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1. Parliament. [Enter O.P., BH.]

H.C. Business for week after Recess.
Omits Teachers' Superannuation Bill.

F.H. When are we to take that.

P.M. We have got all discredit for p'poning that you wd. get from abandoning.

H.C. First is not a good week for controversial measure : implies no decision to abandon.

P.M. We will take firm decⁿ. in Cab. in first wk. after Recess.

H.C. Estimates Ctt^{ee}. plan to send Sub-Ctt^{ee}. with clerk to investigate no. of Embassies.
We protested v. such a plan when in Opposⁿ. – & Labour Govt. dropped it.
Have told W'house tht., but he may not take it.
Constit^l. obj^{ns}. to formal enquiries abroad, by a Parl^y. Ctt^{ee}.
Joy-rides, even in U.K., must be curbed.

P.M. We are against it.

4. Parliament : Members' Expenses.

P.M. Draft. Shortened version of RAB.'s. C^d. be even shorter.
Further amended in discussion. [Enter J.S.]

Agreed : P.M. to make statement in H/C. Wednesday.

5. Pensions.

O.P. Electoral importance.
Merits a) nos. on assistance are too great.
b) many are too proud to ask for it & suffer hardship.
We shd. restore value to 1946 level at least. This will ease a) and put cash level of pensions above cash level of assist^{ce}.
Must do same for war pensioners.
Socialists will do it, if they win : & will put cost on tax-payer. I want to do it mainly by cont^{ns}. – prs. about 7^d. fr. each side. We made a larger increase in '52 w'out trouble. Self-employed mght have to pay 1/= extra ; but pension is specially important to them.
Exch. cost. First 2 yrs net saving because of economy on assistance.

RAB stresses ultimate cost. It is heavy. Always known tht. Fund wd. need rising Exch. assistance. Annual deficit of £400M. in 25 years' time – Actuary's estimate : believe it pessimistic. It assumes double unemplt., increased sickness & gt. longevity. Anyway a long way off, & may be offset by productivity or drop in defence cost.

Exch. contⁿ. will continue at 1/7th. of new rate.

Timing is v. important. Phillips going slower than hoped : won't report until early '55. This also is quinquennial review year.

6 mos before the change becomes operative, fr. date of announcemt.

Can't operate it in spring because of epidemics in first 3 months of year.

Legⁿ. wd. take 10 weeks.

Choices are: i) emergency scheme coming in twds end/54. W^d. have to be announced end/May.

ii) emergency scheme – announced Oct. to come in May '55. W^d. then be asked why we do this so soon before Phillips & quinqn. report.

iii) if we wait for those reports, announcemt. cd. not be earlier than Mar. 55. Operation wd. then come in Oct. '55. V. near date of autumn election. Undesirable to bring them in (increased cont^{ns}.) on eve of poll. Need a gap of 2 or 3 months before election comes.

P.M. Must have dealt with this before Election.

RAB. Merits. i) Cont^{ns}. wd. be large.
ii) 1¼ m. on assistance wd. get nothing out of it. These (poorest) are those we were criticised for not helping at first Budget.

O.P. Poorest in fact are those who are too proud to ask for assist^{ce}.

RAB. To do this properly we shd. await the reports. And get relief, from higher retiring age.

Not easy to wait, however. O.P. is right on this, because of timing – too long to keep them waiting & too near election.

Must therefore consider what is best interim scheme.

Alternative : carry legⁿ. by July for opⁿ. on 1/1/55.

Don't take final decision today.

We ought to save £70M. on Exch. supplement. We shd. also remove cheap tobacco - £14M. This wd. be sound, tho' unpopular.

2/4 a week – and a black market in coupons.

P.M. W'drawal wd. lose masses of votes.

RAB. Also get best informⁿ. we can on date & content of Phillips' report.

To ensure tht. interim scheme will be consistent with long-term.

P.T. C^d. we not get them to submit interim report?

An interim scheme by us wd. be popular. Leavg. all hard things for Rpt. & then be unable to implement them.
This is biggest Budgetary problem, even if £400 M. is exaggerated.

O.P. Phillips Ctt^{ee}. aren't concerned with rates. All round increase cd. not be inconsistent with their report.

[Exit B.H.

P.M. Prepare in outline 2 schemes – interim and long-term (?)

R.A.B. Consider calling for interim report or interim views from Phillips Ctt^{ee}.
EEB and B.G. are seeing him tomorrow.
Either interim scheme with some Phillips – operatg June '55.
Or interim scheme on rates only – operatg. Jan '55 – condoned by Phillips but not anticipatg. him.

A.E. x Danger of slipping on June '55 disposes me twds alternative.

[Exit O.P.

6. Indo-China.

P.M. Statement went v. well.

A.E. I may have gone too far over India. Dulles mayn't like that.

P.M. May lead on to a M.E.D.O.

[Enter H.M. I.McL.

7. Trieste.

A.E. The £2M wd. only be paid if we made a settlement – and therefore save our current exp^{re} there, now running at £2M. a year.

x/ Other Y. economic claims wd. be stalled m'while.

R.A.B. Had not heard of this until luncheon.
But I will (grudgingly) accept this.
And no more money to Italians.
Stress x/. They owe us £22 M and a lot of dollars to U.S.

H.C. Hope we can get some of the contracts. Make that a condⁿ.

8. Royal Tour : Uganda.

O.L. As in memo. : for informⁿ.

9. Local Government Reform.

[Enter M.F.]

- H.M. Don't seek approval at this stage. Merely that a small Ctt^{ee}. shd. be appointed to consider these & related ques & report to Cabinet. To formulate a policy on these inter-locking issues.
Need comprehensive plan – so as to get jam as well as powder.
Memo. is my contⁿ. to ques.
- P.M. Don't mind a report. But big mouthful. Better for first year of a new Govt.
- Sal. Explore it. Tho' little chance of doing it before an Election.
- RAB. W^d. wish to be on this. Main purpose shd. be to reform l.g. finance with view to economy.

C. 28 (54).

13th April, 1954.

1. Parliament.

[Enter O.P., B.H.]

HZ. Business for week after Recess.

Omits Teachers' Superannuation Bill.

FM. When are we to take that.

PM. We have got all discredit for postponing that you wd. get from abandoning.

HZ. First is not a good week for controversial measure: implies no decision to abandon.

PM. We will take price dec't in Cat. in first wk after Recess.

HZ. Estimated Ctt's plan to send Sub-Ctt's with clerk to investigate no. of Embassies.

We protested v. such a plan when in Oppos't - & Labour Govt. dropped it.

Have told W'house M't., but he may not take it.

Constit's obj' is formal enquiries abroad, by a Parlt Ctt'.

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Socialists will do it, if they win; & will put cost on tax-payer. I want to do it mainly by contrib' - pro. about 7th p. each side. We made a larger increase in '52 w/out trouble. Self-employed wd. have to pay 1/4 extra; but pension is specially important to them.

Exch. cost. First 2 yrs. net saving: economy on assistance.

RAB misses ultimate cost. It is heavy. Always known that Fund wd. need rising Exch. assistance. Annual deficit of £400 M. in 25 years time - Actuary's estimate: believe it pessimistic. It assumes double unempl't., increased sickness & gr. longevity. Anyway a long way off, & may be offset by productivity & drop in defence cost. Exch. contrib' will continue at 1/4% of new rate.

Timing is v. important. Phillips going slower than hoped: report until early '55. This also is quinquennial review yet. 6 mos before the change becomes operative, R. date of announcement.

Can't operate it in spring: epidemics. in first 3 months of year.
Legs: ud. take 10 weeks.

Choices are: i) emergency scheme coming in buds end/54.

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OP. Poorist is fact are those who are too proud to ask for assistⁿ.

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Not easy to wait, however. OP. is right on this, of timing - is long to keep them waiting & too near election.

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To ensure so. interim scheme will be consistent with long-term.

PT. C^d we not get them to submit interim report?

An interim scheme by us ud. be ~~un~~popular. Heavy all hand in for Apr. & then to make to implement them.

This is biggest Budgetary problem, even if £400 M. is exaggerated.

OP. Phillips C^d arent concerned with ratio. All round increase cd. be inconsistent with their report. [Exit B.H.]

PM. Prepare in outline 2 schemes - interim and long-term(?)

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SE. I may have gone too far over India. Dulles might like that.

Ph. May lead on to a MEDO.

[Enter H.M. 1, M.L.]

7. Tricote.

SE. The £2M ud. only to be paid if we made a settlement - and to save our current exp'ts there, now running at £2M. a year.

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Ph. Don't mind a report. But big mouthful. Better for first have govt. report.

SE. Explain it. Tho' little chance of doing it before an election.

RAB. W. note is in on this. Main purpose of it is to inform & give guidance with view to economy.