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C.C.(59)

17th Conclusions

CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Tuesday, 17th March, 1959, at 10.30 a.m.

Present:

The Right Hon. HAROLD MACMILLAN, M.P., Prime Minister

The Right Hon. R. A. BUTLER, M.P.,
Secretary of State for the Home
Department and Lord Privy Seal.The Right Hon. SELWYN LLOYD, Q.C.,
M.P., Secretary of State for Foreign
Affairs (*Items 1-5*).The Right Hon. ALAN LENNOX-BOYD,
M.P., Secretary of State for the
Colonies.The Right Hon. DUNCAN SANDYS, M.P.,
Minister of Defence.The Right Hon. LORD MILLS, Minister
of Power.The Right Hon. GEOFFREY LLOYD, M.P.,
Minister of Education.Dr. The Right Hon. CHARLES HILL,
M.P., Chancellor of the Duchy of
Lancaster.The Right Hon. VISCOUNT KILMUIR,
Lord Chancellor.The Right Hon. The EARL OF HOME,
Secretary of State for Commonwealth
Relations.The Right Hon. VISCOUNT HAILSHAM,
Q.C., Lord President of the Council.The Right Hon. IAIN MACLEOD, M.P.,
Minister of Labour and National
Service.The Right Hon. HAROLD WATKINSON,
M.P., Minister of Transport and Civil
Aviation.The Right Hon. JOHN HARE, M.P.,
Minister of Agriculture, Fisheries and
Food.The Right Hon. REGINALD MAUDLING,
M.P., Paymaster-General.

The following were also present:

The Right Hon. Sir REGINALD MANNING-
HAM-BULLER, Q.C., M.P., Attorney-
General (*Item 4*).Mr. J. E. S. SIMON, Q.C., M.P., Financial
Secretary, Treasury (*Item 8*).The Right Hon. EDWARD HEATH, M.P.,
Parliamentary Secretary, Treasury.Mr. F. J. ERROLL, M.P., Economic
Secretary, Treasury (*Items 5-7*).*Secretariat:*

The Right Hon. Sir NORMAN BROOK.

Mr. B. ST. J. TREND.

Mr. M. REED.

Mr. J. S. ORME.

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Indonesia.
(Previous
Reference:
C.C. (59) 12th
Conclusions,
Minute 6.)

1. *The Foreign Secretary* informed the Cabinet that he had communicated to the Dutch Government the assurance, which the Cabinet had approved at their earlier meeting, that we would support them if the Indonesian Government resorted to force in order to prosecute their claim to Netherlands New Guinea. This assurance embodied a statement that "Her Majesty's Government cannot enter into a commitment to provide military support but they would do everything within their power to assist the Netherlands Government in other appropriate ways." The Dutch Government had asked that the word "other" should be omitted from this sentence; and it would be desirable, in the interests of our general relations with them, that we should concede this point on the basis of a clear understanding that the amendment would not enlarge the extent of our commitment or impose on us any obligation to provide military assistance. The assurance would in any event remain a confidential one, and it was understood that the Dutch Government would make no public reference to it.

In discussion there was general agreement that, if the word "other" were omitted, the text of the assurance would still not involve us in any obligation to provide the Dutch Government with military support, but would leave us free to provide such support if we decided that it would be appropriate to do so. In these circumstances the amendment could be accepted.

The Cabinet—

Agreed that the assurance to the Dutch Government about the extent of the assistance which we should be prepared to make available to them in the event of the Indonesian Government resorting to force should be amended to indicate that, while Her Majesty's Government could not enter into any commitment to provide military support, they would do everything within their power to assist the Dutch Government in appropriate ways.

Germany.
(Previous
Reference:
C.C. (59) 16th
Conclusions,
Minute 5.)

*2. *The Prime Minister* and *The Foreign Secretary* reviewed the course of the conversations which they had held in Paris and in Bonn during the preceding week in preparation for their visit to Washington.

On the procedure for handling the forthcoming international negotiations on the related problems of Germany, Berlin and European security, it now seemed likely that the French and German Governments could be persuaded to accept the suggestion that a meeting of Foreign Ministers should be followed by a meeting of Heads of Governments and that a firm date should be fixed for the latter meeting. The German Government already recognised that Foreign Ministers were unlikely to be able to reach a settlement, and that their meeting would be more fruitful if a date had already been fixed for a subsequent meeting of Heads of Governments. The President of the French Republic had not yet assented to this course; but his advisers saw its advantages, and he would probably fall in with it if it were accepted by the other Western Governments. It would be more difficult to bring the United States Government round to this view. For they still argued that a meeting of Heads of Governments should be conditional on satisfactory progress by a meeting of Foreign Ministers. This seemed to ignore the dangers of the situation. For, if the Foreign Ministers failed to make progress towards a settlement, it would become even more important and urgent that Heads of Governments should try to find a solution. If a date were fixed now for a meeting of Heads of Governments, there was a good prospect

* Previously recorded in a Confidential Annex.

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that the Soviet Government would agree to refrain from taking unilateral action in the meantime. If, however, things were left to drift, there was a grave risk that the Soviet Government would conclude a peace treaty with East Germany, and the Western Powers might then be forced to ask for a meeting of Heads of Governments in circumstances in which they would be negotiating from weakness.

On the substance of the problems to be discussed in these international negotiations, the conversations in Paris and in Bonn had on the whole been reassuring. Thus, in Paris, it had appeared that when General de Gaulle spoke of the need to resist by force any blockade of West Berlin, what he had in mind was a situation in which the Western Powers were denied physical access to Berlin—not one in which control over that access was transferred to East German authorities. It had also appeared, in Bonn, that Dr. Adenauer was reconciled to the prospect that Germany would remain divided for a further period of years; and that he would not be unwilling to accept a settlement on that basis, provided that some amelioration of conditions in East Germany was secured and that hope of the ultimate reunification of Germany was not finally extinguished.

Suspensions had been aroused in Germany by the passage in the communiqué on the Moscow talks referring to the possibility of some limitation of forces and weapons in an agreed area in Europe. The German Government had inferred from this that British Ministers were now disposed to consider favourably the possibility of some plan of disengagement in Europe. Similar misunderstandings had arisen elsewhere; and it was for consideration whether steps should not be taken at an appropriate stage—perhaps on the conclusion of the forthcoming discussions in Washington—to clarify the position of the United Kingdom Government on this question.

The Cabinet—

Took note of this report on the discussions which the Prime Minister and Foreign Secretary had held with French and German Ministers during their recent visits to Paris and Bonn.

Cyprus.
(Previous
Reference:
C.C. (59) 1211
Conclusions,
Minute 8.)

3. The Cabinet were informed that the Greek Government were proposing to arrange an elaborate ceremony for the reception of the leader of EOKA, Colonel Grivas, on his arrival in Athens. This was liable to be resented by public opinion in this country and to impose some strain on Anglo-Greek relations, but there appeared to be no grounds on which we could intervene.

The Cabinet—

Invited the Colonial Secretary, in consultation with the Home Secretary, to consider the terms in which the Government spokesmen should, if necessary, comment during the forthcoming Parliamentary debate on Cyprus on the reception accorded by the Greek Government to Colonel Grivas on his arrival in Athens.

Diaries of
Roger Casement.

4. The Cabinet had before them a memorandum by the Home Secretary and the Commonwealth Secretary (C. (59) 53) on the diaries kept by Roger Casement.

The Home Secretary said that, although these diaries had been in the possession of the Home Office since 1925, successive Home Secretaries had refused to state whether or not they existed or to allow access to them. Copies of the diaries had, however, been published recently by a journalist who had obtained them in 1922; and it was no longer realistic for the Government to deny their existence. He

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therefore proposed to make a statement in the House of Commons indicating that they would be deposited in the Public Record Office and made available to *bona fide* research workers and journalists. Access to the relevant Home Office files would not, however, be permitted.

Discussion showed that there was general agreement that the existence of the diaries should now be admitted. There were, however, certain objections to the proposal to permit limited access to them in the Public Record Office. This might be held to constitute a breach of copyright; while permission to allow copies to be made might, in addition, be regarded as involving publication of an obscene libel. Moreover, it would be difficult to devise and to administer a satisfactory criterion by which *bona fide* research workers could be judged. These risks might be avoided if the diaries were transferred to Casement's executors, as the owners of the copyright. But there was no certainty that these individuals could now be traced. Alternatively, the diaries could be handed over to the Government of the Irish Republic. They, however, might well declare that the documents were forgeries; and the former controversy on this issue might be revived. The least objectionable course might be to arrange for the diaries to be deposited in the British Museum, subject to the consent of the Trustees, or in the Public Record Office, with an indication that copyright was reserved to Casement's executors, whoever they might be, and that any person seeking to copy or to publish them would do so at his own risk. The implications of this course would, however, need further consideration.

The Cabinet—

Invited the Home Secretary, in consultation with the Lord Chancellor, the Commonwealth Secretary and the Attorney-General, to give further consideration to the future custody of Roger Casement's diaries in the light of the points made in their discussion.

International
Development
Association.

5. The Cabinet had before them a memorandum by the Chancellor of the Exchequer (C. (59) 50) on the proposal to establish a new International Development Association (I.D.A.) to finance development projects in under-developed countries.

The Economic Secretary, Treasury, said that the United States Government strongly favoured the establishment of a new international organisation for giving aid to under-developed countries on the basis of long-term loans at low rates of interest repayable wholly or partly in local currencies. This presented us with some difficulties. Our obligations we undertook to the new organisation might conflict with our existing commitments to the Commonwealth and would involve a drain on our resources. Moreover, large-scale loans on generous terms might undermine the normal pattern of market lending and, if repayable in local currencies, would become little more than disguised gifts. Nevertheless, it seemed certain that the United States Government would proceed with their proposal and the balance of advantage appeared to lie in our being associated with it and sharing the control of its activities. While a decision on the initial capital of the Association and the scale of our contribution to it could be deferred until a later stage, the Chancellor of the Exchequer had in mind figures of \$2,000 millions and \$280 millions respectively. For the moment, however, we need do no more than agree in principle to contribute to the fund.

Discussion showed some support for this proposal on the ground that a co-ordinated plan for assistance to under-developed countries must form an integral part of the policy of the Western Powers.

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Moreover, it would be to our advantage to increase the purchasing power of these countries, since they were potential markets for our exports; and the practice of the International Bank for Reconstruction and Development, to which it was proposed that the I.D.A. should be affiliated, entitled us to hope that a substantial portion of the total capital of the fund might be invested in the Commonwealth. A contribution of the order proposed was not large in comparison with the total of our investment overseas; and, whatever the disadvantages of this proposal, a project on these lines was preferable to the alternative of a similar organisation under the control of the United Nations.

On the other hand, the generous terms on which it was suggested that the I.D.A. should offer loans to under-developed countries might reflect unfavourably on the more stringent terms on which we made loans available to our own Colonies; and they might also make it difficult to maintain the scheme of Commonwealth assistance loans which had been agreed at the Commonwealth Economic Conference at Montreal in the previous year. It might therefore be desirable, if we decided to join the I.D.A., to stipulate that the total amount of capital to be invested by the Association in the Commonwealth and Colonies should not be less than our contribution to the fund, although there was some danger that any attempt to impose conditions of this nature would restrict, rather than increase, the amount of the assistance which the Commonwealth might receive from the Association.

In further discussion it was suggested that, before we could accept any commitment in relation to the I.D.A., we should need to be satisfied that our contribution would not place an undue burden on our resources, having regard to the expected decline in our balance of payments surplus in 1959 and to the results of the Government's measures to stimulate domestic demand. In any event it might be desirable to seek to ensure that at least half the capital of the Association would be contributed by countries other than the United States; and it might be appropriate to take this opportunity to examine the relation of the Association to the activities of other American foundations in the under-developed countries.

The Prime Minister, summing up the discussion, said that, during his forthcoming visit to Washington, he would inform President Eisenhower that, while we regarded an expansion of trade as the most effective means of raising the standard of living in the under-developed countries, we were in general sympathy with the international approach to the problems of those countries which was exemplified by this project. He would indicate, however, that it raised a number of practical issues for the United Kingdom, and that we should need to consider it in greater detail in the light of the other demands on our resources and the scale of our existing commitments. Before we could reach a final decision we must be satisfied that membership of the Association would not prejudice our ability to discharge the heavy obligations which we already carried.

The Cabinet—

- (1) Invited the Chancellor of the Exchequer to arrange for a further study to be made of the advantages and disadvantages of United Kingdom membership of the proposed International Development Association on the lines indicated by the Prime Minister.
- (2) Agreed to consider further, in the light of the result of the enquiry under Conclusion (1) above, the attitude which the United Kingdom should adopt to this project.

Shipping
Industry.
Cunard Lines.

6. The Cabinet had before them a memorandum by the Chancellor of the Exchequer and the Minister of Transport and Civil Aviation (C. (59) 51) about the replacement of the *Queen Mary* and the *Queen Elizabeth*.

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The Minister of Transport said that these ships were approaching the end of their economic life. If the Cunard Steamship Company did not replace them in the near future, they would be compelled virtually to close down their North Atlantic service. But they could not build new ships—at a total cost of perhaps £60 millions—without substantial assistance from the Government. There was a strong case for such assistance, in the light of the prestige of British shipping, the foreign currency earnings of the North Atlantic service and the support and encouragement which the shipbuilding industry would derive from replacement of the "Queens." Moreover, it was unrealistic to suppose that, without subsidising our own shipping, we could compete with the shipping of other nations which was subsidised by Governments in terms not only of capital cost but also of operating costs. He therefore sought authority to inform the Company that they could approach their shipbuilders, John Brown and Company, for the purpose of drawing up detailed plans and estimates. It would be necessary for the Company to pay full regard both to modern developments in ship construction and marine propulsion and to the design and performance of a ship which would be required to compete with supersonic jet aircraft across the North Atlantic. Subsequently, further consideration should be given to the costs involved and to the formulation of a scheme of assistance satisfactory both to the Company and to the Government.

In discussion there was general agreement that the demand for surface transport across the Atlantic was likely to justify the replacement of the *Queen Mary* and, subsequently, the *Queen Elizabeth*, and that the principle of Exchequer assistance for this purpose should be accepted. Pending more detailed examination of the project, however, any statement in Parliament should be limited to indicating that the Government were discussing the matter with the Cunard Company.

The Cabinet—

- (1) Approved in principle the proposals in C. (59) 51.
- (2) Invited the Minister of Transport to inform the Cunard Company that, in order to ascertain whether a satisfactory scheme of Government assistance for the replacement of the *Queen Mary* and, subsequently, the *Queen Elizabeth* could be devised, they were authorised to approach their shipbuilders, John Brown and Company, and to prepare detailed plans and estimates.
- (3) Invited the Minister of Transport, in consultation with the Chancellor of the Exchequer, to consider, in the light of the result of the enquiries to be carried out under Conclusion (2) above, the extent and form of Exchequer assistance for the replacement of the *Queen Mary* and the *Queen Elizabeth*; and to circulate detailed proposals for consideration by the Cabinet.

Economic
Survey, 1959.

7. The Cabinet had before them a memorandum by the Chancellor of the Exchequer (C. (59) 49), to which was attached a draft of the Economic Survey, 1959 as approved by the Economic Policy Committee.

In discussion it was suggested that paragraphs 42-46, although a correct factual description of the fall in employment during 1958, did not adequately reflect the steps which the Government had taken to redress unemployment or demonstrate the manner in which the Government's policy had developed from an initial attempt to remedy merely local unemployment to a more comprehensive endeavour to stimulate demand and output, both generally and particularly in areas

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of high and continuing unemployment. The paragraphs might be revised, and possibly expanded, in order to remove this objection; but it would be important that, as amended, they should remain consistent with the general conclusion of the Survey that the economy still provided scope for further expansion of output and of employment.

The Cabinet—

- (1) Invited the Chancellor of the Exchequer, in consultation with the Minister of Labour and the Chancellor of the Duchy of Lancaster, to reconsider paragraphs 42-46 of the Economic Survey, 1959, on the lines indicated in their discussion.
- (2) Authorised the Chancellor of the Exchequer to arrange for the Economic Survey, 1959, to be published on 1st April after amendment in accordance with Conclusion (1) above.

Education.
Voluntary
Schools.
(Previous
Reference:
C.C. (59) 811
Conclusions.
Minute 2.)

8. The Cabinet had before them a memorandum by the Minister of Education (C. (59) 52) on increased aid to voluntary schools.

The Minister of Education said that, in accordance with the Cabinet's previous decision, he had held further negotiations with the denominational interests concerned on the basis that:—

- (i) the maximum rate of grant on the categories of voluntary school building work now eligible for grant should be increased from 50 per cent. to 75 per cent.; and that
- (ii) a maximum grant of 75 per cent. should be payable for the provision of new secondary schools needed to match existing aided primary schools of the same denomination.

The Church of England were now satisfied with these proposals and the Roman Catholic Church also endorsed them, although they had not abandoned their ultimate aim of securing grant on all voluntary school building. The Free Churches had, however, maintained their opposition, especially to the Government's second proposal. On the other hand, there was reason to believe that the leaders of the Opposition remained in general agreement with the Government's intentions, which could be fully justified on educational grounds. He therefore recommended that the necessary legislation should be introduced immediately after the Easter recess and passed into law as quickly as possible.

In discussion it was suggested that, while the measures proposed should now be formally adopted as the Government's policy, further consideration should be given to the timing of their publication. In particular, there could be no certainty that sufficient Parliamentary time could be found for the enactment of a Bill introduced after Easter. Moreover, it would be prudent to envisage considerable criticism by the Free Churches of the advantages which they would regard the Roman Catholic Church as obtaining from the proposal to pay grant for new secondary schools to match aided primary schools of the same denomination. On the other hand, there might be advantage in proceeding with a Bill from which the Opposition did not officially dissent and in establishing the Government's proposals on a non-partisan basis. These considerations would need to be examined in greater detail.

The Cabinet—

- (1) Took note, with approval, of C. (59) 52.
- (2) Invited the Home Secretary, in consultation with the Lord Chancellor, the Lord President, the Minister of Education and the Chief Whip, to give further consideration to the best means of proceeding with the proposals for increased aid to voluntary schools.

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C.C. 17 (59)

Federation of
Rhodesia and
Nyasaland.
(Previous
References:
C.C. (59) 16th
Conclusions,
Minute 3.)

9. The Cabinet had before them a memorandum by the Colonial Secretary (C. (59) 58) on the emergency in Nyasaland.

The Colonial Secretary said that, in consultation with the Commonwealth Secretary, the Prime Minister of the Federation of Rhodesia and Nyasaland and the Governors of Northern Rhodesia and of Nyasaland, he had given further consideration to the proposal to publish a White Paper on the emergency in Nyasaland and to institute an enquiry into the origins of the disturbances.

A first draft of a White Paper had been prepared; but on further reflection he now thought it might be preferable, from the point of view of public presentation, if the information which it contained was made public in the form of a despatch from the Governor of the territory rather than in a document prepared by the United Kingdom Government.

In addition, it would be desirable to appoint a Commission of Enquiry, which should be restricted to a factual investigation into the causes of the recent disturbances. The Commission should be non-political rather than Parliamentary in character, and should consist of a senior United Kingdom Judge as chairman, and two other members, one of whom might be a former Colonial Governor. The Commission were bound to make some reference to the suspicions of Federation which were held by the majority of Africans in Nyasaland; and it would therefore be useful if, in announcing their appointment, the Government could simultaneously announce their intention to appoint a wider Commission to consider the working of Federation and to make recommendations for its future.

In discussion it was agreed that a despatch from the Governor of Nyasaland would be a more appropriate means of publishing the available information about the events which had precipitated the emergency. It would have the additional advantage of demonstrating that there were no grounds for the allegation that the Governor himself had been doubtful of the need to declare a state of emergency and had been unduly influenced by the Prime Minister of the Federation. The despatch should, if possible, be published on 23rd March.

As regards the proposed enquiry, it was open to question whether a former Colonial Governor would be accepted as a wholly impartial member of a Commission of this nature, and alternative possibilities should be explored. Consideration should also be given to the methods of investigation which the Commission should employ. The circumstances in the territory, particularly the danger of reprisal and intimidation, would make it inappropriate to adopt a strictly judicial procedure, whereby witnesses would be compelled to attend and would be required to give evidence on oath. The terms of reference of the Commission should be drafted with these considerations in mind and the Commission should, if possible, be invited to adopt a procedure analogous to that of an ordinary Departmental Committee. There would be advantage in synchronising the public announcement of this enquiry with the announcement of the Government's intention to appoint a wider enquiry into the future of the Federation; but the latter project might initially encounter some opposition from the Government of the Federation and the announcement of the appointment of the more limited investigation into the origin of the recent disturbances should not be delayed on that account.

In further discussion concern was expressed about the possible consequences of the political pressure in this country for Nyasaland to be given the right to secede from the Federation. If this demand were conceded Northern Rhodesia would claim a similar right, and Southern Rhodesia would then be liable to gravitate into the orbit of the Union of South Africa. The Federation would dissolve and the

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Government's attempt to create a multi-racial partnership in Central Africa would fail. It was desirable that these issues should be removed from Party political controversy and that the future of the Federation should be the subject of an independent enquiry. The Minister of State for Colonial Affairs, who was at present visiting Central Africa, should seek to convince the Government of the Federation of the wisdom of this course; and, if necessary, the Commonwealth Secretary might himself visit the Federation to reinforce these representations.

The Cabinet—

- (1) Invited the Colonial Secretary to arrange for the publication on 23rd March of a despatch from the Governor of Nyasaland reporting on the circumstances in which a state of emergency had been declared in Nyasaland.
- (2) Agreed that a Commission of Enquiry into the origins of the recent disturbances in Nyasaland should be constituted on the lines indicated in their discussion.
- (3) Invited the Lord Chancellor, in consultation with the Colonial Secretary, to consider the terms of reference for this Commission of Enquiry.
- (4) Invited the Commonwealth Secretary, in consultation with the Colonial Secretary, to arrange for the Minister of State for Colonial Affairs to represent to the Government of the Federation of Rhodesia and Nyasaland the reasons for which the United Kingdom Government thought it desirable that the future of the Federation should subsequently be the subject of an independent enquiry.

*Cabinet Office, S.W. 1,
17th March, 1959.*

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