held when drafts ready. We have never got the atmosphere right since. Followed by row in Security Council over veto re Franco. That was transferred back to Paris – & 2 wks' wrangle over procedure. Private mtg. of 4 = my resolⁿ on method of reportg. by Comm^{ns} to Plenary was accepted – on the 2/3^{rds} & simple majority point.

Later, when here ill, feared Conf^{ce} was getting into disrepute.

Returned (prematurely): seized on M. King's idea of periodical mtgs of the 4: they responded to this: agreed as to when we were comm^d to support C.F.M. recomm^{ns} & when we cd. take another line. Progress thro' mtgs of Deputies.

Out of hand again when I came back to Ldn. On my return, got them to accept time-table to finish by 15/10.

Attitude of Doms. Evatt tabled 75 amendmts: no consultⁿ with us: then left.

They complain when we do somethg. they don't like – but never consult us when they differ. Must raise this at mtg. of D.P.M. A.V.A. got them workg. Together thro' officials – Beasley was specially helpful.

Smuts was diff. over Ital. Colonies, wh. he wanted decided now.

Later he recognised we had bn. right in counselling delay.

Gt. problem was Trieste. With Danzig in our minds, we proposed Govr. shd. have strong reserve powers mainly for public order. Denounced by M. as B. colonial system. Then put in 2 more drafts, alternatives. That ran into trouble with U.S. & France. Other drafts then threatened. Ultimately one draft & one Russian. B. compromise incorporatg. some features of others succeeded.

Believe talks betwn. Yugosl. & Italy may ease posⁿ. May have to give somethg. more to Yugosl. e.g. Pola, not Gorizia.

Agreement betwn. Italy & Austria = one of best events during conference. So with Trieste – if Yugosl. & Italy can agree on a settlement I won't insist on ours.

Full written report on Conference is in prepⁿ.

Another most acute problem is Danube. Won't be settled on M/T. principle of limiting cabotage to country of origin. But believe some solution may be found on other lines.

Oil – first mention of it aroused hostility of whole Conference. Oil cos. v. unpopular. Not one U.S. delegate wd. spk. in my support. Will continue to seek some solution – M/F & P. have good case, - but can't be optimistic.

Believe the 2/3rds decisions will mostly be accepted. Some majority views may have some weight. Danube may get solved.

Diffy = we've begun with periphery & G. & Japan loom in b'ground.

Tactics: not replying to abuse & getting on with work in Sub-Comm^{ns} – have strengthened our posⁿ & won us compliments even fr. Russians.

Overshadowing conference is atomic bomb – how it will be used – long-range bombers. Fear overhangs all Delegations. Statesmen must overcome that, by devising Peace tht. will make atomic bomb unnecessary.

P.M. Thanks to E.B. & to A.V.A. for their work in Paris.

E.B. F.O. staff. Sub-Comm^{ns} in public. Some new entrants did v. well in this.

A.V.A. Serious side of R. attitude – shown thro' contacts with staffs.
E.g. C.R.A. must be a Fascist because rode in carriage with W.S.C.

3. Administration of Wales & Monmouthshire.

H.M. As in memo. If approved, motion cd. be shown to-day to G. & Mainwaring.

W.W. Chair agrees tht. this formula wd. allow of debate on S of S.

A.B. Can't find in Wales any real support for this. Fear Welsh M.P.'s have fallen into mere demagogy – helped by Grenfell's disgruntlement.
This is now supported by W. Mail.
Can't we lever the Labour members out of this unwelcome coalition.

H.D. Main T.U. offls. are sound on this. Guide some of this into Reg. Councils where T.U. more hard than at Westminster. [Exit C.E.]

P.M. Remember second point – fear of economic depression.
Welsh Day in H/C. – speakers?

H.M. A.B. shd. reply to debate. Opening speech J. Griffiths? My own fear is tht. Welsh M.P.'s might say he has no Dpl. influence or concern.
Alternatives: P.M. or R.S.C. (because industrial & economic issues) or H.D. (M/Govt. at official level) or H.M. (not keen).

H.D. Key-point = fear of unemployment. Thus, stress economic side.
R.S.C. most effective contⁿ – let him tackle it primarily fr. economic angle & get that emphasised at outset.
Agreed: { R.S.C. to open on this basis.
{ A.B. to reply.
Motion in names of P.M., H.M., R.S.C., H.D. & A.B.

H.D. Points on W. Paper. Procedure for re-examination?

H.M. Ty. prepared it: & we discussed at L.P. Cttee last week.
Put your points to Ty. officials referring to H.M. if required.

4. Enquiry into the Press.

H.M. Recalled previous discussion. Summarised memo.
T. of r. Amendment as noted in ms. on my copy – app^d.
Membership. We excluded { members of Parl.
{ practising journalists.
Powers. Add^{nl} recommⁿ: announce tht. Govt. reserve the right, if it became necessary, to apply Trib. of Evidence Act. 1921.
Names – gave supplementary informⁿ.

P.M. Views on main issue?

R.S.C. Still believe not right moment: no idea how we wd. handle it: wd. like poss. action to be considered first.

J. Agreed. Danger of flop, if they find nothing.

H.D. RSC.'s argument goes too far – why appoint any R. Commⁿ. Believe such an enquiry wd. be useful – Commⁿ might invent a policy. This ought to be altered. We are too busy to invent a policy. Let us devolve it on Commⁿ. Also value m'while in exposing the racket.

A.B. Examⁿ of t. of r. confirms my earlier view.
Mistake not to go on now, after publicity given.
Time for us to go over to offensive. Newspp. have created climate of public opinion unfavourable to us. Agencies at disposal of Govt. are v. few. If we do nothing, we shall have to invent other means of getting offl. Govt. statements across to the public.
As State increasingly intervenes in econ. affairs - & long-term plans

involve short-term deprivations – increasingly nec. for State to be enabled to get public ear.

- E.W. Need for realism. Freedom of Press being used to create bogey wh. is screen for handful of rich men opposed to our economic policy. They are ruthless. Seen how this was done in U.S. – strike of newsboys v. New Deal.
Best weapon = facts. We want free Press: don't threaten it.
Ques: can the evidence be secured to prove monopoly control & link with the individuals I have in mind.
- G.A.I. Support enquiry. Concerned re provincial Press, whose independence is being undermined by monopolists. cf. Bristol re-action: started a new paper when monopoly bought up the old.
The nationals are now invading Scotland.
Mere elucidation of facts will be of value – will show Press lords are limiting freedom of Press.
- E.B. I agreed with R.S.C. – not the time. Esp. if no legⁿ is intended.
What is purpose? Ascertain ownership? Can be done by enquiry at Somerset House. Transpt. House cd. do it as Party propaganda.
But if State intervenes, where do you get? Trust deed of D. Herald.
Who directs Reynolds?
Are we going in for a State newspaper?
This is a matter for the Party not Govt.
Will be misunderstood abroad.
Do we intend exposure with no subseqn. legⁿ? Who will face legⁿ?
What is purpose of R. Commⁿ?
Won't protect journalists.
On experience of D. Herald, diffy. was to get Labour view presented as we wanted when journalists were given independence.
Why do this? We've won the election w'out Press. Public was influenced more by speeches than by newspapers.
Reuters – in Coalition Govt. I advocated getting B.B.C. to run world agency & develop that instead of sponsoring Reuters. Ownership of Reuters is worst example of monopoly.
Enquiry may do more harm than good unless we are going to reform it.
- P.M. The more you expose the evils, the more you will be pressed to produce yr. remedy. This means a) Govt. newsp. or b) control wh. wd. be said to limit Freedom of Press. What alternative will R. Commⁿ produce?
- T.W. No practical remedy likely to be found.
Monopolistic tendency is however, dangerous. Wd. be advantage to

bring out the consequences of this. Wd. prefer to have it restricted to monopoly point. – omit ref^{ce} to financial structure.

- A.V.A. Have bn. away – don't know what N.U.J. case is. Their remedy is thro' T.U. methods.
Informⁿ re ownership is available now. 15/= book by P.E.P. The Labour Party can use & exploit that.
Pol. re-actions will be damaging. Appt^{mt} of some R. Comm^{ns} has re-acted on apptg. Govts. e.g. 1924 Commⁿ on Food Prices.
If we enquire & can't cure, it is us who will suffer.
U.S. views on our leaning to Moscow. Won't help that to interfere as Govt. with this.
- P.L. Against. Don't see what fresh facts you will elicit. Unwise to start unless we have some idea what cd. be done.
- E.Sh. Disturbed by arguments against. "No R. Commⁿ unless solution known" "T.U. action by N.U.J." "Transpt. House shd. do this."
We aim at freedom of Press. There is none. What do we mean? – that a reputable journalist shd. be free to express his opinions: that news be objectively presented. They cd. get more of that if facts disclosed.
On balance, I'm in favour.
- A.G. Don't like this. But impⁿ created tht. we are going to do something.
Bad effect if we now w'draw. Victory for Press Lords. We've gone too far to w'draw.
- A. Have already supported R.S.C.
Against it on merits.
Must go on with this if comm^d to it.
- C.J. On balance, case for enquiry hasn't bn. made out.
We shd. be harmed because said to be interfering with freedom of Press.
Enquiry wd. show Press of Left (progressive Press) is no freer.
On balance, I'm against it.
- W.W. Both sides of H.C. expect a Debate. No promise made of enquiry – but expectⁿ of opportunity to explore in debate.
Labour Party – feeling in favour of enquiry, esp. into monopolistic tendencies esp. in provincial newspp.
- R.S.C. Cd. we have a debate - & consider our attitude in light of debate.
- E.B. That was old method, surely. Debate before Govt. made up mind.
- A.B. In Private Members' time.
- R.S.C. Cd. be on adjournment.
- H.D. Or Motion, in names of Labour back-benchers.

- H.M. There is one on the Paper. Read it out.
 In B.B.C. debate I said demand for enquiry merits considⁿ.
 We cd. let that Motion be debated. a) majority of our Party wd.
 support it. b) Coalition Govt. liked to find out what H/C. felt.
 That often led Govt. into trouble. - & that was a Coalition Govt.
- A.B. Don't want Motion directing Govt. } General agreement with
 "Draw attentⁿ to public alarm" } that view.
- R.S.C. Much less objⁿ to action based on carried Motion in H/C.
- H.D. Govt. spokesman can limit himself to promising considⁿ.
- H.M. Don't like that. If we know in advance Parly. Party will support.
 Govt. shd. take definite line in Debate.
 Govt. interests. Press depress. Prosperity campaign – no co-operation.
 B'book intervention. Rigging the news.
 Want it spot-lighted. Above Party. Health of the Press as a national
 institution.
 The Press Lords are frightened.
 Intellectual level of our people is higher than Press suggests.
- A.V.A. In reply a) conduct of owners. Action whether combine or
 individual wd. be the same. Moral conduct.
 b) emphasise monopoly - & you'll have to say why you don't
 deal with restrictive practices generally.
 c) This is pre-eminently a H/C. matter (if put on natl. level)
 not Govt. matter.
- P.M. Have a debate. Let Govt. speak last. But Govt. spokesman then to
 take a line.
 Names: Small no. commandg. confidence.
 This list is not impressive.
 Shd. include retired men with pract. exper^{ce}.

1. Gift from South Africa.

P.M. Gold token representg. £1 m. – gift from people of S. Africa to people of U.K.
Remarkable tribute.

2. South-West Africa.

A. Recalled earlier discussion. Quoted formula.
Smuts strongly objects to last part of formula. I agree with him.
Indicates indecision as to our line in U.N. – are we going to support them at U.N. or not? I recommend we do.
Risk of re-action on us. We might have to submit to independ. enquiry e.g. in Tanganyika or Austr. mandates.
We shall lose nil. by supportg. our best friends. Bad effect if we don't.

P.M. Mandates Commⁿ no longer exists. Respons. with mandatory. Not therefore an applⁿ to U.N. but a notification. S.A. will resent U.S. suggⁿ: & doubtful if U.N. have a locus in this. We handed over Trans-Jordan w'out enquiry of inhabitants. If raised, acrimonious debate.
Hailey satisfied with method of enquiry.
Diff. for us to vote v. S. Africa in this.
Recognise however tht. if there is a vote in U.N. it will be against B. Comm.

A. Yes: & Smuts will then carry on.

E.B. Baltic States – there was plebiscite conducted unilaterally.

H.D. To what extent does U.N. inherit mandates rights of L/N.

C.J. Nothing legal: mandatories to carry on “until other arrangemts. made”. S. Afr. have said they wd. bring this to notice of U.N.

A.B. Legal rights of U.N. irrelevant. Ques: is this right: shd. we support it merely because S.A. is member of B. Commonwealth.

T.W. Geogr. link. Are we satisf. tht. S. Afr. have taken only practical steps they cd. have taken? If so, can we do other than support?

E.B. Was mistake to bring this up now. T. Council not establ^d – no rules etc. Will lead to acrimonious debate & will put us in awkward posⁿ.

- A. He only intends to notify. But can't prevent debate. And expects adverse vote. He won't take it off Agenda because of his domestic politics.
- E.Sh. He asks for our support. We shd. give it because of Comm. solidarity, irrespective of merits. Must take long view.
- C.J. Commonw. won't be united. N.Z. led opposition previously to proposal of incorpⁿ.
- (A. He won't now.)
- C.J. In our trust negot^{ns} we shall be embarrassed by support of this. Will Smuts declare tht. he will continue in acc. with principles of mandate itself?
- (A. Yes: he will do that.)
- E.B. Annexations – by U.S.S.R. in Poland – also China.
- H.D. Main point = don't school ma'am Smuts in public, for sake of pedantry. Mustn't get in posⁿ of voting v. him.
- C.J. We have agreed to inspection. A's point on Tanganyika won't arise. We're safeguarded – right of veto on transfer to trusteeship.
- J. Must support Smuts.
- A.B. We must soon establ. some internat^l principles to which we will stand. Otherwise we are in a swither of expediencies. E.g. that wishes of inhabitants be ascertained by means acceptable to international opinion.
- E.Sh. B. Comm. is a reality. Internationalism & intern. co-opⁿ is in speculative posⁿ.
- P.M. General view: support Smuts. We can omit final part of formula because we now see tht. this is notification, not applⁿ, to U.N.
- E.B. Authorise me to support Smuts at U.N. – subject to prior consultⁿ with Doms. as a whole. There are similar territories in Samoa & Manns.
- R.S.C. Is it necessary to “support” a notification?
- E.B. I can oppose suggⁿ of addl. machinery – if it's made – because T. Council rules not made.
- P.M. What about the P.Q.? Read draft answer.

E.B. “S. Afr. Govt. is right in notifying U.N. before takg. action.”

P.M. No.

Leave draft answer as now – but omit reference to supporting the
S.A. case & include reference to Hailey’s view.

1. India.

P.M. Read terms of proposed message to Viceroy – congrats. on formⁿ
of interim Govt.
Agreed.

2. Parliament.

H.M. Business for the week. [Exit W.W. Enter G.T. & F.W.B. & O.S.]

3. Germany.

E.B. H.M.'s memo. covered in principle: & H.D.'s met: by my memo.
Haven't considered J.S.'s.
Hampered in B. Zone –

- a) by R. refusal to treat G. as economic whole. They have taken heavily fr. current prodⁿ & will continue up to \$10 billions
- b) U.S. policy was pastoralising (Morgenthau) until Stuttgart speech. They supported R. & Fr. case – to point of reducing steel prodⁿ to 5.8 m. tons. And during Loan talks, cdn't oppose them too strongly.
- c) Fr. policy – detach Ruhr: & decline any agreement w'out prior consent to that. Now generally realised our policy on that was correct.
- d) At outset, I took the line – let's get in & put the Zone on self-supportg. basis. Was told this wd. spell disaster for W. Europe. Looking back, not sure it was right to let this political considⁿ outweigh the economic arguments. I refer to coal exports fr. Ruhr.

Looking back it's obvious this policy wd. rundown economy of B. Zone.

In Paris, at CFM time, tried to get B. Zone on self-supportg. basis. Fr. then wdn't play because of c) above. Then announced tht., failing agreemt. to treat G. as a whole, we shd. be forced to make our Zone self-supporting. Next Day, U.S. agreed we cdn't be expected to go on making contⁿ at £80-100 m. p.a. They forced us to 5.8 m. – but all experience has shown we were right on APW Cttee in our figure of 11 m. Molotov then said they wd. accept increase of level of industry – but subject to unacceptable cond^{ns}.

U.S. proposal to merge Zones. We knew it wd. cost us more for a time. When estimates worked out, figure was larger than assumed. Conference held in Paris – after long disc^{ns} have now subm^d memo. Before this was completed I had seen Byrnes (before Stuttgart speech) & asked wtr. this meant he wd.

overthrow Morgenthau policy. He said yes – with Truman's auth^y. Later saw him & took him thro' all points in my memo. Asked H.D. to raise it in W'ton: viz., division betwn. U.S. & U.K. H.D. sugg^d to Snyder 411. Not a hostile reception.

Must tackle Ruhr comprehensively & quickly. Vital thing = cut out bottle-necks. Asked Berlin to give me list of priority needs (given coal) for machinery etc. – with view to getting it from U.S. on loan. Even 50/100,000 t. of steel wd. help to break down bottle-necks. This wd. remove diff^{ies} over U.S. appropriations.

Another diffy – Fr. elections, wh. prevented us from making big cut in coal exports before Nov. Have told Bidault we will do what we can up to Nov. – but tht. after that we must take the pledge. Fr. might be helped with coal fr. S. Africa. U.S. can't help because of high price & shipping in winter.

German exports. In Coalition days we went too quickly along line – ruin G.'s export trade & clip her wings. cf. H.M.'s memo. To save our money we shall have to allow her some (less important) exports.

Housing. A v. gt. problem in B. Zone. Due to diffy. of coal & labour. Definite decision needed on ownership of industry – if we are to get good will of G. workers. Believe we must come down firmly (to-morrow) in favour of policy of socialisation – particularly of heavy industries. [Agreed.]

Can't hope to withstand growth of Communism unless we support social democrats. (Christian democrats have no solid econ. foundation: mainly anti-Communist like MRP. in France.)

Constitutional development – going fwd. on sound lines.

This memo. outlines a policy – proposes early discⁿ in U.S.A. (readiness of U.S. officials to grapple with it now). Now is our opportunity.

P.M. How much do you propose to say in H/C. to-morrow?

E.B. Most of it.

H.D. Tired of cost to B. taxpayer. £120 m. = 1/= in £ on income tax.
A bit much! Ques. is how we can end it?
Have we extracted enough in exports? e.g. timber.
Not only a ques. of money. \$160 million in food for Germany - & that amount less in food for U.K.
Discussed with Clayton & Snyder. They are sympathetic. Want sharp reduction in charge on U.S. Budget. 4:1 propⁿ not rejected. That was UNRRA. propⁿ. Promised to consider it.
£250 m. more in 3 years – capital investment required. So far, a dole not an investment. If the latter, we shd. look at it differently. It shd. be primarily by U.S. – as a loan. That wd. be much better if it cd. be arranged – either U.S. Govt. or Reconstrⁿ Confⁿ. If they can't cover it all, bring in some neutrals. Mainly dollars, v. little sterling.
Don't expect to get back the £80 m.

Broad agreement with E.B.'s memo. – subject to above.
Hope additional points in my memo. may also be considered.
Clayton believes G. cd. export more if control lifted from innocuous products like toys, textiles etc. This cd. be examined as part of H.M.'s memo.

H.M. Broad agreemt. with E.B.'s memo.
Diffy: when do we get a return on this huge investment. If it's 5 years, will G. be so independent by then tht. we can't control re-payment.
Socialisation. Not merely taking over by C-in-C. – but a deliberate policy of ownership by German State subject to international control.
E.B. assenting – good: puts H.M.G. on the Left, where we shd. be. Shd. like to see with it a promise of early action to that end.
With economic unity of G. secured later, we cdn't do it so easily.

R.S.C. Agree with general policy.
Only doubts are on manner of implementing it. We shd. do it in way that helps us most. E.g. a) if we supply G. with up-to-date U.S. machinery why not send our surplus machine tools to G. & get the new U.S. ones into U.K.? b) Destination of G. exports. Two plans. First, let them go free. Second, take them ourselves & export ours in lieu. B. purchasing agency in G., with auth^y to order £10 m. – so far less than £50.000 placed – thus, plenty of room! What if R. doesn't agree to our cond^{ns} re unity. We want them to continue exporting to E. Europe – wd. suit us better & is the natural flow of trade.
Awkwardness of bldg. up Germany. E.g. G. housing: needs G. timber: & we shan't get it. Must balance needs of U.K. v. Germany in these matters. Need for careful study.
Reparations machinery. Memo. for O.R.C. (not taken). Position is desperate.
Must take a firm line – even tho' amount is smaller because decision to increase level of G. industry.

A.V.A. Socialisation. Will be asked under what conditions? Plebiscite?
Unilateral action of C-in-C.? We shd. be clear on that, before we announce.
Investment up to £250 m. Believe it may be more than that. Before we negotiate in U.S., be sure we've put it high enough.
Is it essential to do it by straight advances from U.K. & U.S.?
Cdn't it be done by international means – e.g. the Bank?

P.M. Be sure which leg you stand on. Take care of criticism – bleeding B. taxpayer to save Germany.

E.Sh. Don't make a 2nd mistake in policy (cf. E.B.'s (d)). Gt. care now.
The pol. arguments then outweighed the economic.
This is most important memo. we have had.

Says – R. shd. implement Potsdam. This is unrealistic. If we face fact we shan't get economic unity, then it's a new situation.
Decide which leg you stand on.
Level of industry plan has never worked.
What is the problem of Germany? Coal: wh. is fundamental to all G. recovery.
Current cut in exports doesn't help.
Report of Expert Cttee (Annex). Concl^{ns} are most unrealistic – because you can't get more food, houses, miners. Right solution: plough back coal into G. industry.
Exports. Can't understand what exports are intended. Timber & machine tools are all you can get, I think. Machinery for rep^{ns} will impede recovery.
Socialisation. T.U. leaders in G. aren't satisfied with people running G. industry or with denazification measures. Who will run socialised industry? We can't spare experts. Germans will have to do it – will have to be organⁿ for it.
L.P.'s memo. – long-term policy only: no immediate benefits can accrue.
H.D.'s memo. Do you really think U.S. will pay 4/5^{ths} & leave you to call the tune?
They will dictate the policy.
Proposal: Make serious effort to get coal prodⁿ right & plough the coal back into G. industry. End Br. military control over economic affairs. Civil adminⁿ with max. freedom to Germans.

J.B.H. De-nazification. Based on 3 mine managers' advice – of whom 2 were Nazi's.
"Mil. control." It isn't so. Cecil Weir controls it. And it is our policy to give G. more share in adminⁿ.
On the memo. Choice a) Quit b) Self-contained with dollars for exports c) fusion of U.K. & U.S. Zones subject to conditions.
i) Revision of level/industry ii) coal revival & retention
iii) U.S. share in cost. iv) pooling of all resources incldg. wheat.
Cd. get agreement in Berlin cd. we get it in W'ton.
Socialisation. Final draft slides over consequences of favourable financial agreemt. with U.S. – they wd. try to call the tune.
I wd. advocate flat declⁿ of policy & burn bridges.
SPD. 900.000 } Results of Elections in Berlin.
400.000 }
Chr.D. 300.000 }
But remember CDU. are in majority in our Zones. (B. & U.S.)
Exports. Low level due to limit^{ns} (because of foreign policy) on coal & food.
Imports of raw materials as well as food required.
Rep^{ns} policy will also have to be reviewed.

J.W. Genl. support of memo.
Get steel out of G. but only in conformity with B. steel policy.
Reparations machinery – urgently needed for defence work.

Deliveries stopped by U.S. action v. Russia. Clay's policy.
E.B. willing to go on delivering fr. B. Zone to U.K. on the g.t.
Dangers of allowing G. industry to get modern equipment while
ours is old. The whole development of G. export p'mme must be
watched qua war potential.

E.B. There is our expenditure in G. not partly for our security & our trade.
If lim^{ns} imposed by M/S. & B/T. in our interest, then I can't be blamed
for the whole of the expense. And beware of inconsistency.
Also how much does Ty. gain by p.o.w. labour? We are charging
reparations labour in Russia v. R. reparations account.
Want both points analysed before this comes up at C.F.M.
Also economic value to G. of bldg. up export conn^{ns} before we were
exporting.
Shdn't cost of preventing that be also offset?
Will B/T. and M/S. tell me what G. can export w'out harm to U.K.
interests.

P.M. This = short term side of H.M's memo.

P.L. In 1919 vast reparations proposed - & in the end we lost by it.
This time - attemptg. to destroy war potential & restoring economy.
Believe we must emphasise second point. We must get G. on
her feet. Are we prepared to do that? If not, she will be a
charge on us for ever.

J.S. As in memo. Include among rep^{ns} to U.S. Govt. pooling of food
supplies for the 2 Zones. They will try to ride out on long-term
Can. contract. But in fact no help fr. there.

E.B. Agreed. Let M/F. give me facts & I'll take it up at once in
W'ton. Agreed.

H.M. Quoted fr. agreed statement at end of his W'ton disc^{ns}. Endorsed
common ration standards in 2 Zones. This allocⁿ is
inconsistent with the principles then agreed & announced.

P.M. Agreement with general conclusions in memo?

T.W. Socialisation - steel. What Oppⁿ re-action to announcement, when it
is known we have had to p'pone it here?

E.B. I wd. put it tht. G.'s war potential founded on Ruhr industrialists.
We have vested them in C-in-C. We can't go on holding it.
Can't give it back. Shall give it to German people?

P.M. Is there agreement with general conclusions? Agreed.
E.Sh. points. We accept posⁿ tht. coal is vital. And after Fr.
elections we shall plough coal back into G. industry.

P.M. L.P.'s memo. Was proposing new Cttee on Overseas Ec. Policy.
Cdn't that do it?
Get this examined by officials first. Then to Cab. thro' O.E.C. Agreed

4. Timber from Germany. [Enter A.B.]

P.M. Will H.D. examine this with Lenanton & J.B.H.?

H.M. A.B., E.Sh. and Barnes are claimants.

P.M. Diff. of opinion re facts.
Is everything possible being done – and what more wd. be possible?
Concentrate on that.

E.B. Housing in Germany. Cd. Services give return of available Nissen
huts?

J.B.H. We are enquiring of W.O. already.
Timber: can't do more than a bit extra. Unless 50.000 Br. troops cd. be
transferred to timber from training.

F.W.B. V. diff. We shan't be able to spare the men.
If Cttee try to get at the facts, let me refute H.D.'s statement.

1. Amendment of Parliament Act

P.M. P'pone – to come up in good time before end of next Session.

A. Concludg. words of my memo.

P.M. Yes: App^d.

2. King's Speeches.

H.M. Thanks to L.Ch. Prorogation Speech

P.M. "It is a source of gratificⁿ – Chairman for the coming year." Para. 4. of Prorogation.

R.S.C. Para. 5 Brazil not worth mentioning. Subst. "various countries".

H.D. Argentine is worth mentioning.

E.B. Mention of that alone will cause diff^{ies} with other countries. eg. Spain.

P.M. Agreed: various countries.

J.B.H. Para. 6 "civil & military auth^{ies} vice Forces of occupⁿ.
"U.S. Allies" vice "American Allies".

A.V.A. Para. 9. Shd. cover Australian forces. ? "B. Commonwealth Forces".

Agreed.

Para. 10. Omit "incumbers of".
Para 14. Island?

Agreed stet.

C.J. Reference to Palestine? I wd. prefer not. But had a reference to Conference.

P.M. If anything, shd. say more. Ernest attempt, in conjⁿ with U.S.
Wd. prefer to say nothing at all.

Agreed: nil.

R.S.C. Para. 19. Final words don't reflect actual t. of r. Blurs distincⁿ with Prodⁿ
Adv. Council. "on wages & other matters of common interest..."

G.A.I. No. Wages are excluded.

P.M. Stop at “interest”.

R.S.C. Prodⁿ Council.

P.M. Stop at workers.

Agreed.

H.M. Para. 24. – Session vice “year”
Para. 32 insert overseas before telegraph.

Opening Speech

P.M. Para. 8. Doesn’t say what it is about. Add “policy for the future Govt. of India”.

Agreed.

H.M. “As the nec. prelim. to “

Agreed.

E.B. Avoid “my Col. peoples”

R.S.C. “In the terr^{ies} for wh. my Govt. is response. overseas...”

H.M. Para. 16. omit “bulk of”? “those who need it most have first claim on new accommⁿⁿ”.

Agreed.

H.M. Para. 15 will need reconsidⁿ.
Para. 19. “nationalise”. It will be “regionalisation”. “Bring under national ownership & control”.

Agreed.

Agreed: subject to verbal amendments app^d. by H.M.

3. Legislative Programme.

H.M. Began on basis of Cab. prov. p’ mme for draftsman. Found it too heavy.
Want to relieve burden: to end Session in August.
Even this wd. be heavy P’ mme. Ready to defend Part VI.
Thanks to Murrie.

- A.G. Autumn Session. Agree we needn't declare intentⁿ now. But if we are to have balanced 3rd Session, we shd. start in Oct. Evens out work betwn. H/L. and H/C. Shd. aim at this.
Wd. also even out the Cttee work.
- W.W. Supported this. Will depend, however, entirely on how many Bills we get before Xmas. We are on basis of 2 Cttees a week: don't want to increase that. Trouble = major Bills will be late. But reducg. Xmas vacation & addg. a week in Aug.
- P.M. Bills must be ready in Oct.
- A.B. Serious to drop some of these Bills. Wd. prefer therefore to have Oct. Session this year tho' agree in principle.
a) Radio-active Substances – desired by many Dpts. Referred to alarming letter fr. R. Carling. Want leave to introduce earlier, in H/Lds: only 16 clauses.
b) R. + Valuation. I don't press.
c) Cd. p'pone Block Grants, tho' with gt. diff^{ies}.
d) Press Poor Law Bill. Chaos will be unmanageable if not passed by 1.1.48. Won't be able to resist some reform in care of children – Curtis Rpt. – cd. be handled in this Bill. We must put behind us all legⁿ on assistance & get down to prodⁿ. A large Bill (80 clauses) but non-controversial in the main.
- W.W. First order for 3rd Session – law by Feb. '48.?
- A.B. Not enough time.
- H.M. I don't agree tht. this is essential for next Session. Not uncontroversial. Trouble in Cttee. Even when passed, will take 12 mos. to introduce. Wdn't pass until Nov. In 3rd Session cd. pass by Feb. '48. Only a few months' diff^{ce}.
Had to add Electricity. If you add, you must subtract.
- J.G. Dangerous if N.I. Scheme begins before Poor Law adjusted. Bodies going out become irresponsible. L.A.'s likely to raise scales - & cause gt. diffy. when we take over, nationally. Don't want any gap.
- P.M. What is state of readiness of these Bills?
Some are small – e.g. Ag. Wages. }
Three are Scottish } Not so much time in Cttee.
- H.M. Radio-active Subst^{ce} – hope to get fairly early.
On actual days this P'mme leaves no margin.
No room for emergencies.
- P.M. Is there room for Poor Law.
- A.B. Yes: if you have an autumn Session.

Can you resist legⁿ on care of children.

H.M. Yes.

E.Sh. “Working House too hard”. Our supporters will demand legⁿ.

H.M. In June/July they were worn out. Even in 1st- Session.

P.M. Not all the Ministers or the Members. We did more when Party was only 40.

A.B. Why not announce it: use it as leverage. May have to drop somethg. Will cost Ty. much if not passed.

H.D. On priorities: I put the socialising measures first. Don’t drop anything.

A.B. Why not add it.

E.W. Curtis Rpt. needs ventilⁿ. Don’t think that is urgent. Support Poor Law point, however.

A.G. Import^{ce} of 3rd – 5th Sessions.

H.D. Promote it to V?

A.G. If it’s a major Bill, shd. be in K’s Speech.

H.D. Needn’t be in the Speech.

H.M. O.K. So long as no claim on draftsman.

Agreed: put it last in Part V.
R. Active Substances may pass.

[Enter C.O.S.]

4. Permanent Scheme of National Service.

[N.B. left W.S.M. to take the Minute]

1. Food Supplies

- J.S. Warning. Deteriorations due largely to U.S. policy – more irresponsible & isolationist.
Exports going to countries of their preference.
Wheat – another memo. next week. 1.8 wheat equivalent last year: 1M. to-day.
We want from U.S. 800.000 t out of their total export of ? 200m tons.
Can. & Arg. so uncertain we must get assurance of something fr. U.S.
Need also for agreement on rice price: & means of getting it fr. Siam.
Meat & bacon rations can't be m'tained w'out U.S. help.
Unless we get U.S. help our food situation in '47 will be worse than any year during the war.
Wheat & fats: meat & bacon: rice – grand remonstrance to U.S. at high level after their elections. E.B. to head it off with Byrnes: then conference, which I wd. have to attend.
Can't be done by officials for only argument we have is effects on their for. policy. I might go over in mid-Nov.
- P.M. I.E.F.C.?
- J.S. Doing less & less – and U.S. takg. no notice of it. Adopting a unilateral policy. We face a break-down in international machinery.
- P.M. Situation changes so quickly. Thought our long-term contract with Canada covered us.
- J.S. No: it is well below our needs. 160 m. bushels imports won't keep us.
More than our pre-war imports fr. Canada: but less than our total imports. Can. supply: can't ship it in short-term: in summer '47 no assurance of addl. 40m bushels for which we have asked. 4.32 in tons = 160m. bushels.
- H.M. Selfish policy of U.S.A. unilateral redⁿ of extraction rate. Extravagant use of fats, linseed oil.
- R.S.C. Possible misunderstanding in State Dpt. re wheat contract with Canada – that it covers more than our pre-war total imports.
- J.S. There is hostility to that contract: hence readiness to misunderstand.
Need for clearer understanding with U.S.
- T.W. We suffer fr. decision not to publish figures.
We must soon tell the world the truth - & shame the U.S.
- P.M. Winter sowing in Europe?
- J.S. Don't know: no reason why they shdn't continue their recovery.

Will it be wise to approach U.S. for sake of U.K. alone. Might court rebuff.

- A.B. Supported proposal for publⁿ of full figures. Turn the heat on that way.
Make U.S. public face the facts.
- E.Sh Para. 6 – supplies to U.S. Zone of G. ? unnecessary.
Agree must approach U.S. But consider also alternative sources. E.g. more
prodⁿ in U.K.: Denmark & Doms. & Colonies.
- T.W. Can't produce any more in U.K. to come in before next August.
- P.M. No publicity before Elections.
Face them then with world position – not U.K. alone. We cd. feed U.K. if
we ignored dependencies – 1.8 m tons required for them.
- E.B. Intended to approach U.S. on diff. basis.
They are big country: no central adminⁿ like ours: food contract then has
broken down. Must recognise those facts. But they are concerned (esp.
thro' War Dpt.) fr. another angle. [Have asked M/F. for statement of
our requirements: what we can get fr. elsewhere.] Viz., troubles in Far
East. I wd. put India's claim on that basis – not charity – but their
strategic interests. Repeated []: also what is needed for India.
Put it on self-interest: no shaming them.
I will talk to Byrnes - & exploit C.C.O.S. angle. Don't go to Truman. Try
to get some simple principles estab^d. & they can be carried down to
Dpts.
Alternative sources – e.g. development of mutton supplies from Iraq & Arab
countries.
- J.S. I will give you a note, for talk to Arabs in U.S.
U.S. response to me will be – what use have you made of B. Empire. E.g.
fats: we cd. have bn. self-sufficient if we had developed Africa.
I will talk in U.S. But don't say I'm going to raise it.
Keep Germany out of food controversy. Keep it separate. Put Germany
point on basis of requirements to get the G. economy going.
Give me a brief on Can. contract: so that I can pos. bring M. King into this.
Stalin spoke to Jackson re another internat^l organⁿ to carry on work of
U.N.R.R.A. My belief is tht. its now balance/paymts issue. No
shortage in Czech. or Poland. Maize shortage in Rumania: but R.
won't come into trade agreemt. Why shd. we pay for international
charity for people who won't come in to the economic club. I've
therefore told N.B. to resist any such pressure for another U.N.R.R.A.
- C.J. Food prodⁿ in Colonies. Action being taken. Lack of consumer goods.
Will submit memo. on Africa.
- J.S. I will give E.B. a brief for his approach to Byrnes.
a) what we want from U.S. I can give that briefly. But
b) he wants to put the overall world picture. That can't be short.
That approach will be private & personal.

Later an open conference with U.S. Dpts. will be required – at end November.

- P.L. Despatch of telegrams to U.S. on
a) posting
b) general
Can't b) go off?
- J.S. More effective to rely on E.B.'s approach. No good makg. in advance this bite over India etc., I wd. suspend b). India separately represented in W'ton.
General agreement: do a) now: p'pone b) in favour of E.B.'s approach.
- A.V.A. Publication of facts. We must keep our own people informed. The longer you delay, the heavier the pol. attack on controls, Govt. buying etc. Must get this across. Set this v. E.B.'s desire for secrecy.
- A. Can prepare & w'hold until after U.S. elects. But publish then. "Why are we worse off than in war?" We must answer that.
Big effort on alternative sources.
- E.B. I don't object: only asked no publicity for my approach to Byrnes.
- R.S.C. But publⁿ of facts will reflect on U.S.
- E.B. Doesn't matter if you don't attack U.S.
- J.S. Publⁿ of our wheat stocks?
- H.M. We must get conscience of U.S. public stirred & shamed somehow. Maybe not by offl. publⁿ: but at least by not officially suppressing informⁿ.
- E.Sh Is that a good start for E.B.'s approach?
- E.B. Shortages in parts of U.S. because of faulty distribution.
Danger of driving U.S. back into isolation.
- P.M. Statement cd. be made in Debate or Address.
J.S. to prepare & submit draft to Cab. in readiness.
- Agreed.
- J.S. What about conf^{ce} in Nov?
- P.M. P'pone until we know result of E.B.'s preliminary approach.

Indian Food Supplies

- P.L. As in memo. Warning.
- J.S. We haven't got the stuff. Trouble: not allocⁿ but failure to ship. Nothg. therefore we can ask U.S. except can you settle your strike?
- P.M. Method: best to leave invitation to Indian Delegⁿ in supporting?
- J.S. Yes: better for them & us.
- PL. At least can we let B. Amb. have the facts.
- P.M. No objⁿ to that.
- A.B. Fundamental cause: consumption standards of native pop^{ns} are rising & their prodⁿ isn't. Grave threat to future.

[Exit Barnes & Hynd

2. Palestine Conference.

- E.B. Was hoping for better situation with Jews. Prospects damaged by Truman's last statement. Better if this cd. be handled by State Dept. not White House.
- Believe Anglo. U.S. experts rpt. wd. have provided a basis for transition period.
- If we cd. have pursued that, we might have ended in unitary Govt.
- Talks in Paris. Smuts using his influence – with Jews.
- Byrnes told me, day before I left Paris, tht. Silver has asked if problem cd. be transferred to State Dpt. & conversⁿ held with me in N. York after the elections. I said tht. failing early settlement, we shd. have to surrender mandate.
- Jews in other Arab Countries are v. scared for their skins. Whatever Jewish Agency may say. Have urged Arab State to restrain their peoples.
- Disc^{ns} with Egypt nearing an end. Has a large bearing – strategic & political.
- Byrnes willing to have frank disc^{ns} with me after 10/11. Rpts in Times 24/10 tht. Goldman etc., wd. like to see me in U.S.
- Suggest no action – save informal convers^{ns} as proposed. By me in U.S. & by C.J. and P.M. in Ldn.
- Failg. any development before Dec. we must then decide either
- a) to impose some solution, even v. violence: or
 - b) to surrender mandate.
 - c) Suggested to me that solution cd. be found by Partition giving the Arab community to Transjordan.
- Arab solution will be v. popular in U.N. if it goes there. Racial state is not popular in U.N.
- Have urged on U.S. tht. diffy. is made worse by their failure to admit d.p.'s to U.S.

Believe they are now seekg. inter Party agreement to legⁿ to extend the quota.
If passed, that wd. help. But Brynes will then press for contribⁿ. by B. Comm. And we've got no change from our Doms or Col. – save a few Poles for Canada.
Discussions have done good. Good feeling - ! Arabs.

[Exit E.W.]

Release of detainees.

C.J. Agency talks re public order. Jews wanted us to talk on immigration: we had to say no concession either on size of quota or releases fr. Cyprus. Law & Order. Not for bargaining. But gesture fr. Jews wd. help. Believe there prob. will be declⁿ re terrorism which will enable us to release detained leaders. Wd. help to rally moderate opinion.
Steps taken to review cases of Arabs now detained.
Hope Agency may be more co-operative with Palestine administration.

A.B. Not satisfied re our objections are. What will be E.B.'s goal in talking to Byr.
We as Party have declared in favour of Jewish Home.
Present situation is intolerable. Moderate Jews will exercise no influence unless we give them somethg. more. Arabs object to J. majority. Conflict of 2 nights.
My informⁿ = elements in Arab world who wd. support Partition if we imposed it.
Any further disc^{ns} shd. be on basis of Partition.

E.Sh. Whatever we do, we shdn't abandon Mandate. Wd. be confession of weakness: wd. wreck our posⁿ in M/E.
Believe Partition is only solution. And we shall have to impose it.

E.B. Maybe: but C.O.S. say we can't impose solution opposed by both sides. Arab disquiet – disorder in Iraq – letting R. into Mosul oil. What about all that?
Prefer to play it slow. Settlement with Egypt wd. make a big difference.

H.D. Partition is a possibility on Agenda. I believe it's only solution.

E.B. Restraint shown by Jewish M.P.'s in F. Affairs Debate – Govt. supporters.
Hope H.M. will convey my gratitude.

3. Indian Complaint v. South Africa at U.N.

P.M. Summarised issues in 2 memo.
Can't take P.L. negative line – amount to walking out of U.N.

R.S.C. Choice of evils.

- A.V.A. Favour (b) on p.2 of E.B.'s memo. Least evil.
- H.M. Fundamental ques. shd. U.N. interfere with internal matters. They wd. never intervene in Soviet sphere of influence.
- C.J. Indians in Kenya will arise soon. Support E.B.
- A. Support E.B. If this issue is discussed, it won't stop here.
- H.D. Support idea of U.N. not trying to fly before it can walk.
- R.S.C. Tell India in advance what line we are going to take. See M^f Pandit.

Agree.

- P.L. Stress paras. 3 & 5 of my memo.

Agreed.

[Exit A.B.]

4. Economic Co-operation with Western Europe.

- E.B. P'pone until after French Elections.

1. Egypt

P.M. Talks with Sidki Pasha – leak is unfortunate for both. I cdn't in my statement tell the whole story. Hope this won't impair prospects, wh. looked good, of agreement.
Long controversy over Sudan: overcome for years by saying no change in status quo. Now Egyptians want a declⁿ tht. sovereignty is Egypt. On examⁿ no doubt that juridically it is so. Can't deny it. Only hope is to couple it with assurances about Sudanese havg. opportunity to determine own future.

2. Food: Supplies from U.S.A.

P.M. U.S. breakg. or terminatg. food contracts with us?

J.S. Yes: known it was coming. We shall have to go into open market. Less food & higher price. Foreshadowed in my last memo.

3. International Control of the Ruhr.

P.M. } Summarised issues put fwd. in memo.
H.McN. } R.S.C. Do we go ahead at once with appoint^{mt} of trustees?

J.B.H. Nominated Govt. of Westph. Will be consulted re trustees. Then a further agreement with elected Govt. of Land after the elections.

H.McN. We wdn't go ahead w'out talking to Germans & U.S. But cd. then proceed, reptg. intentions to Control Council; not seek consent of Council.

J.B.H. Trustee idea. Value & psych. gesture to Germans, who suspect our intent^{ns} about leavg. ind^{ies} with G. Cd. meet that by announcg. intentⁿ to hand over to G. people & are discussing with Zonal Council means of holding them.
In any event, against selectg. individuals as trustees. Wd. prefer to entrust to a body incldg. T.U. rep^{ves}.

H.M. A body of public persons of standing, likely to be included in G. Govt. And leave them responsible for apptg. management etc.

J.B.H. Announce to Zonal body: tell them to work out plan & recommend trustees.

P.M. Memo. says nominated Govt. of the Land will appoint trustees.

J.B.H. I make my suggⁿ because I prefer the industries to be entrusted to a central Govt.
Hence I prefer puttg. it to Zonal auth^y.

- P.M. That is an advisory body only. And you are jumping the issue in paras. 13-14.
- R.S.C. Raised the legal posⁿ of ownership. Need to ensure tht. when German law reviews on establ^{mt} of a G. Govt., previous owner can't claim any property in these industries.
- P.M. Yes: but that is a matter for the Peace Treaty.
- H.McN. We can transfer ownership now by provisional charter to be confirmed by Peace Treaty.
- R.S.C. Need for careful scrutiny of legal position.
- P.M. Need for clear statement of legal position – F.O. to prepare it, in consultⁿ with L.O.'s, for informⁿ of Cabinet.
- P.M. Use of Zonal Adv. Council. Inadvisable. Wd. lean twds. central Govt. Only Govt. now existg. is Land Govt. Shd. do it thro' that Govt.
- R.S.C. Ownership with Trustees. Operation by Land Govt.?
- H.McN. Appt^{mt} of Trustees wd. be subject to our approval.
- P.M. Trustees appt^d after consultⁿ with Land Govt.?
- H.McN. U.S. pt. of view – easier for them if presented as coming from Germans themselves.
- E.Sh. Proposal in para. 15 for observers. Will this help? U.S. don't want socialisation. French want separation of Ruhr. Their presence wd. be embarrassing. And how cd. we justify excludg. Russia? Second ques. – who will determine policy? C-in-C or Trustees? And if former, will be interfered with by Control Council?
- R.S.C. C-in-C. will direct the policy, wherever the ownership lies. This is true for all G. industries & econ life in B. Zone. Why associate rep^{ves} as in 15 only for these socialised industries, & not for the rest.
- H.McN. Want France in because interests mainly in R. heavy ind^{ies} Other W. Europ. Govts. in consequence. U.S. because a) fusion of Zones b) need for U.S. capital.
- H.M. a) U.S. = capitalist. b) another grievance for Russia. Their behaviour in their Zone entitles us to take unilateral action: but once we bring in other Allies we can't justify exclusion of Russia.
- J.B.H. We have Fr. liaison officers, as observers, in Ruhr – to watch prodⁿ & allocⁿ of coal. F.O. presumably have nothg. more in mind.

- P.M. Para. 15 means much more than that.
- A.V.A. Cd. Ty. B/T. and M/F & P. consult with F.O. on this at official level.
- H.McN. Para. 15 may be hangover fr. 1st scheme, which is discussed with W. Europ. Govts. Remember, too, we are asking U.S. to put up $\frac{4}{5}$ th of the capital required for the 2 Zones.
- P.M. The 2nd plan isn't international. Para. 15 is not consistent.
- A.B. Danger of alienating R. for the sake of U.S. financial support. This wd. be a gratuitous affront to Russia.
- P.M. Further examinⁿ { a) legal position – L.O.'s
in light of Cabinet's { b) appt^{mt} of trustees & degree of their control.
discussion, of { c) para. 15 observes.
Discussion with officials.
- A.V.A. Include considⁿ of
a) selection of Trustees. Avoidance of Nazis.
b) U.S. are not re-acting strongly against socialisation.

Agreed: Endorse Recommendation 1.
Officials to discuss points raised in discussion.
E.B. to be warned Cab. feeling strongly against para. 15

[Exit J.B.H., O.S. and
H.McN.

4. Ireland

- H.M. Gave account of his conversations with de Valera.
- A. Earlier memo. advising encouragemt. of friendly relations with Eire, quietly.
That policy has bn. successful. They have bn. eased into Dom. talks
e.g. on economic ques. Glad when H.M. suggested this visit.
Partition. Remember de V. is in diff^{ies} (esp. in U.S.) because of action
during war.
Wants a point at wh. to keep his case before his friends. That's why
(partly) he is trying, to raise Partition. Our policy shd. be to have it
alone.
- C.E. No likelihood of any softening of Ulster's attitude.
x/ If Ulster ask for conscription, we shall be in this issue because of de. V.'s
likely re-action.
Diff^{ies} for us over Tory Protestant ascendancy in Ulster.
Endorse A's policy. But shall soon be faced with x/.

A.B. Protection in Eire has created in Dublin etc., vested interest in maintaing.
Partition.

On x/. agreed. Limit Bill to G.B. & so inform Basil Brooke.

1. Parliament

H.M. Business for the week.

2. National Health Service Bill

A.B. Lords Amendments. Some harmless, & can be accepted w'out doing any damage to Bill.

3 wrecking amendmts.

a) Met Boros. Upsets scheme & wd, enrage boros' outside Ldn.

b) Salaries of doctors – eliminatg. possibility of remuneration by salary.

c) Cecil's amendment re treatment of deaf: nonsense to particularise in machinery Bill.

Bound therefore to resist these three amendments.

A. Cranb. expects a) & b) to be thrown out by H/Commons.

On c) point is protⁿ of public from quack remedies. To be taken to-day.

There will be some fuss & it may be carried v. us.

A.B. Have arranged for Horder to speak v. it.

A. Good: have also a pledge from M/H: to provide recognised machine as "appliance" under the Act when passed.

3. Parliament: Legislative Programme.

A.B. Pressure for new legⁿ. – cf. birth certs. in Times to-day.

Ministers will be asked by P.Q. when legⁿ will be taken.

Will P.M. make statemt. early in Session tht. p'mme is full?

P.M. Will arise in Debate on Address – H.M. or I can make such a statement.

4. Mining of Destroyers in Corfu Channel.

[Enter C.O.S., G.H., F.B., de Fritas, J.W.]

G.H. Read from brief.

Consult^{ns} with F.O. not complete.

C.N.S. Intern. w'way joining 2 seas: legal posⁿ is clear, even tho' less than 3 miles wide.

Important for small craft: we have habitually used it.

Swept originally early in '44 – to clear known mine-fields, it follows closely Albanian coast. Intern. Mini Clearance Bd. issues periodically

Med. Route Inst^{ns} and a chart, giving details of channel: 20 copies go to Alb. Govt. who have had many earlier opport^{ies} of raising objⁿ. No proof Albanians laid the mines. By Fr. statement to U.N. looks as tho' they did. If we recover a mine on sweeping, we get proof.

A.B. Why shd. we sweep it alone if other Govts. agree.

C.N.S. C-in-C Med. has a force together. We told him not to use G.K. sweepers because of the tension.

Discussion suspended – for F.O. views to be obtained.

5. National Service.

P.M. Record decision that Bill shd. not apply to N. Ireland.

Agreed.

C.P. (46) 380 Para. 8.

P.M. a) discussed already.
b) care required in selection of Apprentices and Students.

G.A.I. We have put in hand arrangements to test tht. apprenticeship is bona fide.

C.E. Need to ensure they start to learn at outset – will shorten apprenticeship.

G.A.I. Can get co-opⁿ thro' Joint Adv. Council (new).

P.M. Will need a tight system in Bill.

G.A.I. Average period now 5 yrs. May get it down to 4.

E.W. M/Ed. want to be associated with schemes for youngsters in Services. }

P.M. Not relevant here: but shd. be taken up & referred higher (?A.V.A.) if }
diff^{ies}. }

A. 7 years goes v. high. Cd. it be reduced?

R.S.C. Med. Students.

G.A.I. 21 industrial: 25 students?

P.M. Politically v. dangerous.

A.B. Have we decided on 1¹/₂ vice 1 year? The extra ¹/₂ year will increase controversy.
That is where the effective criticism will come.

- P.M. Criticism anyhow. Criterion shd. be efficiency. We concluded 1¹/₂ necessary to get an effective system.
- H.D. Flexible & defensible. Carry on at 1¹/₂ as now, with power to reduce when circs. warrant it.

Agreed 1¹/₂ years.

(c) Refresher Training

- R.S.C. Shd. be shorter period.
- P.M. 3 weeks: & not necessarily every year, part soon after original service
- C.A.S. Want one stat. requiremt. applic. to all Services. But in practice we shall vary, even w'in a Service. Wd. like a maximum, with liberty to adjust administratively.
- E.Sh. Flexibility on time or season e.g. miners & farmers.
- F.B. Cd. be adjusted. Liaison with civil Dpts.
- A.B. This on top of holidays will involve services w'drawal from prodⁿ.
- R.S.C. 50.000 man years is my estimate.
- C.A.S. Tradesmen workg. in their trades in Civil life needn't be called up for as long as air-crew.
- P.M. This means you can't calculate loss to prodⁿ.
- A.V.A. Won't begin to be effective until 1952.

Accept principle of refresher training = & flexibility. Work out detailed scheme. Perhaps Maximum over the 5¹/₂ years.

(d) Medically Unfit.

- P.M. On M/L memo. - how do you select from Grade III?
- G.A.I. Obligation if services can use the man.
- R.S.C. But how choose between Jones & Smith?
- P.M. Total exemptⁿ based on failure to employ in Services.
- G.A.I. Easier to omit Grade III: but thought Def. Cttee wanted to include as many as possible.

A.B. Advantages of incldg III – avoids getting cream into Services.

P.M. Why add some we never called up in war.

Agreed: call up only Grades I & II. Make II easier.

(e) Conscientious Objectors.

P.M. Can't let a c.o. stay in own job, even if its agriculture. Must go to another job.

A.V.A. Goes: can you make it tighter than in war.

R.S.C. No: leave it as now – its well understood.

P.M. Disagreed: not same as in war. Can't in peace have him in same job.
Can't, of 2, take one & have another.

R.S.C. Don't exclude that possibility. Leave discretion to Tribunal. Or put him subject to M/L direction.

A.B. Must move the c.o. from his own job – even if you left him in own craft.

H.D. Power of M/L direction shd. cover it.

Agreed.

(f) Women

P.M. No conscription for women.

Agreed.

P.M. Announcement. I will outline scheme in Debate on Address. Making it clear not comm^d on detail.

H.M. W. Paper either now (for talk on Address) or on introdⁿ of Bill.

P.M. The latter.
The Bill – responsibility with M/L and M/D.

Agreed.

C.E. Training of men for Civil Defence.

[Enter H.McN.

P.M. Will be kept in mind.

4. (Contd) Mining of Destroyers in Corfu Channel.

- H.McN. Albania cd. ask for it to go on Assembly Agenda. Tho' we wd. prefer Sec. Council. In either event our pol. case wd. be damaged if we first went ahead with sweeping w'out askg. Albania.
- C.N.S. They have no sweepers.
- H.McN. They cd. ask someone (eg Yugoslavs) to do it for them.
- A.V.A. F.O. suggⁿ cuts across internat^l organⁿ for sweeping. R. are rep^d there.
- P.M. Med. Minesweepg. Bd. decision 2 days ago. Can we ascertain whr. R. rep^{ve} was present.
- A.V.A. Delay will reduce chance of
- P.M. I wd. like E.B.'s views. Delay action m'while: & find out if R. was present on Bd. & what line he took.

Agreed: decision to be left to P.M., with A.V.A. & G.H.

[Enter Barnes & J.B.H.
[Exit C.O.S., de Fr., F.B., G.H., J.W.]

6. United Kingdom Bread Supplies.

- P.M. Does this memo. take sufft. a/c of Cab.'s decision of last week re general approach.
- J.S. Yes: not inconsistent.
- H.McN. Separate approach as in 4 wd. prejudice any subseqn. approach re world as a whole & esp. for B. Zone. If we had got the 860.000 T. we shd. be asked to contribute out of that.
- J.S. We put whole picture before them. But we shd. emphasise tht. – quite apart fr. B. Zone, where all we want of them is pooling – if we are to avoid reducing bread ration we must have wheat fr. U.K. Want auth^{ty} to put U.K. demand on 1st priority.
- H.McN. If we get agreemt. on 700.000 t. w'out agreemt. re Germany, we are no further whole case shd. be argued as one.
- J.B.H. Read telegram fr. Berlin on conversations with Clay on pooling.
1.3 m. tons fr. Canada not allocated. Canada won't let their wheat go to G. U.S. believe pressure must be put on U.K. to force Canadian wheat to G. – wh. Canada want to use for re-entry to commercial markets.

- J.S. Canada's supply is limited, whatever the availabilities. Wd. be madness to divert to G. any of what they can ship.
The view reflected in this telegram is what we must fight in Washington.
- P.L. Don't overlook India. Shippings slipping. Hope E.B. is going to present the whole picture. & as soon as possible.
- P.M. That is agreed.
- J.S. Yes: but hope we won't put India & Germany before U.K.
- R.S.C. Let E.B. have some discretion how he puts his case.
- P.M. Don't let us go over ground of last Thursday's discussion.
- J.B.H. Is recommendⁿ 14 (ii) accepted?
- P.M. Yes. Was agreed that 2 Zones be pooled. That relieved us of supplying out of U.K. stocks. We must have a firm decision on this & make it known to U.S.
- H.McN. Is it reasonable for Cab. to decide that 836.000 t. must go to U.K. when they don't know what total available will be.
- J.B.H. 836.000 is figure req^d to abolish bread rationing by 1st Sept. We are askg. U.S. to guarantee that.
- H.McN. Can Cab. be asked to review later, 14 (ii), if need arises?
- P.M. Cab. like the Ritz is open to all (Ministers).
- A. India: must do more to help themselves. We are diverting to India Austr. wheat that might come to us.
- J.S. Austr. want to re-enter U.K. market. It is for considⁿ whr we shdn't allow some – and let India draw pro tauts on Argentine U.S. etc.
Will save us dollars.
- P.M. Agree long-term. Diversion made only because short haul.
Switch back, partially, as soon as cond^{ns} permit.
- J.B.H. Germany. B. Zone: deficit 90.000 at end of Oct (? Nov).
Don't tie it down as in 14 (ii).
- P.M. We can't avoid line suggd in 14 (ii).
- J.S. May Control Of. be instructed to join with M/F in attacking U.S.

H.M. And instruct C.C. tht. we can't provide & they must make that clear to their U.S. colleagues.

Rec. 14 (v)

J.S. If this memo. approved, I will consider how scheme can be improved.

P.M. Wait until we have proposals.

R.S.C. Make it quite clear that rationing will continue.

[Exit J.B.H.]

7. Groundnuts in Central Africa.

C.J. Heavy capital outlay – wd. need more examⁿ – but some start must be made at once if any early benefit to be got.
Scheme wd. start under M/F. – w'out using funds of Col. Development Fund. Contemplate early establ^{mt} of Corpⁿ: then share with Col. Govts.: eventually pass over whole thing to Col. Govts.
Figures based on v. conservative estimates.
Propose to start only in Tanganyika. Capital wd. go largely in clearing bush buying plant & equipment, bldgs.

J.S. Need more urgent since U.S. de-controlled fats. 60% of present ration comes fr. Empire: must increase it & quickly.
Recognise I shan't get any excavators etc. for U.K. Can improvise with surplus vehicles etc.

H.D. Support in principle mainly because of switch to sterling sources of supply. Agree to £3m. on condⁿ a) M/F run it, not C.O. b) U.K. get the fats, not a pool.

E.Sh. This really can't be done w'out plant. M/F say 100 crawler tractors. And they say you can get them in Africa. Why weren't we told. We wd. have liked them.

J.S. We aren't expectg. any from open-cast coal. We think we can do somethg. with improvised machinery. If we can't, the project fails.

H.M. Cdn't we have a quick report in 2 wks.

J.S. a) then short-term 1948 crop wd. be missed.
b) 2 wks is too short for the long-term scheme.

Agreed: on understanding tht. it doesn't involve upsetting other app^d schemes for which special types of tractors are required.

A.V.A. Cd. we have a rpt. on fats in interim – 2 years.

R.S.C. Comes up every month in L.P. Cttee. Let A.V.A. see L.P. pp.

1. U.N. Indian Complaint v. S. Africa

- A. Art. 2(7) of Charter – “essentially”.
S.A. law on land acquisⁿ: Smuts says “domestic jurisdⁿ”: A.G. queries that because of “essentially”. Smut says, then let it go to Internat^l Court.
If we agree this is not “domestic”, we shall be opening door to scrutiny anywhere in Empire – v. dangerous door for us.
Nothing will please India short of support of their case on merits.
If we hesitate, we shall give offence to Dutch nationalists in S. Africa.
- P.M. Right line to take to support reference to Court.
- S.G. Off hand opinion – this is w’in words about domestic jurisdⁿ.
- J. I wd. have thought so too.
Canada is deporting C. born Japanese – Privy Council have upheld their right to do so.
Strongly support our line
a) m’tain it’s w’in 2 (7)
b) if disputed refer to Court.
- P.L. R.S.C. asked for legal issue to be brght to Cab.
A.G. thinks our legal ground isn’t sound - & we’ll be beaten on it.
India will take our attitude v. much amiss. If we’re defeated on it, it will be v. bad for us.
Second ques: Indians who aren’t S. A. nationals are also affected by the legⁿ.
They are the concern of the Indian Govt.
- A.B. Legⁿ discriminating r. one class of citizen is surely a matter for internat^l concern.
Cabinet are abandoning their internationalism.
- H.McN. Intern. Court doesn’t make law, only interprets. Doubt if this shd. go to Court until Human Rights are defined.
- S.G. A.G.’s point is apparently inconsistency betwn. 2(7) and 55 of the Charter.
- H.D. This ques. shd. be kept out of U.N.O.
- C.J. Agreed. In Col. territories there are groups wh. can’t be integrated fully into life of community. It isn’t a ques. of discriminatory legⁿ.
Let interpretⁿ of 2 (7) go to Internat^l Court.
- A.B. Agree that ques. of interpretⁿ of 2(7) shd. go to Internat^l Court.
- P.M. { We must argue that this is domestic jurisdⁿ
{ We must support reference of this, if disputed, to Intern. Court.

Agreed

(P.L dissenting) Tell our Delegⁿ what wd. be the repercussions on India & Empire of opp. Line.

2. War Crimes: Trial of German Industrialists.

P.M. German industr. not put on trial at Nuremberg. Ques: shd. they be tried subseqn. by Zonal trials. Our view was against. U.S. have however started such a trial in U.S. Zone & asked us to hand over ½ doz. industrialists now in our Zone.

Danger: if we concede this demand, we may have to surrender, on demand, to other Zones – on ground that we aren't trying them ourselves.

J. We are bound by Treaty to hand over unless we are going to try ourselves. We don't want trials in B. Zone: cdn't man the Tribunal: our Tribunal wd. prob. acquit!

J.S. Surrender them – on pooling basis.

A.V.A. Risk of demand from Soviet Zone – for S.P.D. T.U. leaders.

J. Then we can try them.

P.M. That wd. be discriminatg. between U.S. and Soviet justice. We cd. denounce the agreement. But wd. be said we favoured industrialists.
x/ Agree to hand these over. But don't make a decision now that we will in no circs. hold trials in B. Zone. Try to bring these trials to an end.

Agreed at as x/.

3. India: Proposed Question in H/Lords.

P.L. As in Minute to P.M. Private Notice Ques. for Tues. by Ld. Salisbury – not dissuaded by letter wh. I wrote to him.

Disc^{ns} have bn. lengthy – not all written – 3 sided – many demands put fwd. by all 3 wh. they later had to modify or w'draw. V. undesirable to publish all that. But some publ^d already in India – e.g. betwn Jinnah & Congress: Viceroy & Jinnah. Diff. for us to w'hold that here. But if confined to that, wh. is incomplete, demand for full publⁿ will be stimulated.

Motion for Papers in H/Lds. Awkward if it's carried.

Cd. say to-morrow we wd. consider: but that wd. only p'pone the issue.

A.V.A. We can't refuse statement re riots: how far B. troops used. But r Formⁿ of Coalition Govt. in India: same diff^{ies} as might be encountered in formg. Coalition Govt. here: v. good reason surely r. publishing such proceedings. The publ^{ns} made there are matters for Parties there.

P.M. What if they carry a Motion for Papers?

J. No one knows what happens!
Believe they will take it – if we put the issue on A.V.A.'s line.

Agreed.

4. Palestine

C.J. Nothing to add to memo.
Diff. to continue to detain indefinitely. Agency anxious to creep back into co-opⁿ of some kind: we want to rally moderate J. opinion behind Agency.
Resolⁿ passed not all we cd. wish: but courageous: supported by speech of leaders in Pal.
This is favourable moment for us to contribute to restorⁿ of order. Risk tht. further opportunity mayn't arise.
H. Comms. agrees.
Arabs wd. also be released.

Agreed as in memo.

5. Import Programme, 1947

H.M. Introduced memo.: stressed para. 3.

P.M. £17M of films – tho' no suppl. food & no abolishing of petrol rationing.

M. Films better value than food, throughout the country.

H.M. Not enough B. films to fill the gap. That was B/T. argument. M/H. sugg^d in earlier discussion change the films once, vice twice, a week.

A.B. The point was that you wdn't save money – because payment is on basis of %age of cinema takings. Unless you changed that structure, you wdn't save dollars.

P.M. Let R.S.C. give me a report later.

H.D. The outlook is ugly. Threatens real trouble in 1949, if not earlier. We shan't be able to pay our way w'out swinge- ing cuts - & wd. be hooted off the stage.

Recomm^{ns}

i) import p'mme as in para. 18 of App. B. with £10M. more for food.

Wd. have liked to meet E.Sh. over petrol rationing. Can't afford it.

ii) export target at 150% of 1938.

Export drive done well, but v. precarious

a) supply of material to maintain it.

- b) prices': how long will a sellers' market hold.
- iii) study proposals in para. 12., subject to addⁿ (v) in covering memo.

Total picture: we are buying too much from & not selling enough to N. America, Sweden and Argentine. Gave figures in support.

And fr. July '47 sterling will be convertible for current transactions - & Europ. currencies won't be. This means a deficit with these countries, to be met in gold & dollars. & surpluses with e.g. France wh. will be recognised only as sterling credit.

Must therefore be more direction of export & import trade. viz. recomm^{ns} in para. 21.

High level overseas expenditure, mil. & political. As a whole, its too high. Competition with imports.

- M. This is agreed memo. Followg. comments are by of gloss –
- a) deliberate direction of exports wd. be retrograde. We cd. however, guide them to hard currency countries. Some exports to soft countries will bring dividends later.
 - b) want import of goods in return for exports. Can't do it by barter. Must be thro' financial control.
 - c) Wd. it be prudent temporarily to raise external value of £1.

H.D. We are strongly against it.

P.M. Hunt that have bi-laterally.

M. d) Is tourist expenditure more than we can afford? £75 p. head as cpd. with 8^d p. head on films.

H.D. Heavy pressure on me to go above £75. Believe this compromise is about right pro tem. Will watch it.

J. Suggest the public shd. know the facts. The broad picture.

J.S. Prodⁿ value of food imports.

E.Sh. Not as depressing as H.D. suggests.
Vital issue. External posⁿ must be split in 2: sterling & dollars. Only the 2nd is diff: & tht. high prices in U.S. followg. decontrol.
U.S. prices may crack. That reduced the gloom.
Overseas expenditure. £320M: and £175M for 1947.

H.D. And '47 will be higher.

E.Sh. a) How far is dollar expend^{te} to be considered in relⁿ to total. In G. \$160 M are being spent. I only asked for 33M same in Malaya etc. That exp^{te} will diminish - & with it the dollar burden w'in it.
Invisible exports. For '46 £95M: for '47 £85M. Why?
Now derived mainly from shipping. Wd. have thought they might increase.

The picture is not therefore so gloomy. On P.7 (para. 6) we shall have £1.500M available to us by end /46.

Petrol.

i) considerable evasion. Can't tighten up the adminⁿ. Can't sustain morality of the scheme. The rot may spread throughout the control system as a whole.

30 M dollars isn't large in this context – you cd. find it by economies of dollar expendre in B. Zone.

ii) Last time it wasn't dollars, it was tyres.

No trouble here on tyres: any longer.

iii) wdn't object to increase in price. Tho' wdn't earn any dollars.

P.M. Don't overlook amount of our petrol exports.

E.Sh. It's our largest export at present. M/E petrol goes to Doms., F/East etc. & earns many dollars.

Austr. are now going to abolish rationing. Ask for another 10M galls. But even if they can't get it, they will take a chance on it.

A. S. Africa can afford dollar petrol.

H.M. Why not leave petrol pro tem. But re-examine in light of para. 21 enquiry, esp. 21 (iv). Shdn't take long.

P.M. True that p. rationing is workg. badly & rot may spread. The sooner we can end it the better.

A.B. Suppose scheme deteriorates, when will you reach the \$30m.?

H.D. Never. For this is a firm p'mme for petrol imports.

Approve p'mme as it stands.

[Exit J.W. Marquand.

6. Exchange Control Bill.

H.D. As in memo.

My answer to S.G. is: this went uncriticised when operated under D.R. during the war.

S.G. Nothing to add to memo.

Thought I shd. draw attentⁿ to stringency: but agree nothg. less wd. do what is needed. As in last para. of memo.

P.M. Wd. H.D. see legal experts on Opposⁿ.

H.D. No: I wd. rather fight it.

- C.E. Courts may be unwilling to enforce some of these provisions – I said this at L.P. Cttee: but now w'draw it.
- J. This is the most drastic Bill ever introduced in peace. But if you agree to reveal the situation wh. it is designed to melt, v. well. Advisory Council, on workg. of scheme, in Coal Bill & another. Some analogous procedure wd. help.
- H.D. Will consider that – as concession by amendment.
- A.B. Popular wicket for H.D. here. But precede this Bill with publicity for Item 5.
- P.L. Make it clear these powers are workg. to-day.
- A. Reserve some concessions for H/Lds. Don't give them all away in H/C.
- H.McN. Will H.D. send advance informⁿ to Snyder?
- H.D. Arranged.
- H.McN. Brief for B.I.S.
- H.D. Yes.

[Exit: O.S., H.McN.,
S.G.
[Enter W.W.]

7. Elections: Re-distribution of Seats.

- C.E. If approved, I wd. communicate with Boundary Comm^{ns} & hold up.
- P.M. No announcement until Debate on Address.

Agreed.

8. Remembrance Day Ceremony: Cenotaph.

- C.E. Important occasion. New inscriptⁿ will be unveiled.
- P.M. Hope as many as possible will attend. De Freitas to represent N.B.

1. Food Situation in Germany.

- H.D. Stated position in B. Zone. J.B.H. subsequently supplemented this.
- J.S. Immediate need = disabuse U.S. mind on Canadian position. Their shipments to U.K. are slipping.
- P.M. We must press U.S. – thro' E.B. Also must see what guidance we can give to U.K. Press.
- H.D. No real risk of public disorder.
- A.B. Statement by B. official in G. tht. there wd. be diversion fr. U.K.
- J.B.H. Direction issued after last mtg. of Cabinet. Sh-D. will look into this on return.
- H.D. Cdn't we educate the U.S. auth^{ies} in G. re Canada.
- Sh.D. H'to we haven't known the facts. Clear it in U.S. first, for it is thence it came.
- J.S. I will communicate facts to C-in-C thro' Control Office.

Cabinet took note.

[Exit J.B.H. & Sh.
Douglas.
[Enter Listowel.

2. International Organisations.

- H.M. Confusion of these organisations –
a) need of adequate Secretariat.
b) trying to do too much. Must get some priorities observed.
F.A.D. for practical purposes haven't got beyond Hot Springs.
- P.M. Endorsed this view. Time when I found so many Ministers away.
Interviewed to prevent Ministers going to U.N.E.S.C.O. - & Tories criticised that!
Summarised agencies estab^d or proposed – let alone the Comm^{ns}.
If you group together, it means U.S. V. heavy financial burden.
- A.B. Fault lay, not in establishg. these, but in associatg. them with U.N.
Much to be said for internat^l agencies at functional level viz. not with U.N.
when they become playground for international politicians.
Don't undervalue internat^l mtgs. of technical experts.

- H.McN. H.M. makes 2 pts. On a) I strongly agree. Want E.B. to say at U.N. it shd. be limited. Also want to support permission to appoint appt^{mt} of Deputy Secretary Genl. Also warning tht. we are going to put in memo. suggesting means of improvg. Secretariat.
On siting, Cab. did discuss in Nov. & didn't dissent fr. grouping. Common services: Ministers may cover more than one mtg. Wd. ask at least for delay on decision v. grouping.
Finance. Costly. But while it's them U.S. will carry big share – at present 49% because dollar cost.
True we haven't bn. successful in promoting centralisation.
- P.M. Review in light of developmts. since Nov.
Too much in U.S. hands: may emphasise breach betw. E. & West.
Danger of not internat^l but under Eagles wing.
These are arguments for some agencies in Europe.
- H.D. Always advocated U.N. in U.S. because m'taining U.S. interest.
Doesn't follow everything shd. be there.
No need for absolute principles.
Each case on merits. Strong case for having I.T.D. out of U.S. – to avoid comm. policy being discussed near U.S. pressure groups.
Want P.I.C.A.O. in Montreal – to secure Canadian interest.
Bank & Fund: glad they are in W'ton. because Bank must raise dollars in N. Yk.
Doesn't occupy much Ministerial time. No conf^{cc} until Sept. & they will then come to Ldn.
Endorse McN.'s point on finance.
Cd. we review the agencies & see which cd. be clipped. I wd. support murder of F.A.O. – now that U.S. won't play.
- J.S. Short of world buffer stocks, F.A.O., is no practical use.
- A.B. Discussed with Can. M.H. y'day siting of W.H.O. I favour not in U.S. For we are aiming at post. grad. schools in Ldn. – as centre for the world.
Can M/H. favoured Geneva. That wd. be preferable to U.S.
- H.M. Siting implies a H.Q. staff. Not merely conferences.
- L. Want U.P.U. & I.T.U. to remain at Berne.
a) don't want political atmosphere.
b) fear U.S. pressure groups – commercial.
c) want liaison with U.N.
But are arranging that.
- G.A.I. I.L.D. want to leave U.S. Haven't reached a decision finally. Reason: losing support of smaller countries. Their next conf^{cc} is to be at Geneva.
- A. Proliferation of Secretariats. Description by Cockram.

P.M. Circulate it.

P.M. No general decision – either that all shd. go to U.S. or that some then leave U.S.
Certainly U.P.U. & I.T.U. shd. stay at Beruc.
Secretariats shd. be reduced. We shd. see report from Gladwyn Jebb:
& take a line on this.
I.O.C. to make a report on the Secretariat. G.J.'s report as a basis &
Cockrams: working party under I.O.C.

H.A.M. F.A.O. & I.T.O. shd. be together. But I.T.O. shd. not be in U.S.

Agreed.

A.B. No steps to site W.H.O. (if any) in U.S. Agreed.
No-one must advocate siting it in U.S. Agreed.

[Exit L., H.McN.,
H.A.M.]

3. Divorce.

J. 1) We must publish the Rpt.
2) Are we to implement it?
1945: 25,000 pet^{ns} filed. 1946: 40,000 (estimated) 1947: 50,000.
Compares with 800 when I was called to Bar!
Can't cope with existg. Judge. power. This plan wd. enlist help of C. Count
Judges sitting for this purpose as High Ct. Compromise. But
supported by Bar, Law Society, Co. Ct. Judges, Labour Legal & Parly.
Group, Haldane Socy., L.C.J. (who wants to relieve K.B. Judges of this
work). Believe Archb. Cantuar will support. Per contra, President of
Divorce Ct. is strongly opposed. He admits supernum. Judges regu^d:
he wants 6, to do whole time what 60 Co. Ct. Judges wd. do in 10% of
their time. But a) don't think any Judge shd. work only on divorce. b)
Diffy. re accommⁿ, lodging, marshals etc., avoided by using local Co.
Ct. Judges. c) Hope this = temporary problem. 3 yr. job: what about
pension at end? President's scheme wd. involve using inferior Judge.
My scheme is cheaper: involves no legislⁿ.

E.Sh. Underfunded cases only?

J. Mainly – see para. 3.

C.E. Support this as a compromise. May develop into a Co. Ct. jurisdnⁿ: but
only if experience supports that change.

J. If it works, I shan't fill all accruing vacancies in Div. Div'n.

Agreed. Publish & implement.

4. Exchange Control Bill.

- H.D. Publicity. Shan't have opportunity until I speak in debate on Address. Want to publish Bill before that. (Wed. next) Can I speak early in the debate?
Wd. like to publish Bill on Wed. & speak on Thurs.
- H.M. Premature. Shan't have a plan until Monday. The Opposⁿ may table amendment.
- H.D. Then may I publish on Wed. & take a Press conference. Spkg. when convenient in the debate.

5. Princess Elizabeth: Twenty first Birthday.

- P.M. Princess E. will soon become 21. No precedent for Parly. action – resolⁿ or present. Suggest we don't go by precedent. Suggⁿ made by individual of nation-wide Fund.
- C.E. Heir comes of age at 18. Can't we say it's all over?
General view of Cabinet: against nation-wide Fund.
- P.M. Is there a case for a present by the Cabinet?

 General view: leave it alone. later re-opened. Suggⁿ made a dinner at No. 10, if b'day is to be celebrated. But on 21/4 she will be out of U.K.

6. Relief for Salford.

- A.B. Floods at Salford. £200.000 damage to property etc.
Shdn't we have an enquiry into Funds. e.g. Lord Mayor's Fund etc.
- P.M. Not wise to appear to be pinching charitable funds etc.
Wait until it's raised by Private Members.
- A.B. Can I inspire that?

1. Parliament

[Enter W.W.]

Business for next week.

P.M. P.Q. by Edelman. Read draft answer. Approved.

[Enter: H.McN., O.S.
Stansgate]

2. Egypt

- P.M. Seems that Sidky will accept proposals – possibly over week-end. Disclosures have, however, upset Sudan. Govr. Genl. appt^d by King/Egypt with our consent: E. flag is flown: E. troops have bn. there. But the adminⁿ have played down E. counⁿ so much tht. Sudanese will be shocked by Protocol. Trouble expected: administrators (Sud. & Br.) may resign: may be bloodshed.
Letter fr. Govr. Genl. who is distressed over it.
Telegram 2079 to E.B. Reply to this read to Cabinet. (1613 Washington)
Govr. Genl. has v. gt. influence in Sudan. But they are not susceptible to argument over Egypt.
Letter from Govr. Genl. to P.M. of 10/11 read to Cabinet.
“Enforce the Protocol”. Nothing to enforce, save law & order, which isn’t in the Protocol.
- S. Deprecate debate in H/C. to-day on Egypt.
Egypt Parlt. meets to-day. King will spk. re Treaty. To-morrow, day of Prayer, Priests will speak of it. Sat/Sunday the Delegation are expected to confirm. If we get thro’ to Monday, we are home.
- P.M. Have kept A.E. informed. He will say no more than “no change in sovereignty or adminⁿ”. & we will say “that is so.”
- O.S. A.E. on 2nd thoughts has decided to say nothing requiring an answer.
- H.M. Pity to flout the Sudanese, who like us, for the sake of the Egyptians, who don’t.
- R.S.C. Cd. we get some Sudanese leaders over here? Talk to them & sooth them.
- H.McN. Can’t announce such an invitation before Eg. crisis is over.
- R.S.C. Get the invitⁿ in train., before an explosion occurs in Sudan.
- Agreed: subject is timing.
- A.V.A. Send to Govr. Genl. our 4 points.
- P.M. Agreed: separate letter.

R.S.C. Another letter to Govr. Genl. which can be shown to leading Sudanese –
indicatg. tht. H.M.G. have considered his is rep^{ns} & their posⁿ is
safeguarded.

O.S. In train. for E.B.'s signature.

P.M. Must go off. at once – I will sign.

[Exit: Stansgate,
H.McN., O.S.
[Enter: Wilmot &
Barnes.

3. Transport Bill.

J. Clause 18. If Co. exhausts assets by unauth^d dividend, what happens to
compensⁿ.

H.D. explained. Objⁿ w'drawn.

Clause 22. Agreed.

R.S.C. } Clause 28. Some provⁿ is requ^d to authorise paymt. into court: interpleader:
J. } Suspense account: and let claimants argue it.

Agreed: Party Counsel to consider J's point.

H.D. Clauses 83/85.

Agreed.

Clause 90.

Agreed to omit.

B. Clause 97. No chance of getting views of Rly. Unions. T.U.C. consent will
cover that?

H.M. Yes.

P.M. Compensation terms. Leave to H.D. to settle: not for Cabinet.

H.D. M/T and I are agreed now. Guessing in City: need for early statement to
stop that.

B. Agreed.

H.D. Public statement in H/Commons.

“In Bill promised in speech it is intended to make proposals provision to
H/C as follows...”

- P.L. Action re Local Loans has given trouble to trustees. They will also be troubled by this. Drop in income from e.g. rlwy Debs. This is unavoidable. But don't add to that major grievance by being under generous as well.
- H.D. I take that point.
- Agreed: statement shd. be made.
- Para. 3 of memo.
- H.M. Para. 3 (a) – approved.
- Para. 3 (b) – Hotels etc., shd. be divorced from rlwy management. Good question to make special provision for appointment of Hotels Executive as soon as may be.
- P.M. Cd. it be empowered to run hotels etc., at Civil airports?
- B. Only if rlways have that power already.
- P.M. Consider that.
- R.S.C. Can restaurant car service be run separately from rlwy operation?
- B. No reason against it.
- A.B. Why put this in Bill? Better to preserve flexibility. This is a machinery Bill – preserve administration elbow-room.
- B. I wd. have preferred to keep myself free.
- H.D. The other 3 are mentioned: if so, better name the 4th.
- A. Cl. 5(3) gives power to establish another. Askg. for Parly. trouble to include specific reference: catering etc.
- H.M. Want to be sure that hotels won't be under the Rlwy Executive.
- A.B. Don't mention any of the Executives.
- P.M. They you give no picture of the organisation.
- R.S.C. Will M/T. consult B/T. (tourism) re personnel?
- Yes. Para. 3(b) approved.
- H.M. Para. 3 (c) W. Elliot is running the idea that Sc. industries shd. be separately organised on nationalisation. Don't want to give cause for complaint

by Sc. nationalists & semi-nationalists. Wrong to have separate Sc. Advisory Cttees. Hence compromise proposed in Para. 3 (c).

- J.W. Bill makes no provision for devolution in Scotland.
a) Shd. provide for a Scottish Divⁿ of each Executive.
b) Shd. be a Scottish Advisory Council appointed by me & M/T. jointly. Chairman a member of B. Transport Commⁿ.
c) Scottish rp^{ves} on Board of Commⁿ & Executives.
d) a co-ordinating Commⁿ (?)
Natⁿ of transport in H. Islands. Raised at mtg. in April. No powers in fact included in Bill.
- {Exit W.W.
- B. This wd. mean re-casting whole Bill. England isn't mentioned in Bill. Transport spans nationalist frontiers. No interference with existg. office organisation. You will have rep^{ve}. instit^{ns} in Scotland wh. you haven't now. We shall take over rlwy interest in steamer services to Islands.
- P.M. Steamer services outside scope of Bill.
- Agreed.
- B. Bound to be at least 2 Div^{ns}. in Scotland: and in Wales. (N. & S.) Grouping must follow economic not national boundaries.
- A. Support general idea of J.W.'s proposals. Separate admin^{ve} organⁿ for Scotland is admittedly necessary. Then say so in Bill. We had to give way on Civil Aviation Bill. Can't ignore the nationalist sentiment. Don't know what form it shd. take; but there shd. be some concession.
- P.M. Formula of Para. 3(c) but adding "England".
Otherwise, you imply this is a purely English Bill.
Divisions will be made no doubt, but on functional basis.
- R.S.C. In Cl. 3(i) for "G.B." substitute "England, Scotland 7Wales".
- E.Sh. Won't satisfy the nationalist demand.
- H.M. On 2nd Rdg. Minister cd. explain regional set-up in Scotland & Wales – consultg. sys. on terms of statement.
- P.M. In Cl. 6. use the phrase "take a/c of repⁿ of various parts of U.K."
Plus the proposal for Cl. 3.
Don't want Para. 3(c) proposal because implies this is an English Bill.
- H.D. Make the Cl. 3 alteration: & reserve further concessions for Cttee.

Agreed: consider what alteration to make on that basis.

Transport Charges.

- H.M. Whole structure of ratio for railways in confusion because of bargains, statutes etc. And road rates are chaotic. There must be some new statement of general doctrine. This – the principles. Commⁿ, with Advisory Cttee, will propose principles to Minister, who will submit to Parlt. in an order requiring aff. resolution. This must be confined to general principles. Order will require Commⁿ to fix actual ration & will appoint Tribunal as appeal tribunal.
Complex: but much history back of this. Also vast public monopoly: must be safeguards.
- R.S.C. Shd. there be any principles at all? Tendency for 50yrs. to get away fr. principles (e.g. undue preference) in railway rates. Main princ. = charge on cost or what traffic will bear. First wd. mean higher freights for coal & steel. On 2nd basis you are in sphere of political consid^{ns}. e.g. preferences to exports, agric. products (always given h'to). These ques. are nothg. to do with railway rates. How lay down such principles in advance, when entering a planned economy. Better leave it all at large – subject to appeal on particular rate when fixed.
- P.M. Then, if no principles, on what do you base an appeal?
- B. State monopoly – must review rate structure: must announce some form, rules, principles – at least on 1st round. Commⁿ must pay its way: can't therefore revise rates until establ^d & know where they are: then they must review existg. rate structure: Minister wd. exercise supervision thro' power of direction. The Advisory Cttee apply a critical eye to results. Then criteria for charges will stand for years.
- R.S.C. That is the trouble. Too rigid.
- H.M. Political consid^{ns} – yes, but political pressures.
- R.S.C. Transport rates affect whole set up of industry. These organ^{ns} can't look at rates fr. angle of national economy: their concern is to make the railways pay.
- A.V.A. No Parly. share in rate fixing.
Don't hamstring this machinery with Parly. control.
- H.M. If Commⁿ is to operate in acc. with a planned economy, who will give directions.
- R.S.C. No genl. code of principle to guide Railway Rates Tribunal.
- B. Surely with public monopoly you can't get away with existg. ch.

[Part here not heard]

- R.S.C. Argued in favour of system of R. R. Tribunal. Risk of driving everyone into exceptional charges.
- B. Represents $\frac{1}{6}$ th of workers. Danger of upsetting its economics.
- R.S.C. Leave it all to Tribunal to work it out on common law basis.
- P.M. Alternative: Commⁿ acts on some principles formulated in light of Ministerial directions: Tribunal hears appeals.
- A.V.A. Prefer procedure on lines of 1921 Act.

R.S.C., H.D., H.M.

Agreed P.M. S.O.C. Cttee + { A.V.A. to consider
 { Jowitt.

4. Winter Fuel Supplies for Industry.

- E.Sh. Cd. present alternative scheme: for considⁿ on Tuesday.
- H.M. Wd. you not consult R.S.C.
- E.Sh. No.

[Exit J.W. & Barnes.

5. Licensing of Civic Restaurants.

- H.M. These are family restaurants. Licensing wd. alter character. Wd. it be wiser to wait & see how they develop?
- J.S. Local option. Make it possible. Don't handicap their development as v. competitors.

Memo. approved.

1. Anglo. Egyptian Treaty

H.McN. Delegⁿ informed: broken up w'out decision: atmosphere unfavourable. Sidky will now put it to C/Ministers & to Parlt. in 5 Session. G. Genl. Sudan will return Thurs. Sudan. Delegation to come to Ldn. Always thought Delegⁿ wd. be close thing.

2. Spain

Draft resolution proposed by E. B. (Tel. 1694) from N. York) read to Cabinet.

H.McN. Discussed with Doms. & some W. Powers. More drastic resolutions will be put in by others. But likely that ours will command majority support.

T.W. What will be effect re fertilisers, steel, etc.

H.McN. This resolⁿ doesn't involve econ. sanctions. Any resolution calling for sanctions wd. be advisory only.

H.M. Cd. final para. be softened?

General view – no.

E.B.'s proposal approved.

3. Indians in South Africa.

A. Summarised telegram 1668. My view – S. African legⁿ is not in conflict with human rights. Accept last para.

{ Position noted.

{ Delegation to be instructed – as on last sentence of telegr.

4. Germany.

P.M. Arrangements in Germany. Asked E.B. for views on Resident Minister. Mention because Cab. are disturbed.

[Exit H.McN. & O.S.]

5. Parliament: Debate on Address.

H.D. On official Cons. amendmt.

H.M. I will follow mover: will B/T or C/E follow?

- P.M. H.D. to speak to-day on Conscription. R.S.C. shd. spk. on the other.
- Agreed.
- H.M. Want to tell Parlt. there will be genl. econ. debate: & a White Paper (tho' may be argument on form of W. Paper).
- Generally agreed.
- P.M. F. Aff. Debate. Won't help our posⁿ vis-à-vis U.S.A.
Party discipline: must be handled at Party mtg.
But P.P.S.'s mustn't do this. Three are in it. They shd. resign, if they want to do this.
- A.B. There are precedents - e.g. in Liberal Govt.
Depends whr. it is steady course of action over period.
Enough to warn them. v. continuance.
- P.M. Public expⁿ of "no confidence" in Govt. is inappropriate to a P.P.S.
- A.B. Resignation of 5 P.P.S.'s wd. do more harm.
Best to play this down. Much feeling in Party over foreign policy – inevitable there shd. be some expⁿ of this.
- E.Sh. In Coalition, tho' I criticised, I never added my name to amendment of Address because involves public expⁿ of "no confidence". But can't be disguised that there is uneasiness in Party over f. policy. Diff. for members to refrain fr. expressg. their opinions tho' it shdn't have bn. done by amendmt. of Address. Members, havg. first exp^d their view at Party mtg., have right to express views in H/C. There are limits to extent to wh. pressed.
P.P.S. – accept posⁿ to assist Minister. Must he resign if he disagrees with Govt. on matter wh. isn't Departmental to his Minister?
This sort of thing always reflects deep feeling.
I have twice raised matters wh. I thght. v. important - over to Cab.: other to P.M. who decided not to bring it to Cab. Am still dissatisfied on 2nd ques. (M/East policy). The other (Germany): I'm sure I was right, as events have proved. But Cab. thought pl. shd. outweigh economics cons^{ns}.
Cab. not fully appraised of cond^{ns} of strategy wh. may dictate f. policy. Not easy for us to raise ques. of f. policy at Cabinet. Not much chance.
No genl. discⁿ of f. policy as a whole.
- P.M. We can have a genl. talk re f. policy.
But P.P.S. issue is narrower. Can have dissenting view: but another matter to support amendment to Address. At least they shd. first ask their Minister.
- H.M. P.P.S. – no doubt re gravity. Quin: sack them at once, or warn them "not again".

Govt. are collectively respons. for f. policy.
If this amendmt. carried Govt. wd. fall – is therefore vote of censure.
Another point – what does E.B. think of the Ministers whose P.P.S.’s do this?
May not assume they have discussed with their Ministers? Liable to cause lack of confidence between Ministers.
This conduct can’t continue. Exaggerates impⁿ of fission. Only ques. to sack w’out warning – or warn.

R.S.C. Agree with H.M. Only ques is whr. they are given a 2nd chance. On the whole, favour warning (by Ministers concerned).

T.W. Agree.

A.G. Position can’t be ignored. K. speech debate is special case.
Believe many acted in ignorance. Prefer therefore warning.

Generally agreed: warn P.P.S.’s – can’t occur again – but don’t sack them.

H.M. Debate on Closed Shop (Tuesday). Will G.A.I. say what line he will take?
Political mistake to seem to be encouraging a tyrannical T.U. attitude.

A. T.U.C. have thrice declared against closed shop policy.
Debate in H/Lds. last week. I criticised “closed shop” tactics on other side.
e.g. light castings industry.

T.W. Problems in mining industry. Are technicians to be forced into N.U.M.

G.A.I. Oppⁿ trying to attack refusal of T.U.’s to work with break-away Unions.
What is meant by “Closed Shop” – used to be “closed to T.U.C.”
Answer must depend on what line criticism takes.

E.Sh. L.a.’s passing resol^{ns} v. employing anyone not belonging to Union’s capable of affiliation to T.U.C. What about teachers? Issue will be raised in debate.

A.B. Avoid dif. statement on future policy – because many awkward ques.

G.A.I. Will avoid l.a. ques.
Govt. doesn’t intend to dictate wh. Union a man shall belong to.
Don’t oppose workers workg. for 100% membership.

E.Sh. Be careful. Snags. Break-away Union; a no. of these wd. break T.U. structure.

1. Indonesia: Political Settlement.

H.M^cN. Agreement reached in Batavia. Not operative until endorsed by Govt. & prs. Parl.
Commrs. leavg. 22/11. Hope signature by 2/12.
Both sides complimentary to our good offices.

P.M. Have sent message to Killearn. Will also send to Inverchapel when its thro'.

J.S. Want F.O. to tell me with whom to negotiate for food – want to jump in quickly.

H.M^cN. Will inform M/F.

2. Food: Butter for Canada.

A. As in memo. Main issue for D.O. = reaction in Austr. & N.Z. They have vol. rationed themselves for our sake – earlier trouble over diversion to U.S. Army. But if we can square them, we hope M/F. will spare the butter for Canada. We shd. have to consult the 3 High Commrs. Can't do anything which wd. imperil our future supplies.

P.M. Canada's 6oz. No margarine?

A. None.

J.S. Our fat ration = 6. same as theirs. But they have unlimited cooking fat, as cpd. with our 1 oz.
Real danger = upsetting S. Doms. And N.Z. also have an election on. Doesn't in itself alter our rations: only stocks. But we are in no posⁿ to make a flat refusal to Canada: for they are supplying us so much with other foods. They must get willing concurrence of Austr. & N.Z. but if they can get it I think we shd. give Canada what she wants in butter.

E.Sh. Cdn't we get cooking fats fr. Canada as quid pro quo.

[Enter J.B.H. & S.G.]

3. Socialisation of Ruhr Industries.

P.M. 3 points – as in brief.

- H.M^cN. Apologise that S.G. not consulted before printing.
 (a) 3 Stage Plan. Buys time for consⁿ of complex issues of ownership.
 Also plenty of time to work out adjustment to Stage C.
- S.G. Scheme shd. be satisf. qua law. Custody won't involve trouble.
 Stage B. will involve practical rather than legal problems.
 Stage C. How compel Land Govt. to pass this legisⁿ – awkward
 to frame constitⁿ so as to require this. C-in-C. can control it,
qua sovereign power, in Stages A. & B. He will have to secure
 in B. effects for C.
- R.S.C. Custody plan gets over my immediate diff^{ies}. Shall have to work out
 legal complexities before Stage B.
- J. No comment. Cd. I be consulted on all these legal issues?
- P.M. Ld. Chanc. shd. be brought in; on all such occasions.
- E.Sh. If control with C-in-C., only a limited power will rest in G. auth^y.
 Won't that be regarded as eye-wash. What substance in it?
 Custodians won't be free to act. Must define powers.
- H.M^cN. Stage A: no transfer of control. Only political gesture – earnest of
 intent^{ns}.
 Also a first stage in a process declared as our policy.
- A.B. Import^{ce} of declⁿ that industries aren't revertg. to private ownership.
- E.W. Who will see tht. custodians are type of people we want to encourage?
- H.M^cN. F.O. & Control Office, with P.M. approval.
- H.M. Someone shd. go over from here who can advise C-in-C.
- P.M. C-in-C. will act on instruct^{ns} of H.M.G.
 German auth^y recommends: C-in-C. appoints.
 Must be settled by someone going out from here & settling.
- (b) Responsibility: to Land Govt. or central Govt.
- H.M^cN. E.B. prefers Land Govt. i) security: in our control.
 ii) de-centralisation. iii) Fr. makg. diff^{ies} over Ruhr. Their case
 will be considered lost if this comes under central Govt.
- J.B.H. Interf^{ce} with G. economy gone far enough. These are assets of G.
 economy as whole. Too much for Land Govt. Also prejudices
 issue wtr. there shall be any central Govt.
 Prefer therefore corpor^{ns} responsible to Cttee of 3 Lander Govt. in
 the Zone.

- Consultⁿ with N. Rh. – W. Govt. won't mean bringing G. politics in properly. Therefore not all-Party.
- P.M. Your arguments look to central Govt. Why not one-party Govt. in centre, as you say in Land.
- J.B.H. One-party Govt. in only a Land is objectionable, as one-party Govt. in centre wd. not be. Can't allow one-party Govt. in small area to control so important an asset.
- R.S.C. Won't be a central Govt. in Stage B.
Final transfer of ownership not until Stage C.
Only ques. for Stage B = whom you consult on appt^{mt} of custodians.
- J.B.H. More diff. to get on to national basis if you begin with Land Govt.
- R.S.C. Second thoughts: para. 9 indicates legⁿ in Stage B. Cd. such legⁿ be passed by wider auth^y than Land Govt.
- P.M. Consistent with our policy of encouraging de-centralisation.
- E.Sh. Socialisation, to be a success, can't be compartmental – must be of interest to all inhabitants of B. Zone. Peace potential of these ind^{ies} to whole of B. Zone. Consider economic implic^{ns}, as well as political.
You can get all control thro' C-in-C. Consult therefore as widely as possible.
- P.M. But scheme contemplates corp^{ns} est^d by law. If no more than consultⁿ you don't pass beyond Stage A.
- R.S.C. Ques: what legal basis for corp^{ns} in Stage B. Crux is: how do you compensate G. shareholders. Under memo. Land Govt. will be responsible. That gives Land Govt. gt. claim to eventual ownership. Cd. you empower 3 Land Govts. to compensate?
- H.M. Why bother overmuch about compensating these owners.
- R.S.C. Must say who will be respons. for paying compensⁿ if any.
- H.M. No: why not confiscate?
- A. Sympathy with widening it up to whole Zone. But no Govt. can answer for whole Zone. Why not create Zone Govt.
- H.M^cN. Some G. auth^y will have to handle G. claims. No Zonal auth^y cd. protect custodians fr. actions.
- P.L. Are the industries all in one Land?

- M^cN. We so designed this Land. Confiscation raises big issues. If you do it, you will be presentg. big gift to corpⁿ – cui bono.
- J.B.H. Compⁿ – for many things incld. war damage – will be problem for a German Govt. Doesn't arise on this.
- M^cN. Why no Zonal Govt? Because purely artificial military boundary.
- J.B.H. Wd. also prejudice ques. of central Govt.
- P.M. All the arguments in favour of widening up to Zone apply to widening it up to all Germany.
Real ques. is can Land Govt. give legal exist^{ce} to corp^{ns} w'out tying them eventually to Land. If so, Stage B. falls down. You are back on Stage A & have to abandon idea of transferring any responsibility to a German auth^y.
Conceptⁿ of memo. was to make Corpⁿ respons. to a G. authy. If no auth^y other than Land Govt. it can't work. Either Land Govt. or C-in-C. Stage B. is impossible unless you accept Land Govt.
- J. Can we get further now than Stage A.
Agreed: Stage A: appoint custodians, after consultⁿ with rep^{ves} of all Lander Govt.
Appointment of custodians – by someone going out from here chosen in consultⁿ with P.M. He shd. report back to Cabinet.
- P.M. Cab. view = Land Govt. is not big enough orgⁿ to wh. to entrust the Ruhr industries.
Agreed: Foreign Observers doesn't arise.
Memo. on a Zonal Govt.
[Exeunt M^cN. O.S. S.G. J.D.H.
[Enter G.T. Barnes. Leonard.

4. Winter Fuel Supplies for Industry.

- E.Sh. Anxious to avoid public statement re coal. Will cause disquiet.
Official plan wd. involve public announcement.
Allocations based on requirements: can't revise them w'out announcement: can, however, vary deliveries v. unchanged allocations. Can tell firm you will get only 80% etc., of allocation for x months: that is continⁿ of normal procedure.
Prefer cut of 10% vice 12½ % in official plan.
Electricity & gas. My plan goes further than official's. The danger is greater here. My plan doesn't appear as a cut. How will it operate? By check on meters.
Expect to save more than official plan wd. have saved.
- R.S.C. History. E.Sh. said cuts requ^d & sugg^d consultⁿ on means. I said do this thro' N.P.A.C.I. We did this. Industry (& I) are

insistent tht. cuts be so made tht. industry can plan ahead over winter. Otherwise chaos. Present system: allocations on screened requirements – desirable maximum. Deliveries do run below alloc^{ns} – in Midlands 36% below. E.Sh. wants cuts on those deliveries, which are below alloc^{ns} & uncertain. Must have a scheme wh. will tell industries what they will get. Publicity is therefore necessary. No pool for hard cases – unless you have the 12 ½% cut of official plan. That was valuable feature of official plan.

Officials' plan was sensible because of i) publicity ii) pool.

Gas & electricity. Can't assume industry will be static as measured by Nov. Think of new firms startg. e.g. in developmt. areas: on rising prodⁿ curve. We don't think you can clamp down on basis of Nov. figures. Scheme adopted in war was to direct redⁿ below what they wd. have consumed. Tried in W/England in war – got 98% response.

I prefer the official plan.

To get good-will of industry, we must in any event consult again with N.P.A.C.I. if we are to modify scheme discussed with them.

- M/S. We concur with R.S.C.
Gas & electricity: official plan. Rest on consumer's estimate. We prefer then M/F. & P. scheme. Save tht. we doubt if Nov. is best criterion. Suggest provⁿ Dec. 45 – Mar. 46. etc., (not understood).
- Barnes. No "breakdown" in transport, as stated in E. Sh. memo.
- G.T. Claim for total exemption of bldg. materials industries.
Progress in prodⁿ is slow: will be stopped by 5% fuel cut.
Suggⁿ tht. 5% cut can be met by fuel economy is true of most ind^{ies}.
Can be met by cutting space-heating. But doesn't apply to most bldg. materials ind^{ies}.
All round 5% cut wd. have opp. effect to that desired. Wd. produce 7 times the effect in some brick-works than in another. Also glass: can't cut 10% for technical reasons.
- H.D. Need for quick action. Too many words.
Impressed by R.S.C. Offl. plan concerted with T.U.C. & F.B.I. Cd. be adopted w'out delay. The other plan wd. have to be negotiated with N.P.A.C.I. – further delay.
Keep it as elastic as possible. New factories coming into prodⁿ.
- R.S.C. That is point of 12½%.
Flexibility in case it does create unemployment.
- G.A.I. Preference anyhow for developmt. areas. In other areas prodⁿ cd. be re-arranged. Set-back in d. areas wd. be disastrous.
- H.M. There was consultⁿ with industry.
Against this, see some advantages in E.Sh. alternative.

Can't put another scheme into effect w'out consultⁿ with N.P.A.C.I.
Period for 9. & electricity: Dec. - March better criterion than Nov.
Steel: M/S. shd. aim at more pig iron & less scrap, to economise coal.
Subject to these reservations, prefer E.Sh. scheme.

- A.B. Gloom in M/W. about this cut. If applied to bldg. industries, there must be public announcement. Effect of curtailing expansⁿ in those ind^{ies} will be disastrous. Whole housing p'mme wd. have to be re-adjusted. 167.000 t. of coal involved. Wd. cause unempl^t in light castings, built up with so much difficulty. Exemption for bldg. ind^{ies}. Lay the cut on luxury prodⁿ.
- R.S.C. That reflects on everything. E.g. cuts in clothing ration: less consumer goods.
Only hope is to spread as widely as possible so as to make the cut as little as poss. on each.
- T.W. Ag. machinery. Firms just coming into prodⁿ. If they are to be cut 12½%, disastrous for agric. & exports.
- P.M. Distinguish betwn. manif. by coal & use of coal for heating.
- E.Sh. a) Let me discuss my plan with N.P.A.C.I.
b) Provⁿ for appeal to Fuel Offr. e.g. by bldg. ind^{ies}. Provides elasticity as Officials' plan doesn't.
History. Fuel Effic. Confⁿ asked for 10% vol. saving. P.M. asked me to be quick (Oct. minute). B/T. asked about alloc^{ns}.
Met N.P.A.C.I. They weren't enthusiastic over scheme.
Accepted with greatest reluctance. Have always said I doubted apprehensions re winter coal: want therefore flexible plan.
El. & gas: I can save more by my plan.
- P.M. How long wd. a) take? Must be quick.
R.S.C. seeks elasticity via 12½% and pool. E.Sh. relies on greater prodⁿ.
- E.Sh. Make a pool: you invite demands on it.
Agreed: as at a) & b) in E.Sh. above.
- H.M. Coal Production Publicity. All agreed. But Ty. say Coal Bd. shd. pay. And they can't pay yet. Can't we start: & let finance be settled later.
- H.D. Won't be diff. over small sum until Coal Bd. establ^d. So long as understood Coal Bd. pays when establ^d.
Agreed: in principle.

[Exeunt invitees for 4.
Enter P.M.G.]

5. Indian Services. Compensation to Officers.

Agreed – as in memo.

1. Parliament.

H.M. Business for the week.
Analysis of voting in F. Aff. debate.
[Exit. W.W. Enter. Barnes, Bellenger.]

2. Admission of Poles to Civil Employment.

G.A.I. Object: canalise approaches to Unions.
Rlways: informed by Barnes to-day that he agrees to my handling it.
Mines: reason – other ind^{ies} reluctant because mines won't have them: useful to say we are in negotiation.
Agriculture: not opposed in principle. They say a) why us only
b) employers' use of p.o.w. labour.
Will negotiate thro' conciliation Dpt. of M./Labour. Only where Dpts. have failed.

A.G. Supported.
Has bn. sticking: workg. better now: this wd. improve matters.

H.D. Supported. Was consulted. Glad to hear how well it's going.

E.Sh. No objⁿ.

T.W. Hope M/L. will see agric. workers separately from employers.
[Exit Barnes & Bellinger.]

3. Palestine.

C.J. Zionist Congress Bash December: won't finish before Xmas: new Executive & new mandate. Until then, Executive can't spk. for their constituents.
Genl. disposⁿ for J. to creep in to Conf^{ce}. No guarantee, but probable – so long as no unfortunate incident in Pal.
Most Arab Deleg. in N. York. Convenient if 16/12 date cd. be put back.
Pity situatⁿ in Pal. deteriorates.
E.B. wants initiative for p'ponement to come fr. Arabs.

P.M. No inconvenience save to Pal. adminⁿ – incldg. B. troops. A big proviso!
But wisest course is to accept p'ponement.
Agreed.

4. Use of Veto in Security Council.

P.M. Summarised telegrams.

- M^cN. Resolⁿ fr. Cuba – special conf^{cc} to discuss veto. Shd. have to vote v. that.
Request fr. Australia – might get round that.
- R.S.C. Leave E.B. with greatest poss. latitude.
- P.M. Impression of easing up by MOI.
Approve line taken by E.B. with latitude in negotiation.
- [Enter. J.B.H. Listowel.
5. Gift Food Parcels for Overseas.
- J.S. Recommend this because we can give no really effective supplies of food from Govt. sources!
Political feeling strongly in favour.
- J.B.H. Supported. We allow parcels from U.S. into B. Zone.
Don't wish it limited to parcels for named individuals. Wdn't get to most deserving cases. Effect wd. be better if distribⁿ handled in G. thro' Save Europe Now Fund.
- L. Para. 6. P.O. can't enforce these cond^{ns}. Is it proposed tht. M/F. offices shd. do it?
- J.S. Will consult on this.
- R.S.C. No one but M/F. cd. police this.
- L. Para. 9. I cd have this done before Xmas if Cab. so desire.
- P.M. On principle I have opposed because giving U.S. impⁿ we had plenty food: clear now that U.S. know our posⁿ.
because pressure on weak-minded B. people. Now w'd draw that objⁿ.
- R.S.C. Allow soap. Tho' not a rationed food. Agreed.
- M^cN. In Press accouncem^t. make it clear that it's for all Europe.
- H.D. Supported this.
- J.S. This is understood: it's all overseas parcels.
- P.L. On personal or impersonal – can it be both?
- J.S. Want some discretion to settle details in inter-Departmental discussion.
Agreed – early statement.

6. Germany.

P.M. Read telegram re pooling of food supplies with U.S. Zone.
Assurance of food supplies if we can settle fusion of Zones.

J.S. And Clay auth^d to pool 50.000 t. at once, of supplies already there.

1. Civil Service Staffs.

P.M. Announced Cttee.

2. Germany: Fusion of British & U.S. Zones.

H.D. As fr. brief. Trouble is tht. bulk of the £125 m. wd. have to come fr. dollar sources.

It equals \$500 millions over 3 years = 5 months' drawing of U.S. loan.

U.S. offer to swop Zones and go to 65:35. Agree with E.B. this is politically impossible & dangerous economically. Reject that, as well as paras. 3-5 of brief.

Conclude: no alternative but to accept 50:50. But conditions.

a) Keep down dollar cost to us to 300 millions. By buying as much as poss. from soft currency countries. Not much scope for this in near future: but shd. open up in 2nd & 3rd years of period – e.g. food from E. Europe in return for G. exports wh. flow more naturally in that direction.

Stopped at end of para. 9 of brief.

Discussed with Waley, hot from U.S. This is my recommⁿ: as in para. 10.

P.M. | This won't affect our policy re Ruhr industries?

H.D. x| Presume E.B. has made that clear, in convers^{ns} with U.S.

J.B.H. | 50:50 basis gives us better moral ground for m'taining that policy.

P.M. This is right. U.S. have whip-hand because they have the food: we can't get it fr. anywhere else.

H.D. Not in 1947.

J. What return on this investment and when? E.g. timber.

H.D. Timber turns on physical resources, not financial.

A. U.S. Loan was for our needs. This is additional. Cd. this be financed from an additional Loan.

H.D. Non-starter in U.S. politically, since Election.

J.S. Additional condⁿ tht. on fusion procurement of food for 2 Zones shd. become a joint responsibility? Fear they may say payment is w'in agreemt. but you must procure.

- H.D. Agree: this shd. be added.
- J.B.H. For how long: for we want to switch supply of food to easy-currency countries.
- H.D. Relate wording to “such procurement as may be requ^d fr. U.S. sources”.
- M^cN. We agree H.D.’s qualifications.
On x/ above, quoted telegram showing E.B. had J.B.H. point in mind.
Welcome review after 12 months.
- H.M. U.S. “political diff^{ies}”. What about ours? And U.S. have no physical diff^y, as we have, in supplying the Zones.
May be right, however, tht. Congress won’t go beyond 50:50.
Thus, I reluctantly accept.
But cond^{ns} of our agreement shd. be clear. a) food supply (as in E.M.N.’s brief). Want more than Clay’s word for this.
b) Socialisation policy will go on in B. Zone, whatever Congress may say. c) Our expenditure on rehabilitation in G. shd. be medium-term reconstⁿ loan to be repaid by G. goods & services. d) Agreed statement re policy twds Germany.
- R.S.C. If these cond^{ns} aren’t accepted, what do we do? That shd. be made clear to E.B.
- P.M. Agreed. Give E.B. our stipulations: ask E.B. how many he can get: then final decision.
- E.Sh. What is meant by fusion?
- M^cN. External matters – procurement, export-import p’pme – wd. be jointly handled: but without prejudice to separate admⁿ of each Zone.
- E.Sh. This wd. give U.S. a say in cost of adminⁿ. If so, how prevent their interfering with policy.
I regard this as further U.S. blackmail. We shd. look further ahead.
Crux in G. = food. We’ve relied h’to on U.S. imports. We might have forced earlier the alternative sources on basis of outlet for G. exports. But looking fwd., G. food posⁿ will improve.
More rapidly if we cd. import more fertilisers.
To extent tht. G. exports are increased, our expenditure on imports is reduced.
- H.D. My estimates are of net costs & assume some increase in G. exports.
This also is why we are assuming subsidy will continue only for 3 years.
All the offsets have bn. taken into a/c.

- E.Sh. I wd. prefer to pursue isolationist policy & take a chance on it.
- R.S.C. Tapering off cost on fusion policy – thro’ rehabilitation of G. industry.
- P.M. What will happen in G. while we are taking a chance? Where will supplies come from.
- E.Sh. Food will be better in 12 months.
- P.M. What happens m’while?
- E.Sh. What assurance of U.S. food under this scheme?
- H.D. Remember that we are now paying 53:47.
- E.W. Does fusion mean joint economic adminⁿ.
- H.D. Fusion is to be a gradual affair – beginning with export-import p’mmes.
No interference, yet anyway, with internal adminⁿ.
- P.M. This plan is alternative to 4 Power working for single economic G.
- M^cN. No thought h’to (in convers^{ns} with U.S.) of anything but external affairs.
- J.B.H. Bi-zonal Boards, in Germany, on executive business only [Enter A.B. of ports, telegraphs etc.
- M^cN. Re interference with Ruhr: this illustrated by Byrnes offering a higher price on a swop of Zones: was prepared to pay more to get control of Ruhr.
- H.D. Tel. 1886. Para. 2. is the relevant passage.
Makes it clear that U.S. realise tht., if they don’t swop, they can’t get control over industrial policy in B. Zone.
Agreed: inform E.B. – report back if he can’t get agreement to all our conditions.
[Exit J.B.H.
3. India. Constituent Assembly.
- P.M. Put the short issue.
- P.L. The main diffy. between Parties = procedure for constituent assembly.
Explained the views on this of the 2 Parties & attitude of H.M.G.
Moslems: majority vote in each section.
Congress: decide Province by Province.
Tho’ it may seem a technical point, its consequences are v. important.
Viceroy agrees that rep^{ves} shd. be invited to London.

Want time to consider his draft statement.
Situation v. grave.

R.S.C. Agree this is only chance. We must take it, as only means of retaining initiative.
Time is v. short. Must so arrange tht. they cd. get back by 9/12, unless they agree here to p'ponement.

P.L. Can Assembly meet on 9/12.

P.M. Say nothing at this stage to suggest p'ponement.

A. Some ground to think a) they'll come
b) agreement reached here will be honoured.
Agreed: issue invitation.

P.M. Must we ask Sikh. Won't it lead to others?

R.S.C. Cd. discriminate. Prefer to ask a Sikh.

4. Labour Party Meeting.

P.M. Cab. Ministers to attend Party mtg. on Thursday at 10.a.m.

5. Fuel Supplies for Industry.

E.Sh. Have met N.P.A.C.I. Considered ques. of announcement. Will send notice to all firms consuming more than 100.000 t.p.a. Also agreed on gas & electricity method.
Need for haste: may I settle with B/T. vice reporting back to Cabinet.

P.M. We were to consider in light of report.

R.S.C. Have had no report on this.

P.M. Must be mtg. of Ministers concerned. In default of agreement report to Cab. on Thursday.

1. Parliament

- H.M. a) Business for the week.
b) Ministerial statements after Questions.
- R.S.C. Does this apply to long answers to P.Q.'s, given at end?
- H.M. Yes – in lesser degree.
- P.M. Also use device of circulatg. in Offl. Rpt.
- H.M. Answerg. P.Q.'s not reached, at end.
- H.D. Statements shd. be shorter, too.
- P.M. I will circulate a memo. Agreed.
- J.S. I must make warng. statement on food next week.
[Exit W.W.]

2. Palestine.

- P.M. Put issue as in telegram & draft reply.
Movement twds. Partition as only practical solution. But fatal to
commit ourselves before Conf^{ce}.
- A.B. Does para. 3 assume no initiative from us?
- P.M. No. We realise we may have to impose a solution. But needn't say so
now.
- H.D. Internatl. Cttee of L. Party Exec. last week: strongly urged somethg.
shd. be said to secure satisf. issue at Zionist Congress. If we cd.
indicate we were ready to consider Partition, it wd. help to get
good result at Congress.
- R.S.C. This is Silver's point over again.
- C.J. Fatal if Govt. were comm^d at all at this stage.
Good will increased on J. side by various means. Shd. do no more.
- E.Sh. Secrecy cdn't be m'tained if we indicated our views.
My Dpt. v. anxious re oil posⁿ – affected by any solⁿ of Pal. problem.
Important not to offend Arabs: wd. make our oil posⁿ precarious.
Partition as a solution must be allowed to emerge from Conference.
- P.M. Also, on Partition, mandate wd. have to come up to U.N.O.

- C.J. Only requests made to C.O. for action to ease Congress are
a) camps in Pal. for illegal immigrants b) transfer of G. land
to Jews.
Draft Telegram approved.
- [Enter Barnes.
3. Shipping: Inter-Governmental Organisation.
- B. As in memo.
- M^cN. We want latitude on text. Agree in principle.
- G.A.I. x/ Cab. views on duplⁿ of internat^l agencies.
Overlap with I.L.O. Para. 5., for example.
Want M/L. bight in on any interdep^l discⁿ of revised draft.
- E.Sh. Endorsed x/.
Substance. Competⁿ of U.S. merchant navy. Much more expensive
than B. Under internat^l agency U.S. will force us to raise our
wage standards unnecessarily - & reduce our competitive power.
Para. 5 on discrimination is bunkum. Can't avoid it.
Indian views. They will use Lascars at low pay & compete.
Need to ensure B. shipping isn't hamstrung. No future for it if we tie
ourselves up in internat^l oblig^{ns}.
- A. Supported.
Diff^{ies} in Trade talks with Doms. over use of "discrimination".
Take care we're not hamstrung.
Favours given by N.Z. are discrimination.
- R.S.C. Won't stop discrimination by having no internat^l body to discuss it.
Much more hamstrung if we don't try to get these practices stopped.
This body won't deal with wages.
- A.B. y/ Any attempt made to weight B. wages to take a/c of our social
services?
- R.S.C. Also subsidies which are in relief of wages.
- P.M. Do I.L.O. consider such points?
- G.A.I. Not hitherto.
- H.M. Siting of organⁿ. Avoid any commitment to U.S. site.
- B. These points shd. have bn. raised when Cab. discussed earlier mem^a.

But misunderstandg. This is devised to avoid complicated machinery under Ec. & Social Council, & to get it preserved to maritime nations.

Prefer agency under influence of important maritime nations.
U.K. didn't promote this. But subjects bound to come w'in ambit of U.N. If so, this is best type of machinery: & will suit U.K. M/L. points. These are techn. ques's. for shipping conferences.
E.Sh. .. This is not likely to harm U.K. interests. We stand to gain fr. abolition of restrictive & discriminatory practices. We got Indian request rejected – for freedom to make discrimination.

- P.M. Departmental obj^{ns} cd. have bn. cleared on I.O.C.
- H.M. Want it considered wtr. this cd. be better done thro' Ec. & Soc. Council.
- R.S.C. Don't want this done by all nations. Better to get it reserved to maritime nations.
- H.D. Wdn't U.N. machine be less expensive in staff?
- B. No. This wd. only meet when it had to. More flexible.
- P.M. cf. Postal Union: most economical.
- H.D. Make it condⁿ tht. it has no office or full-time staff.
- M^cN. Convention does contemplate (Art. 12) Secretariat & Site.
1. Approve in principle
2. I.O.C. to consider relations with other agencies, staff etc.
- A.B. Want enquiry into y/.
- P.M. Take it up with M/Labour.
3. No committal on text of Convention.
4. Report back on 2.

Germany. Financing of British and U.S. Zones.

- A.B. Spoken to E.B. on telephone: convinced he can get no more out of U.S.: wants Cab. decision by 1.p.m. New York time. Announcement in H/C. Tuesday – I can't give it because Indian talks.
- H.D. V. unsatisf. As usual, pushed back by U.S. on Congress argument. Some concessions made: particularly on Joint Agency working. Para. 8 of agreement (para. at end of p.8) goes some way to meet us.
List on p.1 of C.P.438. Para. (v) not sufficiently met.
Para. (vii) rejected: I attach importance to this.
Para. 12 – review – is worthless.
Conclⁿ: unsatisf: may be best we can get: must leave discretion to E.B.: but we must go on record - ? in personal lr. to Byrnes – makg. it clear tht. our ability to honour this depends on our dollar posⁿ: diff^{ies} of that explained: and if we get into real trouble over dollars we may have to come out of this agreement.
- R.S.C. Unfortunate we can't get our reservations. But alternative of going on alone will land us in worse diff^{ies}. If Agency does its work well, may save much of the 500 m. expend^{tc} in dollars.
- A.V.A. E.B. has done well. "Congress" argument is v. troublesome. Readiness to exchange Zones shows how dangerous U.S. posⁿ was. Agree we shd. go on record.
- R.S.C. But not for publⁿ to Congress.
- A.B. Who will run Ruhr industries – 2 C's-in-C: Germans: or who? E.B. says expedite socialisation. But joint econ. adminⁿ as from 1.1.47. Can't U.S. then stop socialisation – unless more comes fr. Germans, which it can't.
- R.S.C. Nothg. in document which alters control in either Zone. The joint economic machinery is only for pooling economic resources & supply.
- A.B. Is there nothing in this wh. will prevent us fr. going on with socialisation. If nothing, then add a note declaring our intentⁿ of going on with it. Otherwise, nothing but misunderstanding or friction.
- E.Sh. Asked to decide fate of Europe by 1.p.m. Fusion of 2 Zones means tht. each Govt. will have some right, at some stage, to comment on adminⁿ of other's Zone.

Our policy was: econ. integration of all G. This, to some extent, closes the door to that. The door is still open now. This slams it in R. face.

- A.V.A. Faces R. with fait accompli.
- M^cN. What about the preamble to the Agreement?
- E.Sh. Some of us objected to Loan because diff^{ies}: told no alternative. Same again here.
In the end we shall be completely under U.S. economic domination. Acute problem = food. That is costing dollars. Don't believe that is more than short-term diff^y: prs. only 6 months.
U.S. sooner or later must sell. May have to cut prices. Will then be able to get more food out of U.S. U.S. must find markets.
- P.M. How survive next 6 months?
- E.Sh. We've done so up to now. Is it sugg^d tht. if we reject this U.S. will cut off supplies?
- P.M. They mayn't say so: they wd. do it.
- E.Sh. Re-actions in H/C. Will our supporters take this?
If U.S. finance & German organⁿ gets going, formidable competⁿ to B. exports in a few yrs. Better run our own show.
- A. Ruhr. We can provoke move fr. G side.
Annual review. Can't we have provⁿ to terminate after notice of x months if our dollar posⁿ becomes too severe?
Don't agree with E.Sh. Fusion shd. make it easier to reach agreemt. with R. about G. being treated as a whole. Shd. strengthen our bargaining posⁿ.
- P.M. We are criticised re posⁿ in G. Our defence: bound by quadrip. agreement: as can't get it treated as whole, have chosen 2nd altern. of fusion with U.S. Zone.
What alternatives now. Exchange & w'drawal are imposs. Remains: carry on alone. Must consider immediate winter: not 6 mos. ahead. Wd. like to go on alone, but haven't the resources.
- J.B.H. Agree with E.Sh. on long-term. But immed., we have no food after end of Dec. Rejⁿ of this plan wd. make U.S. v. reluctant to give us supplies.
- J. V. obscure draft. – particularly para. 12.
But right to w'draw implied in para.12 of agreement.
- A.B. Partnership with U.S. means domination by U.S. Because they have the resources & we haven't.

We shall have estranged E. Europe thereby.
Alternative: tell U.S. we sign on basis tht. it imposes no oblig^{ns} on us
reg. our treatment of G. industry in our Zone. We can argue tht.
U.S. reluctance to accept this means U.S. willingness to leave G.
industry with Krupps. We can force public admⁿ of this.
Stop this U.S. blackmail.

- P.M. We are in moneylenders' hands. Face that.
Folly to suggest tht. we don't want U.S. collaboration in reconstⁿ of
Europe.
State: internal adminⁿ of industry in each Zone will remain under
control of each Govt.
- M^cN. My advisers confirm tht. this gives no power of veto to U.S. Govt. on
internal adminⁿ of B. Zone.
- A.B. Pressed for statement to U.S. re Ruhr.
- P.M. Say to E.B. Ques. in H/C. We will reply: a) we remain free to
develop our policy re control of industries. b) Duration. Open to
review at yearly intervals: & if we find dollar burden
intolerable we shall have to w'draw.
- J. Suggested a formula.
- R.S.C. Don't limit it to dollar resources. The agreemt. must be ended if Fr. or
Sov. willing to come in. U.S. can't deny that.
- M^cN. Cuts both ways. Remember E.B.'s argument about U.S. revision of
terms.
- H.D. Yes: para. 7 of 2150.
- P.M. But it we are going to be better off in 12 mos. that doesn't apply.
- J.S. On food, seller's market may have ended in 12 mos. Shd. have no
diffy. in gettg. the food – fr. U.S. & Argentine.
- H.D. Shd. still have to pay for it.
- H.M. Pros. and cons. From brief.
Ruhr: let E.B. send a letter to Byrnes, both on this & on duration
(dollars).
If this costs us more, we shd. say so in advance.
- P.M. Propose letter to Byrnes saying what we shall say in H/C. on Ruhr &
duration.
- R.S.C. Put it to Byrnes in writing as notice of what we shall say.

H.D. These are our views: say so: may or may not be raised in H/C. Must
 be able to say that we have told U.S.
 Agreed: Put on record in letter to Byrnes, before signing,
 our views on Ruhr and Duration.

Announcement.

P.M. To be made after Ques. on 3/12.
 I can't do it because of Indian conversations.
 Invite H.D. to do it.

H.D. Only on basis of E.B.'s absence.
 No continuing commitment on me.
 Circulate Agreement as White Paper.

A. Simultaneous announcemt. in H/Lds.

1. Parliament. [Enter W.W.]

H.M. Business for the week.

H.M. Ministerial statements. Bias against makg. them in "commercial" cases. E.Sh. released his coal for industry statement thro' Press. cdn't this Food statement go thro' Press, too?

J.S. Agree in genl. But this isn't a "commercial" statement – v. gt. public and Parly. interest. Willing to p'pone until next week, if desired: but want to make it in H/C.

P.M. There is a case for doing this in H/C. Agreed: Do it to-day.
Agreed: Food Statement to be made.

2. Burma.

P.L. Delegⁿ invited to come here. Govr. says it wd. be welcomed.
Propose statement in Parlt. to this effect. Monday.
Agreed.

3. Agriculture Bill.

T.W. Discussed with rep^{ves} of interested parties.
Some oppⁿ to powers of acquisⁿ & terminⁿ of tenancies. This = policy.
Co-Councils Assocⁿ not v. pleased over small-holders' provisions.
Consultⁿ with Unions – 24:2 in favour of Bill.
Thus, broad agreement with principles of Bill – tho' room for controversy on some points.
Cl. 86 – para. 8(vii) of memo. – re power to sell land. Will be used only in exceptional circs. Will make small amendmt. to bring in reference to "national interest" to meet criticism by Addison.

P.M. Small-holdings. Uneconomic. Shan't have to base prices on making them pay?

T.W. I'm not in favour of it. But some provⁿ needed to meet demand for it.
Minimum concession to strong feeling.
We are increasg. maximum size.

H.M. Composⁿ of Co. Exec. Cttees. Agree v. small vote against plan. But Gooch spoke to me. Need prop^{ns} be stipulated in Bill: if not, argument p'poned & flexibility secured.

T.W. Negotiated at length. Ag. workers haven't a case. Provisions v.

owners v. drastic: must have safeguard in Bill re composⁿ
of Cttee.

I reserve my right to appoint 5 addl. members of my choice.

Want to w'stand workers' pressure.

J.W. Diff. for me – havg. obt^d agreement in Scotland – if provⁿ is changed.
Agreed: stand firm on compⁿ of Cttees.

A. Cl. 14. Still not v. happy over form of Clause. Cases not bad enough
for supervision order – has Minister enough power to prescribe.
T.W. says indirectly covered.

J.W. Cl. 30(3). No penalty for landlord who doesn't proceed with declared
purpose.

T.W. We shd. have right to turn him off. But will consider the point.

C.E. N.I. Govt. will promote Bill to bring their legⁿ into line with this.

T.W. Cl. 4: wide powers: also cl. 7. But essential to our policy. Will be
criticised in Parl.

H.D. Opposⁿ are weakening. No fight e.g. over Exchange Control.
Agreed.

[Exit W.W.]

[Enter M^cN.]

4. Malayan Constitution.

A. As in memo.

C.J. Malays won't accept "Malayan Union". Federation of Malaya.
Approved.

5. Man Power: Demobilisation.

G.A.I. P.M.'s statement not reaching the troops. Radio?

P.M. Did it.

A.V.A. Let me have ev^{ce} & I'll enquire.

H.M. Print & distribute.

6. Parliamentary Labour Party Committees.

R.S.C. Reports of Parly. Labour Party Cttees. Films. In Press before I see it.

P.M. Always leak to Press first. Shd. be taken up.

A.V.A. Army Reform: publⁿ at once.
H.M. Must be leaks. Will look into it.
P.M. Take it up with Liaison Cttee.

1. Egypt.

P.M. Resignⁿ of Sidky.

M^cN. Saw Amb: Nokrashi wd. sign treaty w'out discussg. interp^{ns}.
Said Sidky's statements must be got rid of somehow.

P.M. Can't go on w'out satisfⁿ on Sudan Protocol.

2. Persia.

E.Sh. Clash in Aberj. Ref^{ce} (viz. report) to Security Council – Byrnes in
favour: E.B. was against.
We thght. E.B. right.

M^cN. Believe Persians wd. have reported it anyhow.
Council can't take any action: issue still on Agenda: cd. be argued
Persia was under obligⁿ to report change in situation.

E.Sh. Trouble with R: or Comm. dominⁿ in Persia.
Agree nothg. can be done about it now.
We are in vulnerable posⁿ in Persia.
Preferred E.B.'s attitude to Byrnes'.

A.V.A. Agree: but in favour of Byrnes attitude, R. Amb. interview with
P. Govt. were v. threatening.

3. Spain.

H.M Thought U.K. were to initiate resolⁿ. See U.S. did so. Why?

M^cN. Thought on Sat. (conversⁿ with E.B.) we were not going to support
removal of Heads of Mission failing unanimity. See, however,
we have.

P.M. Tactics on spot.

4. Return to U.N. of Numbers of Troops.

A.V.A. M. refusal of verification of home forces. What line will F.O. now
take? Global figures only? not detailed dispositions.

- M^cN. Thght. verification confined to armaments.
U.S. declined to support us on census & we were defeated.
We must make a return. Form of it can be considered by experts.
A.V.A. to take expert advice.
- [Enter P.M.G.]
5. India.
- P.L. Reported conversations with Indian leaders.
Re-affirmed our view of Cabinet Mission's statement.
Constituent Assembly is being held. Procedure we intended all along
will be followed.
- P.M. Emerged tht. Congress wd. accept ruling by Federal Court. We sugg^d
any contested point shd. be so decided. Alternatives: H.M.G.
(they wd. resent): Chairman of Assembly (unreliable):
Fed. Court.
Hung in balance because assumed collabⁿ in Govt. wd. induce
sensible attitude.
Don't know wtr. we succeeded in impressing Indians with gravity.
Statement in Parlt. Opposⁿ leaders ready to discuss in advance.
x/ That might avoid debate – wh. wd. be inexpedient. Suggest therefore
discussion (informal) to-day & Statement on Wednesday.
Nehru claims para. 15 governs other paras. we have interpreted.
We dispute this.
- P.L. If Fed. Ct. decided against us, & we did not act on it (Jinnah wdn't),
the Ct. wd. never give another decision on interpretⁿ.
V. awkward.
- A.B. Do they want to agree?
- P.M. Jinnah's line is going to make Pakistan inevitable. It's shaping that
way.
- A.V.A. Effect of P.M.'s allocution was good. We must now see what happens.
- P.M. Warn Cab. tht. Assembly may get bit into teeth & do somethg.
reckless.
Believe they rely on B. Army to prevent things getting too bad. Feel
free therefore to be irresponsible.
We may face a posⁿ in wh. we must say we won't hold the ring any
longer: give notice of w'drawal on a given date.
- H.D. Supported v. bluntly.
- A.V.A. But we must then take a/c of – a) adequate provⁿ of minorities in any
constitⁿ on wh. we hand over b) Treaty governing transfer of
Power.

Remember – are Parlt. & people ready to agree to surrender minorities.
Will it be regarded as policy of scuttle.

A.B. We have got it across to India that we are sincere in desire that Indians shd. govern themselves. The second thing is to get it equally clear that we are not going to be involved indefinitely in holding the ring & relieving Indians of ultimate responsibility for law & order & treatment of minorities.

C.E. Cd. we get out militarily, if we were forced politically to w'draw.

P.M. Plans have bn. prepared.

E.W. Mil. apprecⁿ of arms at disposal of Congress?

P.M. No major armaments. But many individual arms.

A.V.A. Real ques. then wd. be attitude of Indian Army.

E.Sh. Wd. w'drawal, in disorder, be politically practicable – even if militarily. We can't escape our responsibility for m'taining order.

P.M. Cdn't do it with B. troops alone – if Indian Army defected – nor the B. admin^{ve} machine either. We cdn't run 15 yrs' of firm B. rule in India.
Needs now a) Keep calm.
b) don't remove fr. Indians responsibility to face realities.
Agreed as at x/.

P.L. Jinnah's lunch party.

P.M. I am invited too.
Recommend we all decline.

A.V.A. Last week we had social contacts with both sides. The others can't return our hospitality. We shd. decline this invitation.
Agreed: decline: P.L. to explain frankly to Jinnah the reasons.

6. Burma.

P.L. Statement extracted from us in 1931 that their claims to self-Govt. wd. rank not lower than those of India.
D-Smith sided with old gang in Burma – brght. them all into
Ex. Council: headed by Aung Sang & his anti-Fascist League.
Elections – can't be held in Burma as quickly as in India [Exit C.E.
because of war devastation. April '47 = earliest practicable date.
Because of the strike we had to allow Aung Sang prominent part in the

Govt. And he wants to expedite v. much our p'mme for p'gress twds. self-govt.

Invitations to Delegation to come here. Cond^{ns} now demanded – most important of these (for them & us) is “independence” w'out intermediate stage of Dom. status then secession. [Re-enter C.E. On merits I wd. be against making that declaration in advance. Fear, however, our military position in Burma doesn't allow us to take a strong line.

Effective strength of B. troops = 3.000 only.

Can't face a show-down: B. adminⁿ & Police are v. shaky.

Recommend therefore offering independence w'out first becoming a Dominion.

Recognise they may ask for even more when they come.

- P.M. Differs from India because these are not elected leaders. But course of events shown that support of Aung San. was right course. Pity it wasn't adopted earlier. Wd. go some way to get them over here. Can't pretend they are national Govt. We have accepted posⁿ tht. Burma & India shd. advance pari passu. Believe it is realistic to make this declaration.
- H.M. We are getting political reputⁿ for giving away B. Empire.
- A.B. But long-term, we may get these countries closer to us after a taste of independence.
- P.M. Finance: they haven't got it, as India has.
- H.D. No further financial concessions, as contemplated in memo. Overseas expenditure.
- P.L. Latitude in spending, not more money. And no assurance on this in advance.
- A. No evidence of their competence to govern Burma. Hope we won't go as far as this. Country is in state of roaring disorder. A v. groggy lot. Why not call their bluff?
- P.M. The real incompetence was shown by previous Govt.
- C-J. a) Due regard to posⁿ of Shan States in any statement made.
b) Repercussions on Ceylon & Malaya. Ceylon say their progress is slower because they have played the game. Malayan negot^{ns} are influenced by events in Indonesia & Burma.
- P.M. I accept a). Karens also.
- A.V.A. Continuing weakening of communications will eventually threaten our

security at home. We are at cross-roads.
Discuss with Opposⁿ – who won't countenance going beyond Dom.
status.

- P.M. I will inform – but not consult.
- A. Ceylon are readier for self. govt. than Burma.
Shd. be chary of going further than statement re Ceylon.
- J. A vague & general statement cast in futuro.
- P.L. We can't take the possible consequences of standing firm.
- P.M. Re-affirmⁿ of earlier statements re Burma.
Prepare draft & submit to Cabinet on Thursday.
(P.M. & P.L. to prepare in consultⁿ.)
[Exit P.M.G.
[Enter Bellenger, Hall,
1st Sea Lord & Barnes.

7. Palestine: Arrest on High Seas.

- H. As in memo.
Diff^{ies} at Haifa increased as larger ships used in the traffic.
Amendment: at end of para. 5 insert: "I am however prep^d to instruct
C. in C. tht. only in except. circs. may be interfere with ship of
foreign flag unless Admy. notified 48 hours in advance." To
meet F.O. views.
This only gives discretionary power.
Not an easy task for R.N. May affect only a few ships.
- A.V.A. Obligated to Admy. for proposed amendment.
I was concerned in earlier discussions – insisted then tht. action be
taken only at request of High Commr. or C-in-C.
Original para. 5 wd. have laid v. heavy responsibility on junior
officers esp. as some of the cond^{ns} cdn't be ascertained until
he had boarded.
Still disturbed at loop-hole "exceptional circs."
Risk of disaster in boarding. What "exceptional circs."
- C.N.S. This = attempt to meet needs of C.O. & High Commr.
Faster & bigger ships: can't easily intercept w'in territorial waters.
Also desire to divert to Cyprus.
Read draft signal. "Except. circs. wd. be inability to identify ship
or strong suspicion that she is w'in para. 1."
- J. Not satisfy. this is w'in recognised principles of internat^l law.
Only analogy I can think of – rum-runners during Prohibⁿ. Our
Admy. resisted search up to 12 mile limit.
Right of search = entirely belligerent right.

Right of approach recognised for suspicion of slavery, piracy,
improper use of flag.
Don't therefore readily assume this extension of the principle wd.
be acquiesced in by other nations.
Oppenheim's rather obscure statement stands alone.

M^cN. Almost all cases F.O. & Admy. know most about ship [Exit C.E.
before she sails.
Conceded "exceptional circs." for reasons given by Admy. – lack of
identificⁿ: week-ends etc.

P.M. Will be taken up by U.S. Govt. and issue of international law will be
raised.

A.B. Worried about c). If it won't stop, do you fire on it? Unilateral
resumption of hostilities w'out consultⁿ with Allies.

A.V.A. Always assumed for 12 mos. tht. enemy ship susceptible to
interference.

J. Our pronouncement in the 20's vis-à-vis U.S.A.
As a result internat^l agreemt. in 1930 re-affirming territorial limit.

P.M. We are standing on letter of internat^l law vis-à-vis Albania.

C.N.S. Intern. law protects only ships carrying recognisable national flag = a).
Ship protected only when in control of a master. = b).
Agreed: defer decision while Admy. & F.O. consult
Lord Chancellor.

[Exit C.N.S., Hall & Barnes.
[Enter J.B.H., Belcher.

8. Germany. Coal Exports.

J.B.H. E.C.O. meeting Thursday.
Prodⁿ up to 200.000 t. p.dieum as cpd. with 180.000 before increase in
food rations.
But deficit still of 3.9 on requirements of Zone.
Also 240.000 t.p.m. requ^d from us for domestic coal. In other
Zones, but not ours, they have agreed to work extra shift to get.

P.M. Shortfall of 2 m. tons from U.S.A.?

J.B.H. Lag only now U.S. strike called off.

A.B. Deficit is only small propⁿ of prodⁿ.
Won't it remove incentive to G. if we allow G. to have all their prodⁿ.

E.Sh.
M^cN. But if they retained their whole prodⁿ they wdn't have enough.
I accept recomm^{ns} a) and b).

But c) shd. be deferred. Report by experts is now completed & awaits considⁿ by C.F.M. Wd. be precipitate to take this bi-lateral action.

Pol. consequences – not France alone. Interested in their recovery.

E.Sh. Agree – shd. be content with a) and b).
See what happens as result of that.

A.G. Agreed.

F.W.B. Alloc^{ns} to B. troops in Austria wdn't be affected? Or B. Army staff in France.

Latter wd. interfere with Medloc trains.

Agreed: accept a) and b) only.

defer decision of c).

[Exit Belcher.

9. Royalist Yugoslavs in Germany.

J.B.H. Found that readiness to accept repaⁿ is increased by moving the men & separating them from officers. [Exit E.Sh.

New plan offers chance of dispersal with less chance of trouble.

Brought to Cab because some risk of resistance – particularly to segregation of senior officers.

P.M. Why kept with Officers so long?

J.B.H. They fought v. the Germans.

M^cN. Political diff^{ies} with Slav. countries. Hope tht. when off duty their arms will be given up. Officers used to be not senior to Captain. Senior officers to be separated. I have 50 visa's under the counter.

H.D. We've bn. paying for these animals too long!
Want consultⁿ with Ty. on pay & cond^{ns} of Watchmen's corps.
Why weren't these men employed on timber-cutting?

P.M. Why wasn't I told about them before.

x/ Let Cab. have a report on all these pockets of odds & ends in Germany (? Austria, too).

Agreed: adopt this memo. Captains & below.

P.M. to pursue x/ on Sargent's report.

J.B.H. Can I bring the 86 top men to U.K.?

P.M. No.

10. Sarawak.

Agreed – keep Antony Brooke out.

1. Parliament. [M^cN., J.B.H. and W.W.]
- H.M. Business for next week.
2. Socialisation of Ruhr Industries.
- P.M. Selection of custodians by Minister wd. make too much of it –
& nothing wd. follow.
- A.B. Suspicion in Party that we are being dragged at U.S. heels.
Nec. to make it apparent that applⁿ of these principles in Ruhr is
being done by direct auth^y of Cab. – not junior Minister
under F.O. (who have always to think of Byrnes'
susceptibilities.)
- P.M. Point = had Germans to expect a lot & they will be disappointed.
- J.B.H. This was my view, before E.B.'s intervention. Had intended to ask
for delay – to discuss in G. powers of custodians, scope of
natⁿ (Cab. decⁿ confined to Ruhr area), ultimate fate of
industries (Land or central Govt.). Don't want to talk to Land
Govts. for publⁿ before all these points cleared.
Also advisable to await elections in March. Want therefore to
explore, in G., first: & submit firm proposals to Cabinet.
E.B. now endorses. Save tht. I think we shd. tell U.S. before we
tell Germans.
- E.Sh. a) C-in-C. and E.B. don't want to rush the appt^{mt} of custodians.
Better wait & evolve future pattern, incldg. wtr. natⁿ shd. go beyond
Ruhr.
b) Shdn't we tell U.S. of our intent^{ns}. If we are resolved to go on with
this, only courteous to tell them.
- R.S.C. Para. 3 of 7012. We have told U.S. of our intent^{ns}.
- P.M. Some virtue in announcg. intentⁿ to appoint custodians - & telling U.S.
Don't get a Minister involved: but do make a public announcement.
- A.B. Worried by language of C-in-C. in Argus 731.
I want H.M.G. to be absolutely comm^d before U.S. are involved
thro' fusion.
- E.Sh. Can't appoint custodians until clear what they are to do.

P.M. J.B.H. to go over & report to us on whole ques. You shdn't discuss with Lauder.
Must be report on extent of natⁿ.

H.M. & others. Severance. Assumed wdn't be limited to Ruhr.

P.M. Two points a) announcemt. of intentⁿ to appoint custodians.

J.B.H. Yes: that I am going there to discuss with C.C. etc. In Parlt. while I am out there.

R.S.C. Press announcemt. wd. suffice.
To follow H.D.'s statement on fusion: to give effect to

P.M. b) Commⁿ to U.S.

H.D. Follow E.B.'s advice: don't do it.

J.B.H. C-in-C. can tell them informally?

M^cN. Let U.S. in G. have press notice in advance, as matter of courtesy.

[Exit J.B.H.
Enter C.O.S. Service Ministers.

3. Burma.

P.M. Views of C.O.S?

C.N.S. Called on C.I.G.S for military. Naval: one cruiser.

C.I.G.S. To assist release scheme, we agreed disperse Divn. in Malaya & take a risk in F/East.
Forces to put down w'pread rebellion in Burma cdn't be supplied w'out slowing demob.
3 Batts. Inf. cd. go fr. Singapore to Rangoon in 3 wks. w'out interference scheme. No more unless B. troops taken fr. India.

C.A.S. One Transpt. Squadron. Cd. send 1 light bomber squadron & another transport sqn. Support of troops only.

C.I.G.S. The 3 Batts. wd. mean chance in H. Kong. Prob. justifiable.
No spare troops in Egypt. Divn. moving up into Pal. The rest = administrative troops.
This informⁿ re Burma is fr. pol. channels. Nothg. from Genl. in Burma, who wd. have let me know if real trouble.

P.M. We can take a chance on this.

A. Self-appt^d adventurers. Don't therefore say we contemplate giving

Agreed. them extensive powers. Para. 2. are we going to discuss this with these? Omit [].
 Para. 5. These people aren't competent to discuss these issues.
 We will discuss those with respons. Govt. when appt^d.

P.M. We will discuss with them, incldg. wtr. they are competent.

A. Don't say it in advance. Call their bluff.

P.L. They may call ours.

P.M. This draft gives nothing away.

H.M. Give Govt. para. 5 & tell him to use it only in need.

P.M. Let C.I.G.S.

H.D. Omit ref^{ce} to finance in para. 3. Don't put idea in his head.
 Agreed: no reference to finance. Omit [] fr. para. 7
 Omit para. 5.
 Amend para. 2.
 Re-draft & make it much shorter.

C.N.S. Cruiser Jamaica left Rangoon this a.m. Shd. she go back. Or
 enough to keep cruiser w'in 3 days' steaming of R.

P.M. Latter is enough.
 Agreed: C.I.G.S. to secure rpt. from Genl. in Burma.

P.L. P.Q. by Friburg re Parly. Delegⁿ. What answer?

P.M. Bad moment for that. Say not at this stage. Will be considered at
 some future date. Get him to p'pone if he will.

4. Egypt: Withdrawal of Troops.

P.M. Pressure for more speed.

C.I.G.S. We are up to p'mme. Shall be down to
 32.000 by ¼ next.
 B. troops not in evidence in Cairo
 King said he was pleased with our p'ess.

H.D. Cd. I have analysis of 84.000.

P.M. I will supply it.

F.W.B. 50.000 of them will go in 3 months.

M^cN Divn. moving to Pal. (Item 3) is new = puts diff. complexion.

P.o.w.'s reduction 2.500 a month to June then 5.000.

N.B. Share E.B.'s apprehensions. But movemt. of stores must take time – if they go too fast will cost us more.

P.M. Let Ty. consider wtr. poss. we are spendg. more in guarding than we shd. in selling stores cheap.

M^cN. P.o.w. – will be 12 months before they are cleared.

F.W.B. Needed on accommⁿ for B. troops. Cheaper than local labour.

N.B. 6.000 redⁿ in 2 recent weeks.

C.I.G.S. Move p.o.w. quicker & troop run down will be slower.
[Exit C.O.S. and Service Ministers
Enter T.C.P., Wilmot, G.T.]

5. Town and Country Planning Bill.

S. 15 schemes between Uthwatt & 1/4/44. considered & rejected.
Oct. '45 we produced a 16th.
Expounded latest scheme. Discounting principle: devised by
Treasury.

P.M. Can it be defended in practice?

S. Yes: because longer ago it was bought the less developmt. value was worth.

J. Better a bad Bill than none.
Adopt my scheme: delete Pt. IV of Bill: give draftsman latitude to provide for Reg^{ns} & alternative can be quickly drafted.
Understand case for compens^s all – or none. But this picks & chooses.
Your £400 m. will be distributed unfairly - & then will do no good for purpose (sweetener) intended.
Tom: Para. 18 = gets £76.
Dick: gets £616

H.M. He bght. it.

J. Prs. for £500. Not a paymt. of out-of-pockets. Scheme is based on current value.
No precedent for differentⁿ acc. to wtr. a man bought or inherited.
That cdn't be tolerated in coal, transport or electricity shares.

Cdn't make quantum of compensⁿ dependent on method of acquisition.
Harry: Nil because he bought in 1918. Vid. para. 2 table. On

what principle (land being worth the same) do you pay ½ to man who bought in 1925 what you pay to man who bght. in '39.
Alternative. Take a figure (arbitrary it must be) & divide it fairly.
Must be arbitrary because float discount wd. be arbitrary.
Barlow said £400 m: & that hasn't bn. criticised. True it didn't include re-development. Add £100 m. for that = £500 m. But then compare 1947 with 1937 – bldg. costs more, development prospect less. Then halve it – say £250 m. Make it 400 if you like: but distribute it fairly.

H.M. Long consid^{ns} – in Coalition & this Govt. Round & round.
Disagree with J.
Tom inherited: didn't earn it: reason for getting less.

P.M. Suppose brothers: one left land, the other money to buy land.

H.M. Touche. But always will be anomalies.
Wdn't do this with coal etc. But land is diff. (sinful) – from Labour Party angle.
We start fr. basis tht. ideally no compⁿ for unearned increment. We concede claim for hard cases. Thus little or no compensⁿ for man who had held land for long & hasn't developed. Man who bought recently & paid full value has a claim for some paymt.
Any Bill will be contentious. Politically disadvantageous to defend our Bill because it corresponds with Coalition Plan. Wdn't placate Oppⁿ: wd. irritate Govt. supporters.
Can't have basis of compensⁿ to Reg^{ns}.
J.'s scheme concedes compⁿ on current market value – incldg. increment. Politically diff. for us.
5 year moratorium necessary on J.'s scheme because admin^{ve} task of assessing share of individual owners. What consequence of such delay?
M'while, complete uncertainty. Development will be discouraged.
Economic stagnation.
Re-drafting. Don't believe scheme cd. be worked out in under 3 wks: then drafting. Believe 6-8 wks. taking a/c of Xmas. This really means no Bill this Session. Even autumn session wdn't help because this wd. be in H/L. & H/C. wd. be idle.
Can't guarantee we shall avoid diff^{ies} whichever scheme we adopt. But believe less pol. trouble with S.'s scheme. Ty. had a big share in evolving this. Govt. Valuer prefers S.'s.
Urge Cabinet to take the risk of endorsing S. & fight it through.

P.M. Wasn't here on 1/8.
Worried by acceptance of view tht. compⁿ can be related to moral act – purchase or inheritance. Purchase may have bn. made by trustees. This is old-fashioned Liberal distrust of land as cpd. with industry.
Wd. prefer a principle – no compⁿ: or fair shares: but not this.

- P.L. Agree with J. Bill = indefensible. Trustees with mortgages – other hard cases.
- R.S.C. Debate – global figure: its distribution.
The 2nd is the most diff. Parly. fight. Can't justify inequity.
Also afterwds. discontent fr. discrepancy in treatment. No one will understand reasons. Can't defend by ref^{cc} to out-of-pockets, or merits. Differⁿ by passage of time!
Can't treat property in land as diff. fr. other property.
Popular investment with trustees, colleges etc. This Bill will give them nothing: & most to worst type of land speculators.
- E.Sh. J.'s scheme. Global figure. Mustn't you lay down principles on wh. it is to be distributed [& ascertained?]. c.f. inst^{ns} to Tribunal on coal.
- J. c.f. Rlway rating. Evaluate tenant's fixtures: but then apply – purely arbitrary fraction.
Here if you ascertained total you wd. have to take an arbitrary fraction of it because of float.
- E.Sh. Uncertainty of scheme. Pol. controversy over that?
- R.S.C. In either case you have to begin with current value - & ascertain that.
- A.B. Sub-Cttee have done much work on this.
T.C.P. can't be blamed.
Many of us were too busy to think about this as deeply as we should. I
became doubtful at end. Thght. we shd. limit ourselves in advance
x/ to a total: otherwise will grow as it goes thro' Parlt.
Agree no moral diff^{cc} betwn. land or other property. c.f. unearned increment in 2nd hand cars.
Repeated x/. This is charm of J.'s scheme. One claimant if he succeeds will be paid at expense of another.
Put in a figure: establish a Commⁿ to work out distribution: power to submit Order giving direction to Commⁿ, later, regarding distribⁿ.
This is the Bill, of all, on which we shall have a show-down with H/Lds.
Have therefore principles which can be defended. And get it in early enough to apply Parlt. Act.
- A. Confirms my view tht. natⁿ was right remedy!
Must pay compensⁿ.
Only principle = paymt. acc. to value.
Can't defend the discrimination proposed in Bill. Support J.

Global figure. Arbitrary. But you say at outset you aren't going to pay full value. Precedent of Mining Royalties. Ascertain a fair global figure – distribute it equitably.

- H.D. Must get this Bill.
Was ready to support S.
Trend of Cab. opinion is in favour of J.
Then, let us see quickly wtr. Part IV can be drafted in time.
- W.W. Shd. have bn. presented before Xmas. 2nd Rdg. 22/23 Jan.
- H.M. J. said a week-end. He must do it. Submit to Cab. next Thursday.
- J. I will attempt this.
- S. Not merely drafting. Must think what we are about. Can't put in a figure until we know what classes are to get what propⁿ of value.
Depart fr. my scheme: & you will lose the Bill for this Session.
- J. Give me latitude – to follow A.B.'s proposal.
- S. But amount must be settled.
- H.D. It's up to J. to save the Bill.

[Exit invitees.]

6. Clothing Ration.

- R.S.C. Must announce before Xmas.
- H.M. This misery on Xmas Eve?
- R.S.C. Must allocate by 1/1. Will leak out.

Deferred: Monday at 11.a.m.

1. Egypt.

O.S. New P.M: may enable us to escape deadlock on Treaty.
Not comm^d himself so far. Amb. going back to him in 2-3 days.

2. Wheat Supplies.

J.S. Applⁿ for 700.000 t. over crop year, made Sept., is dragging. –
U.S. p'mme.
Their p'mme announced for this quarter included nothing for us.
Then found first quarter of '47 about to be publ^d with nothing for us.
P.M. sanctioned by message of Thurs. to Cl. Anderson – threatening
to come over in person. Nuisance value.
Telegrams from E.B. Assurances all will be well. Nothing definite.
Cab. mtgs in W'ton on this Mon. & Tuesd.
Latest from E.B. – p'pone my leaving for 24 hrs.
Message from P.M. to President.
I agree to p'pone 24 hrs.: P.M. message to go: can't assent to longer
p'ponement.
150.000 t. must arrive in U.K. by end/Jan. Shipment to start at once.
Otherwise cut in bread rationing.

P.M. Byrnes says transport. Is that so?

J.S. True – overall: but cd. give us ours, at expense of other countries.

H.M. Deadline – Wed. night. Gives Byrnes a chance w'out crossing wires.

P.M. Don't go until you know what happened at to-day's Cabinet.
No message until we know that result.

And even then a softer message than draft subm^d by J.S.

Agreed: await result of W'ton Cab. to-day.

if unfavourable P.M. to send message to Truman.

.. .. J.S. to leave on Wed. night.

(or when necessary to arrive Thursday)

P.M. to fix details.

[Exit O.S.]

3. Clothes Rationing.

R.S.C. a) home & export b) division w'in exports.
b) is less urgent. Am ready to refer it to Cttee of officials to
consider & report to Cab. if necessary.

Main point. Oct/Dec. '46 95,400 t. estimated. 90,000 realised because cut hours.
 Next period. 87,500 t. estimated because cut hours: fuel: low output months.
 Fixed: industrial, Govt-supplies. Leaves home (clothing & household) & exports. Can't reduce ration 1 yr. after war. Will put sheets on ration = equivalent 1 coupon p. hd. Thus increase of 2 wd. be v. little increase.
 Supplementaries = 8 p. head over population. Harder cases.
 Propose to go to 32. Hope 34 in Sept. But only by reducg. exports.
 26,200 allocated: 22,000 realised: last period. Next propose 15,000.
 Want to announce 32 and cut in exports.

P.M. Trickle policy for exports wasteful if no hope of keeping the markets.

R.S.C. Reforms will take time: will have big results in the end. With man-power as now we cd. equal pre-war output, thro' modernisation.
 Redⁿ of hours is unfortunate.

G.A.I. Elsewhere hasn't reduced output.

R.S.C. Hope it mayn't here. But wage rates assume reduced output. Industry expects 6.3% reduction.

H.M. Intolerable tht. industry shd. reduce hours w'out knowledge of Govt.

G.A.I. 5 day wk. brings women back into industry – cuts other way.

E.W. Any unemployed women in Lancs?

G.A.I. No.

P.M. Pre-war consumption = coupon value.

R.S.C. No. And present sale of coupons shows it.

A. Alarmed at condⁿ of industry.

R.S.C. Have you read anything about it – e.g. Working Party Rpt.

A.B. Action v. backward firms? Can we preserve a non-poisonous attitude. Need for sense of service in people's mind. Gt. responsibility of this industry – yet unilateral redⁿ of working hours.

R.S.C. And this was arranged on basis of no increase in output.

E.Sh. But manning-up involves makg. industries more attractive. And hours is one of means.

- A.B. Repercussions. Other industries will do the same.
Hence need of wages policy.
- R.S.C. c.f. luxury part of trade: 2 wks holiday abroad. Rayon: 37½ hrs. on
2 shift.
- E.Sh. Cut their raw materials.
- R.S.C. Spinning = v. badly led by old gentlemen.
Trying to get a yarn industry, includg. the younger men.
But Unions are as bad – conservative, fragmented.
All v. difficult. Progress is slow.
- P.M. No notification to M/L or B/T. tht. hours were to be reduced?
- G.A.I. No.
Remember man-power short overall by ½ million. Scramble.
Football pools – high wages & touting for labour from factories.
No right in M/L. to refuse appl^{ns} for canvassers.
Women in textiles: concentrate on local appeals in textile areas.
Press advertising & appeals.
- R.S.C. Cotton Board have done that.
- P.M. Drawing off into unproductive empl.
- E.Sh. Against local appeals for cotton. In Lancs. women equally wanted
for engineering.
- R.S.C. 300.000 more in engineering } than pre-war.
150.000 less in cotton }
Can't expand engineering any more if we are to have any consumer
goods, home or export. Value of textiles for export.
Must have balanced view of distⁿ of our man power – can't go on
appealing in all directions.
- E.Sh. I agree: consider over-all: therefore don't take isolated decision
to launch local appeals for cotton.
- P.M. /x/ Let us see figures for flow of labour into unproductive industries?
- H.M. Need M/L. facilitate f. pools in search for labour.
Anyway time to stop the pools.
- J. Believe country wd. stand for it.
- A.B. a) First need is for directives to be given by Govt. on distⁿ of man power.
Sellers market: no effective price control. Industries can reduce hours.
Cotton has done it. Transport trying it. If we make some ind^{ies}
more attractive, we must say tht. others are attractive enough.

b) If you have background on a) you might be able to tell the country.

H.M. Will come up on Econ. Survey.

P.M. Take it early in New Year.

Cotton Exports.

P.L. Burma not to be forgotten.

C.J. Cut in exports will have serious effects a) our food b) disturbance in some overseas areas.

R.S.C. Won't come out in exports until June/Sept.
M'while may be somethg. out of Japan. And more from India.
1.700 tons for export is all you'd get out of 30 vice 32. Think some relief is essential for home market.

J.S. Can M/F. be rep^d on Cttee.

R.S.C. Yes.

H.D. Don't resist 32.
Don't commit ourselves publicly to 34.
Until industry has bucked up.
For export posⁿ is v. serious. This is drift twds. rocks. Whole of industry's failure is thrown on exports.
Totally dissent from proposals for de-control. Canada: dollars, food & friends: surely shd. be at top of queue. Continued allocⁿ therefore and away from soft-currency countries outside the Empire.
Latin America: a good market: hard currency food exporter.
What I want in allocⁿ is 60% to Empire 40% hard currency countries & nothing else.

P.M. Don't be slap-dash. What of rice in SEA.

R.S.C. And future of export trade.

H.D. Restated broad principles.
Have we done enough to get imports. France e.g. shd. do better.
Monnet Plan assumes bigger textile output. Go back & be tough.

R.S.C. We have. Plan might materialise in '48. Now they have nothing.

Domestic.

J.W. Separate domestic ration? To ease housewives.

R.S.C. Considered already & rejected.

Cotton Industry.

H.M. Govt. shd. have known this was happening.
Hours reduced on basis of reduced output. Then they ask for increase in price - & get 80% of it.
This brings us up to ques. can we afford to be laissez faire.
Diffy. in honouring coupons. Tailors can't get cloth for suits.
Despite the export arguments, public won't like 32 + sheets – especially before Xmas.
What did we do for coal. High-powered campaign to man it up.
Cdn't more be done to put cotton on map.
If we go to H/C. w'out a plan for cotton, we shall be in trouble.
We've done somethg. with bldg. materials etc.
Have we done enough to let public opinion get mobilised v. cotton includg. Trade Union.
P'pone announcement until after 2/1. M'while get a plan we can announce at same time. Fr. W^{ms} Cttee cd. look at it.
M/L. shdn't generalise about effect of reduced hours on output.
Announcemt. now means export story will be elicited by Parlt.

A.V.A. Working Party Rpt. Scheme announced – with subsidy etc.
Short-term local appeals will cut across long-term plan.
Care in handling long-term p'mme.
New machinery for cotton will need all engineering labour available.
On announcemt.: let public know the facts. tho' you cd. wait until after Xmas.
Have drapery trade bn. consulted re working of a 32 basis with sheets.

R.S.C. Sheets aren't free: they have bn. sold additional to docket-holders.
Timing: Plans for yarn must be made by 1/1. News will lead, anyway.
Always announced previously in H/C.

J. Industry shd. be assembled & told effect of reduced hours.

R.S.C. Done so – 3 times.

H.M. a) Cd. O.R. be made to stop f. pools. J. to consider.
b) Can Fr. W^{ms} Cttee advise on publicity for campaign
Agreed: Announce 32 in H/C. on Wednesday.
No public commit^{mt} to 34 for next period.
Report fr. M/L. on flow to unprod^{ive} emplt:

a) above: report from Steering Cttee early in new Year: also mid-week f'ball matches:
also b) above.

Circulate a Friday p.m. b'cast on F.ball Pools.

4. India.

- P.L. Spkg. in H/Lds. to-day.
- A.V.A. Concerned. P'gress in Constit. Assembly: not def. news.
Believe P.L. will be cross-examined to-day as I was by W.S.C.
Diff. to hold the position.
What is to be said of validity of this Constituent Assembly.
And Nehru's speech?
- P.L. Shall say this was reply to W.S.C.'s provocative speech in H/C.
- R.S.C. Private informⁿ from India. Congress upset by ref^{ce} to Fed. Ct.
Suggⁿ tht. we proposed that. Wd. help if we made it clear we
meant to stand on our interpⁿ. Rach.... believes if we did we cd.
force Congress to accept that.
Cd. P.L. make it clear we stand by our interpⁿ. They can take it to
Federal Ct. if they like.
- P.L. The Ct. have said they won't adjudicate unless parties say in advance
they will accept our decision. If we & Muslims won't say that
in advance - & we can't - they won't adjudicate anyhow.
- R.S.C. Second point by R. Province shd. adopt the constitution & have
power to opt out of it after section & before elections.
We were not v. that: only v? [Province having right to opt out
of group constitⁿ]
- A.V.A. We've said we wdn't alter scheme of 16/5 save by agreemt. of both
parties. This is unilateral attempt to get us to alter.
Both sides must agree it.
- R.S.C. That's logical. But this is our diffy - they are bargaining for posⁿ.

1. Parliament. [Enter W.W.]
- H.M. Business for next week.
2. Burma.
- P.M. Outlined situation of Burma in relⁿ to Asia and India.
Are we ready to stand firm. Advised, if they don't come here for disc^{ns}, there will be breakdown of Govt. & strikes - & situation in wh. we can govern only by troops. Bulk of troops in Burma are Indian – whom we cdn't use. B. troops: 2.000 in all, w'out admin^{ve} troops. Despatch of a second B. Brigade wd. involve either w'drawal fr. India or retarding demobⁿ.
Cdn't hold all Burma: cdn't do more than Rangoon & one or two key points. Might in end have to face re-conquest of Burma: 2 Divns: cdn't be found w'out weakening ourselves elsewhere.
Aung San's draft statement. Burma for Burmans – no repⁿ for Europeans, posⁿ of Indians not clear. Also claim theirs shd. be recognised as constitutional Govt. – can't do that entirely until law amended.
Summed up alternatives.
Govr. believes Aung San etc., wd. wish to remain in Commonwealth. They need our help, financial & other, in reconstⁿ.
Strength of their posⁿ for rebellion, short-term, because of need of their rice in S.E.A.
Long-term they can't defend themselves v. Indian imperialism or Chinese infiltration.
C.I.G.S. & C.A.S. confirm can't fight w'out admin^{ve} troops.
G.O.C. Burma has sent appreciation & agrees with Govr. (C.M. 106(46)).
- A.V.A. Govr's conversations with Aung San etc., have undermined our earlier decision to give no assurances in advance.
Parallel statement to India.
- R.S.C. Statement of 1931 re Burma: prospects of Burma will not be prejudiced by its separation from India. This gives a claim to parallel advance.
- J.S. Burma is vital for food, at present. Can't face rebellion, which wd. cut off food supplies. Expect 1½ m. tons of rice from Burma next year. That, with Siam, wd. affect whole world situation in food – since rice re-acts on cereals.

- A.B. We have declared tht. Burma shall achieve self-govt. pari passer with India. Aren't going back on that. Want therefore to find means of dignified w'drawal. Aung San is friendly to us: & all he wants is re-declaration of earlier pledges. Possibly in less equivocal terms: natural, with view to strengthening his posⁿ.
But if he is friendly, why not strengthen him?
Alternative: offend Aung San & drive Burma further Left: & make it more diff. for us to make dignified w'drawal.
- R.S.C. Difficult difference: they are not rep^{ve} Govt. as are India & want to be recognised as national Govt.
- C.J. Endorse P.M,'s views.
Assume this is Burma proper & doesn't cover Shan States.
Repercussions in Ceylon. Shall have to submit memo. on this.
- P.M. Ceylon, like India, has 2 communities.
{ Statement in H/C. Friday.
Agreed. { Inform Opposition in advance.
{ Draft to be settled by P.M. with S of S., R.S.C. & others on I. & B. Cttee.
Consultation with Opposition.
- H.D. Inform: don't consult.
- A.B. Any consultⁿ or talk: may do more harm with Govt. back-benchers.
Never bn. done until recently.
- P.M. No: on defence especially, precedents going far back. Give chance to warn them that saying this or that will affect national interests.
Give chance for responsible reply.
General agreement with this view.
3. India: Compensation for S. of S. Services.
- P.M. Sending out Henderson & officials to discuss.
Not matter for public statement.
- [Enter G.T. and L.S.]
4. Town and Country Planning Bill.
- J. Re-drafted. This is agreed with Dpts.
This involves delay because before scheme can be laid all valuations must be obtained first.
- P.M. Postpones our headaches. Cl. 51 is v. vague such, such, such.
This will be point of criticism.
Also scheme, when it comes, must be approved & rejected as a whole.

- H.M. That is inherent in the scheme, as I said last time.
We are taking blank cheque – on principles, method, machinery etc.
Consider wtr. because this is money the aff. resolⁿ shd. be H/C. only.
- J. Agreed: no objⁿ.
- R.S.C. But H/Lds. delay over these Reg^{ns} wd. only p'pone payment for what
has bn. taken already. Why therefore antagonise them by
removg. this fr. their jurisdⁿ?
- A.B. Parlt. hasn't interested itself in distribⁿ of £66 m. to doctors.
- P.M. Not a parallel because B.M.A. (not Govt. as here) divides the global
sum.
- H.D. Global sum. Consulted T.C.P. Can't arrive at a figure on detailed
calculⁿ. "Think of a number." We jointly recommend £300 m.
in Bill: but, in addⁿ, a) special paymts. in w. damage cases
(prs. £25 m.) b) payment of interest at 2½% from appointed day
c) land dead ripe on introdⁿ of Bill – remove fr. compⁿ field if
developed w'in 5 years.
Payment (mainly) by Ty. stock.
- P.M. Shd. it be called "compensation"?
- R.S.C. "Payment" wd. be better. Agreed substitute "payment" in Bill.
- H.M. Made the golf club point. Why shd. they be paid?
- R.S.C. Might be taken for bldg.
£300 m. If to be paid in Stock, shdn't it be so declared in Cl. 52.
As now drawn, cd. be argued it must be cash.
- J. Covered by Cl. 56(1).
- L.S. Case rests on claim that this is ex gratia payment – not compensation.
Believe it can be defended.
- H.M. Time limit w'in which payment must be settled? [Enter A.G.]
- R.S.C. Interim payments cd. be provided for.
- H.D. Favoured 5 year limit.
- H.M. Valuer must be asked if he cd. do it in the time.
- R.S.C. Can say "not for 5 years": can't say "not more than 5 years".
- H.D. That was my point.

- H.M. Not mine.
- J. “Payments shall be due 5 years after appt^d day.” }
 If you can’t do it, then amending legⁿ. } Agreed.
 Agreed: subject to points noted above.
- L.S. Co. Councils as planning auth^{ies} shd. have power in last resort to buy
 land. Was deleted at request of M/H. Will be pressed in Ctt^{ee}.
 Want leave to re-open in Cabinet or Cttee.
 Warning accepted – w’out commitment.
 [Exit G.T. and L.S.
 Enter B. and J.G.]
5. Electricity Bill.
- P.M. (i) Wales.
- J.G. a) Is there a good enough technical reason for departing from general
 principle wh. we have commended of admin^{ve} devolution to
 Wales.
 b) This is unusual division of Wales – not n. and south.
- E.Sh. Serves interest of people of N. Wales.
 Must get load right – balance urban & rural areas.
 In S. Wales congestion – heavy load. Also in N. Wales. But in
 centre a light load.
 Technical: systems must be linked & transmⁿ lines must run thro’
 areas where some potential use of electricity. Wd. be
 undesirable to pass thro’ mid-Wales to link N. & S. Wales.
 Follows earlier Rpts.
- T.W. Don’t divide urban & rural so as to rob rural of cheap electricity –
 merely on sentimental nationalist grounds.
- A.B. No need for technical mutilation of current. What we are discussing
 is admin^{ve} unit.
 c.f. hospitals: Welsh Area tho’ hpl. is natural outlet for N. Wales.
- E.Sh. Concession here wd. revive l.a. claim to separate admⁿ for each
 county etc.
 Effect of change wd. be to increase charges in Wales.
 Wales as an entity for electricity is obviously wrong - &
 administratively unworkable.
- H.M. Wales as an entity wd. suffer on load factor.
 Health Bill not fatal analogy. The Advisory Cttee is linked to the Bd.
 & you wd. have Cttee related to several Bds.
 Cd. E.Sh. consider wtr. it is necessary to split Cardigan?
 Agreed: stet subject to reconsidering Cardigan.

(ii) Area Boards: Composition.

- E.Sh. Explained the compromise.
- H.M. I wd. have preferred fewer full-time members.
But won't disturb the compromise.
Amendment of Cl. 3(3).
E.Sh. undertook to consider.
- J. (iii) Appeal. Amendment of Cl. 27(3). Approved.
- R.S.C. Cl. 1(6)(c). Why?
- E.Sh. Considered in Cttee. Thght. Coal Bd. might sell coal to Bd. at lower rate. "Undue" shd. be safeguard.
- R.S.C. May produce excessive rigidity. May prejudice economic planning.
May be desirable e.g. in developmt. areas.
"undue preference" has special meaning from Rlway Rates Tribunal.
- E.Sh. Trouble over this ques. on Coal Bill – incldg. fr. Govt. supporters.
- H.D. Omit now: if pressed in Ctt^{ec} we can consider what words to insert.
- J. Say "unjustified" vice "undue"?
- R.S.C. Leave it in & insert proviso safeguarding planning.
Agreed: E.Sh. to consider.
- E.Sh. Clause 21. Electricity in relief of rates: or surpluses ploughed back to reduce rates of electricity. Second complain they shd. not suffer by comparison with first.
Cttee struck it out.
Shall have trouble in H/C. Want some latitude.
Transport Bill doesn't provide for it. But can't be bound to apply same prov^{ns} if circs. differ.
Latitude: prs. £½ m. total in extra compⁿ.
- P.M. Strong objⁿ to compensatg. first vice second.
- B. Another point: if you provide here for capital paymts I may have to do so in Transport Bill.
- E.Sh. Clause 42. Mtgs. with organ^{ns} in industry (many, even in workers' side). Workers have raised ques. of consultⁿ with workers.
In Coal Bill we've provided it at all levels; & used "consultⁿ."
Here, followg. Transport Bill, we've said "discussion".
Wd. like to use "consultⁿ".

B. What I've done is to distinguish language for a. welfare and b. wages.
Agreed – “consult” in both Bills.

H.D. Will E.Sh. look at provⁿ requiring dissolⁿ of cos. at resting date.
Some have foreign assets. Take a power to p'pone in special
cases. As in Transpt. Bill.

[Exit J.G.

[Enter Hall & M^cNeil

6. Shipping Policy.

P.M. Refer this to L.P. Cttee.
Agreed.

7. Palestine: Arrest of Ships on High Seas.

H. Don't press it now.

J. W.E.B. didn't say it was legal – only tht. this was best ground to
defend it.

C.J. Must accept this & try other means. E.g. cuttg. off cash from U.S.A.
E.B. has spoken to Byrnes. Press Jews not to do it.
No more pro tem.

P.M. Welcomed E.B. – from U.S.A.
C.E. - .. hospital.

India.

P.M. Memo. gives results of consult^{ns} with W.
Subject to hopes of Muslim collabⁿ in Constituent Assembly
But m'while B. adminⁿ in India threatened with b'down. Goes back
to Lee Commⁿ & beginning of Indianisation – handing over
of responsibility to Provincial Govts. – war-period, running
down of efficiency – decision to stop recruitment to S. of S.
Services. Indians now looking to Indian Govt. not Br;
& communal influences then appearing.
B. Army not in gt. strength & don't want to increase it.
Posⁿ of Indian Army uncertain when communal diff^{ces} appear.
Hence W.'s view = B. adminⁿ can't continue beyond March '48.
Alternatives w'drawal by then: or re-assert B. rule for
minimum of 15 years.
Second wd. not be acceptable to B. opinion – even to
B. troops. Unless therefore we have a plan we may have
disorderly w'drawal.
W. thinks too much in terms of phased military operation of w'drawal.
He also ignored our oblig^{ns} under G. of India Act.
Conclⁿ: statement in Parlt. as soon as clear tht. Muslims won't
collaborate in Constituent Assembly – giving a definite date for
end of B. administration.
Diffies – a) Paramountcy. Congress want surrender to G/India. We
think we must hand over to States.
A.V.A.'s alternative: more elbow-room, but askg. Parlt. for blank
cheque?
Must be legⁿ in '47 if we aren't going to carry on.
And W. says must be orderly w'drawal.

P.L. Provincial Services. Major ones under S. of S. services. Can't dispense
with them w'out legⁿ.

P.M. Nos. aren't great – I.C.S. and Police.

P.L. Total 2,000, 50% Indians. 500 I.C.S. and 500 Police =
British (European).

R.S.C. Vital need is to precipitate agreement. A near & definite date is
important – as a shock to get them together instead of relying
on us.
The date therefore is the vital point in the statement.

Share W.'s view tht. we can't for long deal with any major trouble in India because of run-down of B. adminⁿ.

- A.V.A. Resolution of Parlt. required. The more detail you include in yr. statement the more hampered you will be in handling fluid situation.
W.S.C.'s x-examⁿ on 14/12. In para. 12 you commit us to view tht. Constituent Assembly work not valid if Muslims not included – that might produce early trouble in India because wd. encourage Muslims not to come in. May therefore not secure our main object of promoting collaboration.
- A.B. Genl. agreemt. in Cabinet re policy: & fixing date as a lever. Concerned about the form. This is historic act - & appears we are being forced into it. In fact, failure to collaborate reflects on them: credit to us. Means they are too weak to take it: not tht. we are too weak to hold it.
Preamble therefore requ^d – Indian policy – abrogation of imperialism. Rest to be incidental.
This draft will invite criticism tht. we are liquidating Empire.
- A. Wasn't wholly convinced by W.'s arguments.
He thght of it as military opⁿ of w'drawal - & overlooked political consid^{ns} wh. we as Govt. must keep in mind.
These cons^{ns} must govern us – a) we mustn't allow it to appear we are being pushed out. Must get credit for our action.
b) Minorities. How can we secure safeguards for them?
c) Shdn't commit ourselves to w'drawing March '48 whatever happens – even if India then in chaos. c.f. My memo. to I & B. Cttee.
On this account prefer A.V.A.'s alternative.
- P.M. Your (c) is contrary to whole basis of policy.
Must then re-create Services on basis of remaining.
- T.W. Para. 10. Govt's in plural. Wdn't this stiffen Muslims in holding out.
- R.S.C. Doesn't go beyond statement of Dec. 6th.
- E.W. A.V.'s draft preferable because encouraging Hindus.
- R.S.C. My objⁿ to A.V.'s draft is tht. Parlt. unlikely to give such latitude – unprecedented form.
Statement + approval = vaguer & more likely to get by Parlt. than askg. Parlt. to tie themselves to specific resolution.
- A. My point c) wd. be met if made clear we shall hand over only to Govts.

- J.S. Detailed & specific form of P.M.'s likely to have greater impact in India & more likely therefore to bring Parties together. Also to make for better rel^{ns} betwn. U.K. and Govts of India in future. Wdn't it be well to make it at once.
- R.S.C. No. Many members of Muslim League dissatisf^d with Jinnah's attitude.
Worth waiting to see if they will come in.
- A.B. Earlier publⁿ wd. strengthen our posⁿ. Attempt to create unity to enable us to leave.
- R.S.C. Can't do it until Parlt. meets. And don't expect longer delay than that on our proposal.
- A.V.A. Various poss. developmts. in next few wks.
- A.B. Is it necessary to wait for Parlt. c.f. Treaties. We shdn't lose the initiative.
- H.M. Genl. agreemt. with P.M.'s memo.
But is it wise to wait for break in India.
Statement shd. begin by re-capitulating B. attitude twds. India's development twds. self-govt. – bringing in earlier Govts. – time for action now arrived – indecision can't continue. Must give definite date. Cd. say, however, a) Indians must demonstrate their capacity to govern. b) minorities must be safeguarded. To meet 2 of A.'s point. Then go on with specific points in P.M.'s Annex.
- A.V.'s alternative avoids no diff^{ies}. For mover of Resolⁿ wd. have to be as specific as Annex.
Earlier statement of these lines might help to avert a break in India.
If the clash occurs, time will be requ^d to overcome it.
Call the House earlier – for 2 days on India.
Motion approving statement shd., if possible, give some sanction for irregular^{ies}.
- P.M. Mustn't drive India out of Commonwealth by what is said.
- J. Timing. Repercussions on Burma, Palestine, Egypt.
Statement tht. we will hand over to "one or more" auth^{ies} might encourage both Parties to wait & see. Pref. to limit this to saying time has come to hand over to Indians: shall clear out by set date: call on Indians to make ready to take on. Reserve to a later statement to whom you will hand over.
- E.B. This wd. involve liquidⁿ of B. Empire.
How cd. you hold M/East if you did this?
Egypt is throwing over Treaty.

Bold statement in this form wd. do untold harm.
Thought W. was too defeatist.
Presentⁿ – agree with A.B. & H.M. re preamble etc. Also call attentⁿ
to Indian dissol^{ns} as threat to world peace. This wdn't help us if
situation came to Security Council.
Paras. 5-6. Once you fix the date you're comm^d. Prefer "necessary
preparatory steps to handing over power to some auth^y who
can preserve law & order."
Don't like references to "one or more" auth^{ies} – encouragement to
Pakistan.
Other countries wd. say, when we go, we are splitting India.
March '48 is a v. early date. Surely we can get people to go to India.
Don't accept view tht. they are useless for 1st 5 years.
Egypt – we said 1949. Yet for India we propose Mar. '48.
Re-actions on Malaya & Burma.
We are throwing away the Empire because of one man's pessimism.

P.M. After consultⁿ with his civil advisers.

E.B. Why can't we keep dates in our own hands.
Doubt competence of Indians to govern that great Sub-Continent.
Some parts of India may invite us to stay.

P.M. We haven't the power to rule India.
Can only rule thro' Indians.
So long as they think we'll stay, they won't collaborate.
Nothing new in statement tht. we're going to hand over to Indians.
Only ques. is wtr. we confront them with a date.

E.Sh. Not certain tht. this declⁿ will bring Parties together.
If, on other hand, we say we aren't going until a Govt. arises to which
we can hand over – that might also bring them together.
Was always our policy not to go until auth^y to wh. we cd. hand over.
No guarantee yet tht. such will emerge.
Repercussions. Shdn't hurry unduly our w'drawal. This is scuttle
with no dignity.
How will you hold India? You cd. say the same about M/East. You
can't scuttle everywhere, w'out losing our standard of living.
B. adminⁿ: surely we cd. provide them for 2/3 years.

H.M. Where from?

R.S.C. If we made E.Sh. statement, all Govts. wd. resign in Indian Provinces.

E.Sh. But how can we justify to world opinion leaving w'out seeing that
properly constituted auth^y is there.

- R.S.C. The object of this policy is to secure creation of best auth^y to hand over to.
Alternative: degeneration into chaos.
Too late to go back to autocratic rule.
- C.E. After 200 years in India we must take some responsibility for condⁿ in wh. we leave it.
But B. opinion won't tolerate re-mobilisation to hold India down.
B. Empire was not won by conscript B. Armies.
Some statement on these lines must be made: and some date must go in, especially if statement is not made until after a break.
I favour making it when we know wtr. Muslims come in or not.
- C.J. Repercussions may be. But our policy is declared & we can't go back on it.
If so, alternatives: linger on, in degenerating cond^{ns} force collaboration by setting a limit.
Presentⁿ – as by A.B. & H.M.
- A.G. Support (on balance) P.M.'s recomm^{ns}.
- G.A.I. Support P.M. – with modif^{ns} proposed by A.B & H.M.
Will assist our man-power planning.
- T.W. Agreed.
- L. Agreed.
By-pass H/Lds. Hence prefer P.M. method vice A.V.A.'s.
- J.S. Agreed. No need to be unduly pessimistic re future.
- A. Bring Doms. into our confidence at early stage – after statement is re-drafted. Agreed.
- P.M. Believe a) shd. be made in Parlt. b) shd. await Muslim decision.
These pts. need further discussion.

Discussion adjourned.