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Printed for the Cabinet. October 1954

SECRET

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C.C. (54)

63rd Conclusions

CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Tuesday, 5th October, 1954, at 11 a.m.

Present :

The Right Hon. Sir WINSTON CHURCHILL, M.P., Prime Minister.

The Most Hon. the MARQUESS OF SALISBURY, Lord President of the Council.

The Right Hon. LORD SIMONDS, Lord Chancellor.

The Right Hon. Sir DAVID MAXWELL FYFE, Q.C., M.P., Secretary of State for the Home Department and Minister for Welsh Affairs.

The Right Hon. R. A. BUTLER, M.P., Chancellor of the Exchequer.

The Right Hon. H. F. C. CROOKSHANK, M.P., Lord Privy Seal.

The Right Hon. the Earl ALEXANDER OF TUNIS, Minister of Defence.

The Right Hon. Sir WALTER MONCKTON, Q.C., M.P., Minister of Labour and National Service.

The Right Hon. HAROLD MACMILLAN, M.P., Minister of Housing and Local Government.

The Right Hon. PETER THORNEYCROFT, M.P., President of the Board of Trade.

The Right Hon. FLORENCE HORSBRUGH, M.P., Minister of Education.

The Right Hon. GWILYM LLOYD-GEORGE, M.P., Minister of Food.

The Right Hon. D. HEATHCOAT AMORY, M.P., Minister of Agriculture and Fisheries.

The following were also present :

The Right Hon. DUNCAN SANDYS, M.P., Minister of Supply (*Items 3-4*).

The Right Hon. GEOFFREY LLOYD, M.P., Minister of Fuel and Power (*Item 3*).

The Right Hon. JOHN BOYD-CARPENTER, M.P., Minister of Transport and Civil Aviation (*Items 5-7*).

The Right Hon. Sir LIONEL HEALD, Q.C., M.P., Attorney-General (*Item 7*).

The Right Hon. PATRICK BUCHAN-HEPBURN, M.P., Parliamentary Secretary, Treasury.

Mr. HENRY BROOKE, M.P., Financial Secretary, Treasury (*Item 7*).

Mr. A. D. DODDS-PARKER, M.P., Joint Parliamentary Under-Secretary of State, Foreign Office.

The Hon. G. R. WARD, M.P., Parliamentary Under-Secretary of State, Air Ministry (*Items 6-7*).

Secretariat :

Mr. R. M. J. HARRIS.
Mr. K. L. STOCK.

**Foreign
Affairs.**

European
Defence:
Nine-Power
Conference.
(Previous
Reference:
C.C. (54) 62nd
Conclusions,
Minute 1.)

Trieste.
(Previous
Reference:
C.C. (54) 28th
Conclusions,
Minute 7.)

Egypt:
Defence
Negotiations.
(Previous
Reference:
C.C. (54) 55th
Conclusions,
Minute 2.)

The Prime Minister said that the Cabinet would wish to record their satisfaction that the Nine-Power Conference had reached so successful a conclusion and to convey to the Foreign Secretary their appreciation on the distinguished part which he had played in bringing this about. The influence of the United Kingdom in international affairs had been greatly strengthened by the settlement which had been reached, and would be still further enhanced by the agreement on Trieste which was due to be signed in London that day.

The Joint Parliamentary Under-Secretary of State for Foreign Affairs said that, during his recent visits to countries in the Middle and Far East, he had been impressed by the widespread evidence of the prestige enjoyed by the United Kingdom. The criticism of the West which was voiced in Eastern countries was more often directed at the United States than at this country.

In discussion it was suggested that the British press were not showing enough recognition of the success with which the United Kingdom Government had assumed the lead in international affairs. The recent visit of leading members of the Opposition to Russia and the Far East had been reported with more attention than the solid progress of the Government in resolving intractable international problems. *The Chancellor of the Exchequer* said that, in the absence of the Commonwealth Secretary, he had it in mind to discuss with some of his colleagues what measures could be taken to further the presentation of the Government's achievements. A meeting between Ministers and the Lobby Correspondents might be arranged for this purpose.

The Joint Parliamentary Under-Secretary of State for Foreign Affairs said that substantial progress had been made in the negotiations which Mr. Nutting was conducting with the Egyptian Government in Cairo. The Egyptians were, however, still reluctant to accept the inclusion in the Agreement of a clause prescribing that the Agreement, after it was signed, would be subject to ratification by Her Majesty's Government. They were concerned lest a provision to this effect would result in delaying final confirmation of the Agreement and so afford an opportunity for discontented elements in Egypt to undermine the position of the Egyptian Government by provoking incidents, which in turn might induce the United Kingdom Parliament to oppose ratification. Mr. Nutting had accordingly sought authority to give the Egyptian Government an assurance that arrangements would be made to afford Parliament an opportunity of debating the new Agreement before the end of October. The Cabinet would recall that Lord Reading had given an undertaking in the House of Lords on 15th December, 1953, that provision would be made in the Anglo-Egyptian Agreement for its ratification and that, before ratification took place, full opportunity would be afforded for debate in Parliament.

The Lord Privy Seal suggested that the Government's obligation to provide facilities for a debate might be held to have been honoured already by the debate which had taken place on the Heads of Agreement. He doubted whether the Government need take the initiative in arranging a further debate in Parliament before ratification, though a debate would have to be arranged if there were a demand for it in Parliament.

The Prime Minister said that it was important that the new treaty with Egypt should, in accordance with normal custom, include a ratification clause. If a debate should prove to be necessary—and he expected that it would be—arrangements could no doubt be made without undue difficulty. If necessary, an indication could be given to the Egyptian Government that Her Majesty's Government

expected that ratification would have been effected by the end of November and possibly by the end of October.

The Cabinet—

Invited the Joint Parliamentary Under-Secretary of State for Foreign Affairs to arrange for guidance to be sent to Mr. Nutting in Cairo accordingly.

**Economic
Policy.**

Visit of the
Chancellor of
the Exchequer
to Washington.

(Previous
Reference:

C.C. (54) 59th
Conclusions,
Minute 10.)

2. *The Prime Minister* said that the Cabinet would wish to join with him in welcoming the Chancellor of the Exchequer on his return from the United States, where his discussions had been very beneficial to our interests.

The Chancellor of the Exchequer said that the convertibility of sterling would undoubtedly continue to be the major issue of economic policy. First reactions among the Finance Ministers assembled in Washington to our evident unwillingness to make any early move towards convertibility had been unfavourable, especially in the case of hard currency countries, and the effect on sterling had been depressing. Sterling had now, however, fully recovered and there was general recognition, except perhaps on the part of the Canadian Government, whose motives were not unmixed, that our attitude could be justified on sound economic grounds and could not fairly be attributed to domestic political considerations. Although we were bound to be subjected in future to renewed pressure to make sterling convertible, there seemed to be a fair prospect that we should be able to hold the position at least for a further period.

The Chancellor of the Exchequer said that his discussions with United States representatives had revealed an unresolved difference of view within the United States Administration between those who believed in protection and those who favoured more liberal trade policies. There seemed to be some prospect of further limited moves on the part of the United States Government towards the freeing of trade, but these might well fail to materialise if, as seemed possible, small pockets of unemployment should develop in the United States economy. The Republican Administration considered, not without justification, that their policies had so far sheltered this country from any untoward effects of a decline in business activity in the United States, and it behoved us to accord some public recognition of this fact.

The Chancellor said that it was clear from his discussions in Washington with other Commonwealth Finance Ministers that the forthcoming negotiations about a review of the General Agreement on Tariffs and Trade (G.A.T.T.) would raise issues of great complexity and delicacy. Among other Commonwealth countries generally there was little disposition to challenge the principle at present embodied in the G.A.T.T. that there should be no increase in trade preferences. There was at the same time a general acceptance of the need for maintaining a system of trade rules without which there was likely to be widespread reversion to restrictionist policies which, on balance, would not work to our advantage. On the other hand, a number of Government supporters were undoubtedly sincere in their belief that the present provisions of the G.A.T.T. and its restraints upon Imperial Preference operated to our disadvantage. He had discussed the matter fully with the President of the Board of Trade and they had agreed that it should be the Government's aim, so far as possible, to steer a middle course. In principle, a system of trade rules must clearly be preserved, but means should be sought of adjusting these rules to meet our special needs in particular cases.

The Chancellor of the Exchequer said that he had been deeply impressed by the evidence which had come to his notice during the course of his visit to North America of the magnitude and pace of

the development which was now taking place in other Commonwealth countries. This fortified his confidence in the longer-term prospects of sterling.

The Cabinet—

Took note with approval of these statements by the Chancellor of the Exchequer.

**European Coal
and Steel
Community.**

(Previous
Reference :

C.C. (54) 39th
Conclusions,
Minute 7.)

3. The Cabinet had before them a memorandum by the Minister of Supply (C. (54) 305) reporting the outcome of his informal discussions with M. Monnet, the President of the High Authority of the European Coal and Steel Community, about the United Kingdom's association with the Community.

The Minister of Supply said that M. Monnet had agreed that their discussions should proceed without committing either Government in the formal negotiations which would take place at a later stage. Not without difficulty he had been able to persuade M. Monnet that the Council of Association, which was to be set up jointly by the United Kingdom and the Community, should have no executive functions or supranational characteristics but should be solely consultative. He had also persuaded M. Monnet to abandon his insistence on a reduction of the present British steel tariff as a pre-requisite of any closer United Kingdom association with the Community. The terms of the draft Agreement which had emerged from these preliminary negotiations were set out in the right-hand column in Annex B to C. (54) 305. Subject to certain points of detail, they had been approved by the Committee of Ministers under the chairmanship of the Commonwealth Secretary, and he now sought the authority of the Cabinet to inform M. Monnet that they were acceptable to Her Majesty's Government as a basis for the establishment of the proposed closer association. He also sought the approval of the Cabinet to the eventual issue of a joint communiqué on the lines proposed in Annex A to C. (54) 305.

There was general support in the Cabinet for the view that the draft documents to which the Minister of Supply had obtained M. Monnet's agreement represented as satisfactory an outcome to his discussions as could have been hoped for.

The Cabinet—

- (1) Subject to any further detailed amendments which might be approved by the Ministerial Committee, approved the draft communiqué and the draft Agreement contained in Annexes A and B of C. (54) 305.
- (2) Authorised the Minister of Supply to make arrangements for a formal meeting in London with representatives of the High Authority of the European Coal and Steel Community to complete arrangements for closer association of the United Kingdom with the Community on the lines proposed.
- (3) Invited the Commonwealth Secretary, in consultation with the Minister of Supply, to inform other Commonwealth Governments of the progress of the negotiations.

Parliament.

Dates of
Prorogation
and Opening.

(Previous
Reference :

C.C. (54) 52nd
Conclusions,
Minute 1.)

4. *The Lord Privy Seal* said that Parliament would reassemble on 19th October, and it was proposed that it should be prorogued on 26th November. He recognised that the volume of legislative business in the House of Lords would be considerable, but this state of affairs would be not unusual and he was reasonably confident that the date he had suggested for prorogation could be adhered to. No announcement need yet be made, however, of the dates on which the present Session would be prorogued and the new Session opened, but it would be opportune to seek The Queen's pleasure on the proposal that the new Session should be opened on 30th November.

The Lord President said that he hoped it would be found possible to arrange for some Government amendments to legislation due to be considered during the remainder of the Session to be introduced in the House of Lords. Although more Parliamentary time might then be required for discussion of such amendments in the House of Commons, this risk ought, in his view, to be accepted, for the reasons which he had set out in C. (54) 204.

The Cabinet—

Took note that the Prime Minister would seek The Queen's pleasure on the proposal that the new Session of Parliament should be opened on 30th November, 1954.

Industrial Disputes.

Docks.

(Previous
Reference:
C.C. (54) 62nd
Conclusions,
Minute 4.)

5. *The Minister of Labour* said that the factors underlying the strike action which had been taken in certain docks were complex, and the elements responsible for the unrest among dockers were seizing every opportunity to spread the strikes and confuse the issues.

The dispute affecting ship-repairing workers had originated in the decision of the Electrical Trades Union to strike on the ground that five of their members had been discharged as redundant in a manner which contravened the principle "last in, first out," which the Union supported. The employers were willing to discuss redundancy with the appropriate Union before dismissing men, but claimed the ultimate right to determine which men to retain or discharge. In consequence of the strike by members of the Electrical Trades Union, members of other Unions employed on certain ships were unable to work. Some members of yet other Unions, notably the Amalgamated Engineering Union, had struck in sympathy. The dispute would be considered by the Federation of Shipbuilding and Engineering Unions at a meeting in York on 7th October. The attitude which the Federation would adopt could not be foreseen, and until it was known he was satisfied that it would not be appropriate for him to intervene.

The strike by the Stevedores Union in the London docks concerned the additional remuneration to be paid to their members now that the sorting of meat had had to be reintroduced following de-control. The Transport and General Workers Union had negotiated an agreement on this matter with the port employers, and the additional sum so agreed was being paid to their members and also to the members of the Stevedores Union concerned. But the Stevedores Union had resorted to strike action because the employers had not negotiated with them on the matter. Another factor in the dispute was the ban which the Stevedores Union had imposed since January on overtime working at the London docks on the ground that overtime should be acknowledged to be voluntary. There had been no practical difficulty in arranging overtime and neither the employers nor the Transport and General Workers Union agreed with the views of the Stevedores Union on this point. The employers declined to negotiate with the Stevedores Union while the ban on overtime remained in force; on the other hand, the Transport and General Workers Union would not sit with the Stevedores Union on the negotiating body. The employers had, nevertheless, offered to discuss payment for meat sorting with the Stevedores Union if their men returned to work. The Union for their part had refused unless the employers would discuss with them all outstanding issues. This was not acceptable to the employers or to the Transport and General Workers Union, both of whom considered that they should stand firm and that any intervention by the Ministry of Labour would serve only to prolong their differences with the Stevedores Union. The membership of the Stevedores Union was

about 7,000 dockers, mostly in London, whereas the Transport and General Workers Union had about 70,000 docker members spread over all the docks. There was little doubt that some members of the larger Union were dissatisfied with their Union representation and considerable numbers were going over to the Stevedores Union. The Trades Union Congress were seeking to resolve the consequent dispute between the two Unions. Before a settlement was reached, strike action might well spread further in the London Docks and extend to other docks. At a later stage it might become appropriate to set up a Court of Enquiry with wide terms of reference to examine the working of the dock labour scheme; but in present conditions he was convinced that it would be premature to take any initiative.

The Minister of Food said that incoming cargoes of meat and other food which could not be unloaded on account of the strike were being stored satisfactorily aboard ship; and the absence of these supplies from the home market would have no serious effect for some time.

The Home Secretary said that he had satisfied himself that there was no immediate need to use military labour, but the position would be kept under review.

The Cabinet—

Took note of these statements.

**Military
Airfields.**
Scampton.
(Previous
Reference:
C.C. (54) 61st
Conclusions,
Minute 4.)

6. The Cabinet had before them a memorandum by the Home Secretary (C. (54) 303) reporting that in his opinion, and in that of the Minister of Labour and the President of the Board of Trade, the Air Ministry estimate that development of Hemswell as a Class I airfield would cost £1.63 millions more than corresponding development at Scampton was soundly based.

The Lord Privy Seal said that he still saw the gravest objections to the development of Scampton. The fact that the local authority concerned had been incorrectly informed of the extent of the "filling in" which would be required at Hemswell, and had still not been informed of the true position in this respect, did not inspire confidence in the Air Ministry's handling of this matter as a whole. It would also be interesting to know at what date the development of Sturgate as an American long-range fighter base, which was now given as an additional reason for not developing Hemswell as a Class I airfield, had been decided upon.

The Cabinet were informed that action was now in train to inform the local authority of the true facts concerning Hemswell, and that the development of Sturgate had been started in 1951 before any objections had been raised to the development of Scampton.

The Prime Minister said that the only course open to the Cabinet, on the basis of the facts before them, appeared to be to approve the development of Scampton in spite of their natural reluctance to seem to disregard the objections felt by the Lord Privy Seal.

The Lord Privy Seal said that he wished his continuing dissent in principle from any decision to develop Scampton to be placed on record.

The Cabinet—

Agreed that Scampton should be developed as a Class I Airfield.

Civil Aviation.
Development
of Gatwick
Airport.
(Previous
Reference:
C.C. (54) 59th
Conclusions,
Minute 6.)

7. The Cabinet had before them a memorandum by the Minister of Transport and Civil Aviation (C. (54) 304).

The Minister of Transport recalled that the Cabinet had already agreed in principle that the Government should announce their intention of proceeding with the development of Gatwick airport as the main alternative civil airport to London Airport. Decisions by the Cabinet were now required on three subsidiary matters: (i) the diversion of the London-Brighton road; (ii) compensation for owners of adjoining property; and (iii) the timing of the announcement of the Government's decisions.

On the question of *road-diversion*, *The Minister of Transport* said that the effective choice lay between a short diversion, costing £369,000, and the construction of a section of the proposed Brighton radial road at a cost of £1,820,000. He had not felt justified himself in pressing for more than the minimum diversion, but some members of the Home Affairs Committee had taken the view that the Government would be well advised to meet local opinion at least on this aspect of Gatwick's development.

The Financial Secretary, Treasury, urged the Cabinet to approve only the short diversion on the ground that construction of a part of the Brighton radial road at the present time would stimulate claims on behalf of other major road projects which enjoyed a higher priority but for which funds could not be made available.

The Minister of Housing said that he would not press for the more costly diversion in spite of its obvious advantages for both Gatwick and Crawley New Town.

The Cabinet—

- (1) Agreed that the Minister of Transport should proceed on the basis of a short diversion of the London-Brighton road at a cost of £369,000.

On the question of *compensation* *The Minister of Transport* said that he was not pressing for even a limited scheme of compensation although some members of the Home Affairs Committee had been inclined to favour such an arrangement. He would, however, be glad to have authority to alleviate hardship so far as possible through the purchase of properties adjoining the airfield for use either by his Department or by the airlines, and he would like to include in his announcement a guarded statement of his intentions in this respect.

The Financial Secretary, Treasury, said that he had no doubt that the Minister of Transport and he would be able to reach agreement on the terms of a statement to this effect which would not give rise to serious repercussions or serve as a precedent.

The Minister of Housing said that he agreed that the Government would be wiser to proceed empirically in this matter than to formulate a scheme of compensation expressly designed to alleviate hardship caused by the Government's change of plans.

The Cabinet—

- (2) Invited the Minister of Transport and the Financial Secretary, Treasury to agree upon the terms of a statement on the lines suggested in discussion, for inclusion in the proposed announcement.

As regards the *announcement* of the Government's decisions *The Minister of Transport* said that, if he was to meet the strong representations which had been made to him in favour of an announcement during the Parliamentary recess, the announcement must be made before the end of the present week.

The Minister of Housing said that he would welcome an opportunity to consider further how best to handle the full report on weather conditions at Gatwick which had been submitted by the Director of the Meteorological Office. In any event it might now be wiser to await the reassembly of Parliament before announcing the Government's decisions.

The Prime Minister said that the exact form and the timing of an announcement should be further considered by a smaller body of the Ministers directly concerned.

The Cabinet—

- (3) Agreed that the form and timing of an announcement of the Government's decision to develop Gatwick airport should be considered by a Committee composed as follows:—

Chancellor of the Exchequer.
Minister of Housing and Local Government.
Secretary of State for Air.
Minister of Transport.

*Cabinet Office, S.W. 1.
5th October, 1954.*