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Printed for the War Cabinet. March 1945.

SECRET.

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W.M. (45)

33rd Conclusions.

WAR CABINET 33 (45).

CONCLUSIONS of a Meeting of the War Cabinet held in the Cabinet War Room on Monday, 19th March, 1945, at 6 p.m.

Present :

The Right Hon. WINSTON S. CHURCHILL, M.P., Prime Minister (*in the Chair*).

The Right Hon. C. R. ATTLEE, M.P.,
Lord President of the Council.

The Right Hon. ANTHONY EDEN, M.P.,
Secretary of State for Foreign
Affairs.

The Right Hon. Sir JOHN ANDERSON,
M.P., Chancellor of the Exchequer.

The Right Hon. ERNEST BEVIN, M.P.,
Minister of Labour and National
Service.

The Right Hon. OLIVER LYTTELTON,
M.P., Minister of Production.

The Right Hon. HERBERT MORRISON,
M.P., Secretary of State for the
Home Department and Minister of
Home Security.

The Right Hon. LORD WOOLTON,
Minister of Reconstruction.

The following were also present :

The Right Hon. VISCOUNT CRANBORNE,
Secretary of State for Dominion
Affairs.

The Right Hon. LORD BEAVERBROOK,
Lord Privy Seal.

The Right Hon. L. S. AMERY, M.P.,
Secretary of State for India and
Secretary of State for Burma.

Colonel the Right Hon. OLIVER
STANLEY, M.P., Secretary of State
for the Colonies.

The Right Hon. A. V. ALEXANDER,
M.P., First Lord of the Admiralty.

The Right Hon. Sir JAMES GRIGG, M.P.,
Secretary of State for War.

The Right Hon. Sir ARCHIBALD
SINCLAIR, Bt., M.P., Secretary of
State for Air.

The Right Hon. Sir STAFFORD CRIPPS,
K.C., M.P., Minister of Aircraft
Production.

The Right Hon. BRENDAN BRACKEN,
M.P., Minister of Information.

The Right Hon. ERNEST BROWN, M.P.,
Chancellor of the Duchy of
Lancaster (*Item 7*).

The Right Hon. RICHARD LAW, M.P.,
Minister of State (*Items 1-5*).

The Right Hon. LORD CHERWELL,
Paymaster-General.

Sir DAVID MAXWELL FYFE, K.C., M.P.,
Solicitor-General (*Item 7*).

Sir ORME SARGENT, Deputy Under-
Secretary of State for Foreign
Affairs (*Items 1-6*).

Secretariat :

Sir EDWARD BRIDGES.

Mr. NORMAN BROOK.

Sir GILBERT LAITHWAITE.

WAR CABINET 33 (45).

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Foreign
Affairs.

1. The War Cabinet had a short discussion on foreign affairs, which is recorded in the Secretary's Standard File of War Cabinet Conclusions.

France.
Anglo-French
Financial
Agreement.

2. The War Cabinet considered a Memorandum by the Chancellor of the Exchequer (W.P. (45) 169) on the draft Anglo-French Financial Agreement.

The Chancellor of the Exchequer said that this draft agreement resulted from discussions in December 1944 between representatives of the British and the French Treasuries, and the French Cabinet had considered and were willing to accept it, subject to one technical point which was outstanding. It was not merely a technical Monetary Agreement. It would also serve to secure that we obtained a substantial amount of gold from France, under two heads. First, it provided that, if we were able to hand over military material, equipment and installations which were surplus to our requirements, France would pay for them in gold, on the basis of original cost less depreciation, up to a maximum of the amount which we had credited to a French account in respect of the French munitions contracts in the United States in 1940. The amount involved was \$158 millions or £39 millions. Secondly, if British exports to France exceeded French exports to this country, part of the difference would be settled in gold; and we should be entitled to receive under this head in gold one-third of the value of the payments made to us by France for current supplies. By this means we might hope to secure some £20 millions of gold.

The Agreement provided for the cancellation of all claims on both sides arising out of the war other than those specifically dealt with by it. As regards exchange, the Agreement provided only that "the official rate (at present 200 frs. = £1) may only be modified after mutual consultation." That represented no concession.

The Agreement would result in a clean slate as between the French and ourselves, and would give us up to £59 millions in gold, and the comprehensive general settlement which this represented was very satisfactory from our point of view. There would be no question of our owing the French a great sum at the end of the war.

The following were the main comments made on the draft Agreement in the course of the discussion:—

(a) It was suggested that the payments made in 1940 in respect of French munitions contracts had yielded us no return of value. Our main purpose in purchasing this war material had been to prevent its passing into the control of the Vichy Government, who might have used it against our interests. It was represented that, by this Agreement, we were acknowledging a debt, amounting to £39 millions, which ought to be cancelled, and in addition were giving France £45 millions worth of war materials.

As against this, it was pointed out that much depended on the real value of the nominal £45 millions worth of surplus equipment. If it was in fact unsaleable elsewhere, that was a material consideration.

(b) It was argued that the agreement that the existing rate of exchange with France would be modified only after mutual consultation was tantamount to fixing that as a permanent rate.

It was pointed out on the other hand that any alteration of the franc-sterling rate of exchange affected countries other than our own and in particular the United States, and could not be the subject of a bilateral agreement.

(c) It was suggested that the provisions of the draft Agreement, under which information about balances held by French subjects in this country would be made available to the French Government, were inconsistent with the long-established principle that bankers should not be required to disclose details of their clients' accounts; and were likely to prejudice the reputation of the British banking system.

The Chancellor of the Exchequer said that after the capitulation of France in 1940 these balances had passed out of the control of the Banks in this country and into the custody of the Custodian of Enemy Property. He had agreed that details of these amounts might be communicated to the French Government, as the information was in the possession of His Majesty's Government and not of the Banks. He had declined to accept a much more extensive proposition put to him by the French, which would have had the effect of obliging us to exchange information furnished in connexion with taxation. The provisions of the present draft Agreement, however, would not in any way affect the traditional relation of confidence between banker and client. They had the full support of the Governor of the Bank of England; and, while there had, at first, been some criticism from the Joint Stock Banks, the Governor had not been prepared to associate himself with this, and nothing further had been heard from the Joint Stock Banks since they had had a reasoned explanation of the proposals.

In summing up the discussion, *the Prime Minister* said that the general sense of the War Cabinet was that the Chancellor of the Exchequer had made a good bargain, and was to be congratulated on the terms of the draft Agreement. In view of the explanations given by the Chancellor in the course of the discussion, there seemed to be no good grounds for apprehension that the reputation of the British banking system would be prejudiced in any way by the provisions of the draft Agreement regarding the disclosure of information about balances held by French subjects in this country.

The Chancellor of the Exchequer said that the French Government had invited him to go over to Paris to sign the agreement. He would consult with the Prime Minister as to the expediency of acceding to this request.

The War Cabinet—

Approved the Anglo-French Financial Agreement described in W.P. (45) 169, and authorised the Chancellor of the Exchequer to arrange for it to be formally concluded.

Finance of Relief.

(Previous Reference: W.M. (44) 128th Conclusions, Minute 6.)

3. The War Cabinet considered a Memorandum by the Chancellor of the Exchequer (W.P. (45) 163) on the Finance of Relief.

It was explained in this Memorandum that, in view of the commitments we had already undertaken, it would be difficult for us to assume further obligations for relief, not only because of the financial burden, but because of the limits on our capacity to make supplies available. In these circumstances it should be our policy to establish U.N.R.R.A. as the effective channel for all relief and the suggestion might now be made to Mr. Stettinius that at the next Council Meeting of U.N.R.R.A. the representatives of the United States and the United Kingdom should seek to ensure that the scope of U.N.R.R.A. was extended to enable it to undertake relief and rehabilitation in Italy and Austria, and that the provision of any further supplies (once U.N.R.R.A. had exhausted the \$400 million for which responsibility had already been accepted) should be financed on a basis more in accordance with the respective financial strength of the United Kingdom and the United States.

The Chancellor of the Exchequer said that we were at present paying for relief to Italy under the Military Agreement on a basis which represented a quarter of the cost, as compared with one-eighth of the cost under an U.N.R.R.A. administration, and the same situation might shortly arise in Austria. Acceptance of his proposals would involve a substantial financial saving to this country.

Points in discussion were :—

(a) *The Secretary of State for Dominion Affairs* asked whether Canada, which at present paid an 8 per cent. contribution to relief,

would also benefit from the arrangement proposed? *The Chancellor of the Exchequer* confirmed that this would be the case and agreed that the Canadian Government should be consulted before any approach was made to the United States.

(b) U.N.R.R.A. could not undertake fresh obligations without further financial assistance. It would not be possible for us to provide this, but it was hoped that the United States Government would be ready to do so.

(c) The suggestion was made that a report ought now to be furnished on the operations and finances of U.N.R.R.A.

The War Cabinet were informed that Governor Lehman hoped to produce a statement of accounts in a few weeks' time, and *the Minister of State* undertook to arrange for a report to be made available to the War Cabinet.

The War Cabinet—

- (1) Approved, subject to (2) below, the course of action recommended in paragraph 8 of W.P. (45) 163.
- (2) Invited the Secretary of State for Dominion Affairs to inform the Canadian Government of the line proposed to be adopted before any communication was made to the United States Government.

World
Organisation.
San Francisco
Conference.
(Previous
Reference:
W.M.(45)24th
Conclusions,
Minute 2.)
Trade Union
Representa-
tion.

4. The War Cabinet considered a Memorandum by the Secretary of State for Foreign Affairs (W.P. (45) 173) on the question of Trade Union representation at the San Francisco Conference.

The World Trade Union Conference had resolved "to seek from the three Allied Governments an undertaking that accredited representatives of the Trade Union movement will be received into their councils at the forthcoming San Francisco Conference in an advisory and consultative capacity." Sir Walter Citrine interpreted this to mean that there should be Trade Union representation on the delegations of the three Allied Governments and had made it plain that the inclusion of a political representative of labour as such on the British delegation would not suffice.

The Secretary of State for Foreign Affairs suggested that the line to be taken in reply to Sir Walter Citrine was that this was a Conference of Governments; that we should be very glad to hear the views of the Trade Union Movement, either before the British delegation left or at San Francisco, and that there was no reason why they should not put their views to the Conference in writing. We should not, however, support a request that any representatives from the Trade Union Movement should address the Conference. Further points which might be put to Sir Walter Citrine were summarised in paragraph 5 of his Memorandum.

The War Cabinet—

- (1) Approved the proposals in paragraph 5 of W.P. (45) 173 as amplified by the Foreign Secretary in the discussion;
- (2) Invited the Foreign Secretary and the Lord President of the Council to see Sir Walter Citrine and to convey to him on these lines the views of the War Cabinet on the question of Trade Union representation at the San Francisco Conference.

Composition
of British
Delegation.

A discussion followed on the composition of the British delegation to the Conference.

The Prime Minister said that the delegation should be broadly based and representative of the political Parties included in the Government. He would discuss its composition further with some of his colleagues, and hoped to be able to make an announcement in the House of Commons on the 21st or 22nd March.

Mandated
Territories.
(Previous
Reference:
W.M.(45)23rd
Conclusions,
Minute 5.)

The Secretary of State for the Colonies said that, if the question of colonial trusteeship were raised at the Conference, it would be desirable that a representative of the Colonial Office should be present.

The Prime Minister said that it was important to bear in mind that the conception of "territorial trusteeship" had been intended to apply only to mandated territories, to territory taken from the enemy, and to countries which volunteered to submit themselves to international trusteeship.

The Secretary of State for Foreign Affairs thought it would be desirable to indicate to the United States in advance that we did not contemplate any exhaustive examination of the mandate situation at San Francisco. It would be enough if the Conference took note of the position arising from the disappearance of the League of Nations, and recorded the view that this was a matter that would have to be considered later through the appropriate channels.

The War Cabinet—

- (3) Took note that the Foreign Secretary would suggest to the United States Government that efforts should be made to prevent any detailed discussion of the question of "territorial trusteeship" at the San Francisco Conference.

The Foreign
Service.
Admission
of Women.
(Previous
Reference:
W.M.(42)2nd
Conclusions,
Minute 4.)

5. The War Cabinet had before them a Memorandum by the Secretary of State for Foreign Affairs (W.P. (45) 165) proposing the appointment of a Committee on the admission of women to the Foreign Service.

The Secretary of State for Foreign Affairs said that in February 1942, he had let it be known that he would consider the appointment of such a Committee after the war; but it had now been represented to him that, if examination of this question were so deferred, women who had served in the war would be debarred from competing in the reconstruction examinations. He thought there was force in this point; and he, therefore, proposed that a Committee should be appointed forthwith consisting of two women, two members with experience of Foreign Service work abroad, and a Judge of the High Court as Chairman.

Some Ministers felt that the principle of admitting women to the Foreign Service might be conceded at once, without any enquiry by a Committee. It was pointed out, however, in discussion, that there were difficult practical problems to be considered. If women were admitted to the Foreign Service, would they be allowed to continue in the Service after marriage—particularly if they married foreigners or other members of the Foreign Service? These points called for careful consideration, as they would have an important bearing on the staffing and efficiency of the Service.

The general view of the War Cabinet was that it would be expedient to appoint a Committee, on the lines suggested in W.P. (45) 165; but that a Judge of the High Court might not be the most appropriate Chairman for an enquiry of this kind.

The War Cabinet—

Agreed that a Committee should be appointed to consider the question of admitting women to the Foreign Service, but invited the Foreign Secretary to reconsider his suggestion that the Chairman should be selected from among the Judges of the High Court.

Press.
Daily Worker's
 Request for
 Accrediting
 of a Corres-
 pondent to
 British
 Forces.
 Deputation
 from T.U.C.
 (Previous
 Reference:
 W.M.(45)8rd
 Conclusions,
 Minute 5.)

6. At their meeting on the 9th January the War Cabinet had reaffirmed their decision that the *Daily Worker* should not be permitted to have accredited correspondents with His Majesty's Forces, and had taken note that the T.U.C. had asked that Ministers should receive a deputation on this subject.

The Prime Minister informed the War Cabinet that he had received this deputation on the 16th March, accompanied by the Secretary of State for Foreign Affairs and the Secretary of State for War. He had explained to the deputation the reasons why the War Cabinet felt unable to agree that a member of the British Communist Party should be accredited as a war correspondent. The deputation had then asked whether the War Cabinet would take a different view if the *Daily Worker* agreed to appoint as their representative a journalist who was not a member of the Communist Party and was a person whose integrity was established to the satisfaction of the Government; and if it were also made clear that he would be placed under no obligation to disclose to the management of the newspaper information conveyed to him in confidence in the course of his duties as a war correspondent.

The Prime Minister said that he had undertaken to put this suggestion to the War Cabinet.

In discussion, the view was expressed that, as the Government had maintained their original decision in spite of continued protests on behalf of the *Daily Worker*, it might be taken as a sign of weakness if a concession were made at this late stage when the cause of the newspaper had been taken up by the T.U.C. As the Government had stood out for so long against these protests, there was much to be said for maintaining the same attitude until the end of hostilities in Europe. The reply to the T.U.C. might take the line that the Government did not consider that this was an appropriate moment at which to modify their previous decision in this matter.

The War Cabinet—

- (1) Reaffirmed their previous decision, and took note that the Prime Minister would reply to the T.U.C. on the lines indicated above.

Tass Agency's
 Request for
 Accrediting
 of Andrew
 Rothstein to
 S.H.A.E.F.
 as a War
 Correspondent.
 (Previous
 Reference:
 W.M.(45)25th
 Conclusions,
 Minute 7.)

At their meeting on the 26th February, the War Cabinet had invited the Secretary of State for War to consider whether Mr. Andrew Rothstein could be accredited to S.H.A.E.F. in such a way that he would not enjoy the full privileges of an accredited war correspondent.

The War Cabinet now had before them a further Memorandum (W.P. (45) 155) in which the Secretary of State for War reported that General Eisenhower's Chief of Staff, to whom he had put this suggestion, proposed that Mr. Rothstein should be appointed as a "recognised" correspondent to the S.H.A.E.F. mission to Belgium; that he should not be allowed to wear uniform or to have access to all the Press Conferences to which accredited press correspondents were invited; and that his messages should rank, for transmission, below those of accredited war correspondents. The Secretary of State for War pointed out in his Memorandum that, while this would afford a solution of the problem on the lines previously suggested by the War Cabinet, difficulties would arise if Mr. Rothstein pressed for the privileges of a fully accredited war correspondent; for, by giving him any facilities, we should have compromised to some extent the principle on which we had based the refusal to accredit a representative of the *Daily Worker*. He hoped that on further consideration the War Cabinet would decide to refuse Mr. Rothstein's application outright.

In discussion, the view was expressed that there would be great difficulty in refusing outright the application of the Tass Agency. Mr. Rothstein had been employed by the Agency for many years: it was natural that this Agency should employ a Communist as their representative, and it was only an accident that

Mr. Rothstein happened to be a British Communist. The rejection of his application was likely to prejudice British publicity work in the U.S.S.R. There was little to be said for the compromise solution, by which he would be allowed to proceed to Belgium without the privileges of an accredited war correspondent. Particular objection was taken to the suggestion that his messages should rank, for transmission, below those of accredited war correspondents, and that he was likely to be forced to rely on the Air Despatch Letter Service.

The general feeling of the War Cabinet was that, on the merits, Mr. Rothstein should be allowed to proceed to Belgium as the representative of the Tass Agency, and that he should be accorded better facilities for the transmission of messages than would be available under the arrangements outlined in W.P. (45) 155. At the same time, it was recognised that the Secretary of State for War must be able, if challenged, to reconcile the facilities accorded to Mr. Rothstein with the decision that the *Daily Worker* could not be permitted to have accredited correspondents with His Majesty's Forces.

The War Cabinet—

- (2) Invited the Home Secretary and the Secretary of State for War to consider, and report to the War Cabinet, what arrangements could be made for Mr. Rothstein to proceed to Belgium as the representative of the Tass Agency, consistently with the decision that the *Daily Worker* should not be allowed to have accredited correspondents with His Majesty's Forces.

Parliamentary
Review of
Ministerial
Orders.
Statutory
Orders
(Special
Procedure)
Bill.

7. The War Cabinet considered a Memorandum by the Chancellor of the Duchy of Lancaster (W.P. (45) 151) covering a draft of the Statutory Orders (Special Procedure) Bill.

It was explained in the Memorandum that this Bill was designed to give effect to the announcement, made by the Prime Minister in the House of Commons on the 20th June, 1944, of the Government's intention to propose modifications of the existing procedure for the Parliamentary review of Ministerial Orders of a local character involving interference with private rights. The Bill had been prepared by a Sub-Committee of the Machinery of Government Committee under the Chairmanship of the Solicitor-General. In the course of its preparation there had been consultations with officials of the two Houses of Parliament and with the Lord Chairman of Committees and the Chairman of Ways and Means. Some of the suggestions made in the course of these consultations had been incorporated in the draft Bill; and, while it could not be said that all the apprehensions expressed by the authorities of the two Houses had been wholly met, it was believed that the two Chairmen fully recognised the need for modification of the existing procedure and agreed with the general principles of the Bill. The terms of the draft Bill had been approved by the Legislation Committee.

The War Cabinet—

Authorised the Chancellor of the Duchy of Lancaster to arrange for the Statutory Orders (Special Procedure) Bill to be introduced into the House of Commons in the terms of the draft annexed to W.P. (45) 151.

Offices of the War Cabinet, S.W. 1,
19th March, 1945.

G.R.

(Copies sent to F.O. and No. 10)

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NO CIRCULATIONW.M.(45) 33RD CONCLUSIONSMonday, 19th March, 1945.

WORLD ORGANISATION

San Francisco
ConferenceComposition of
British Delegation

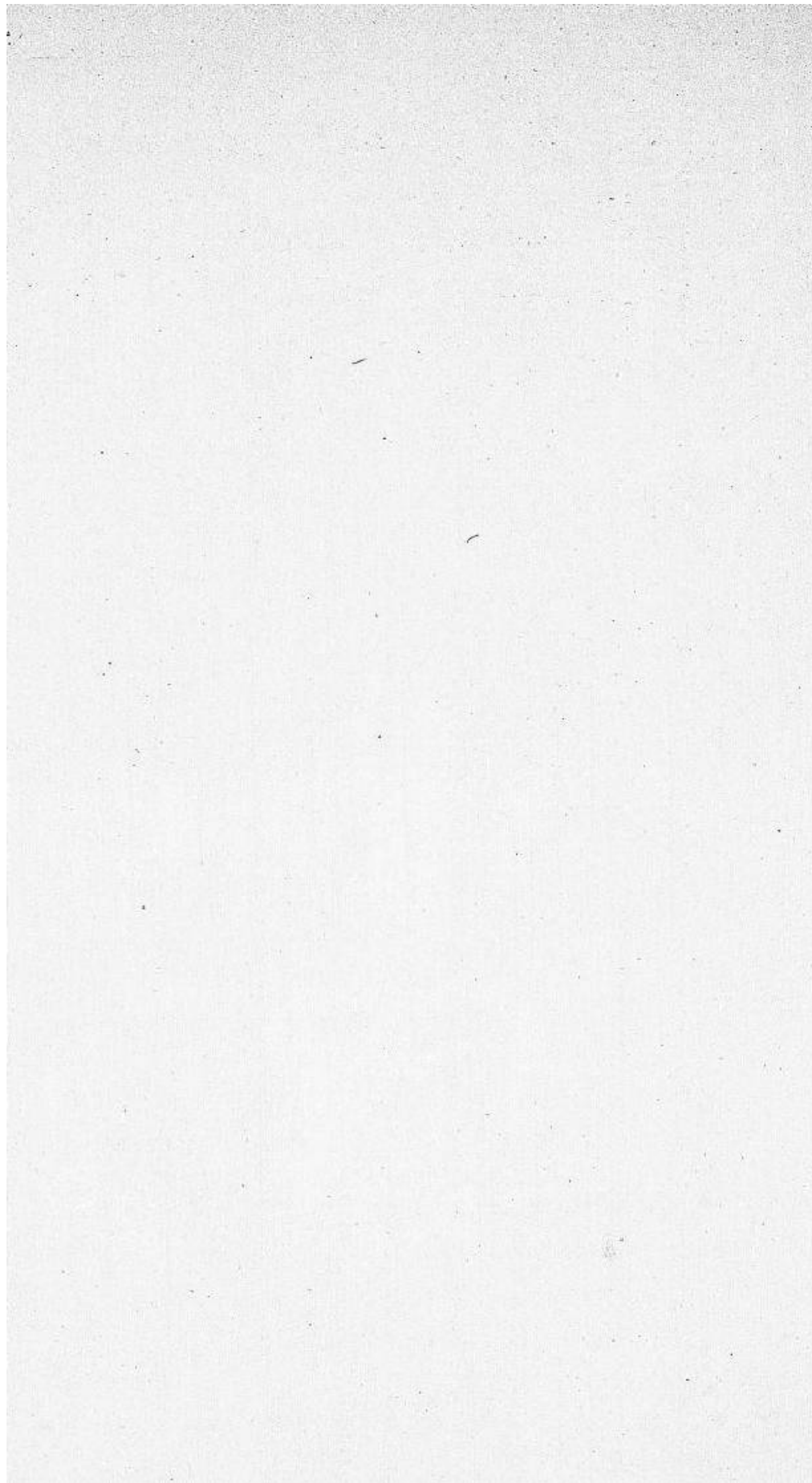
THE PRIME MINISTER said that it had been agreed that His Majesty's Government should be represented at the San Francisco Conference by the Foreign Secretary, the Lord President of the Council and the Secretary of State for the Dominions.

The Deputy Prime Minister had suggested that Mr. Tomlinson, Parliamentary Secretary, Ministry of Labour, should also attend. The Prime Minister thought there would be great advantage in this. He also thought it preferable that the British delegation should not be without women representatives, and he suggested that Miss Wilkinson and Miss Horsbrugh, who were both Privy Councillors, might be included. The National Liberal Party might be represented by Mr. Mabane.

The following points arose in discussion:-

(a) THE FOREIGN SECRETARY said that Mr. Stettinius had suggested that Lord Halifax might be appointed a delegate. The United States Government would not wish to exclude Lord Halifax from the Conference; and, if he attended as a delegate, it would be easier to prevent all the other Ambassadors in Washington from pressing their claims to be invited.

THE PRIME MINISTER said that he thought other means might be found of surmounting this difficulty.



G.R.

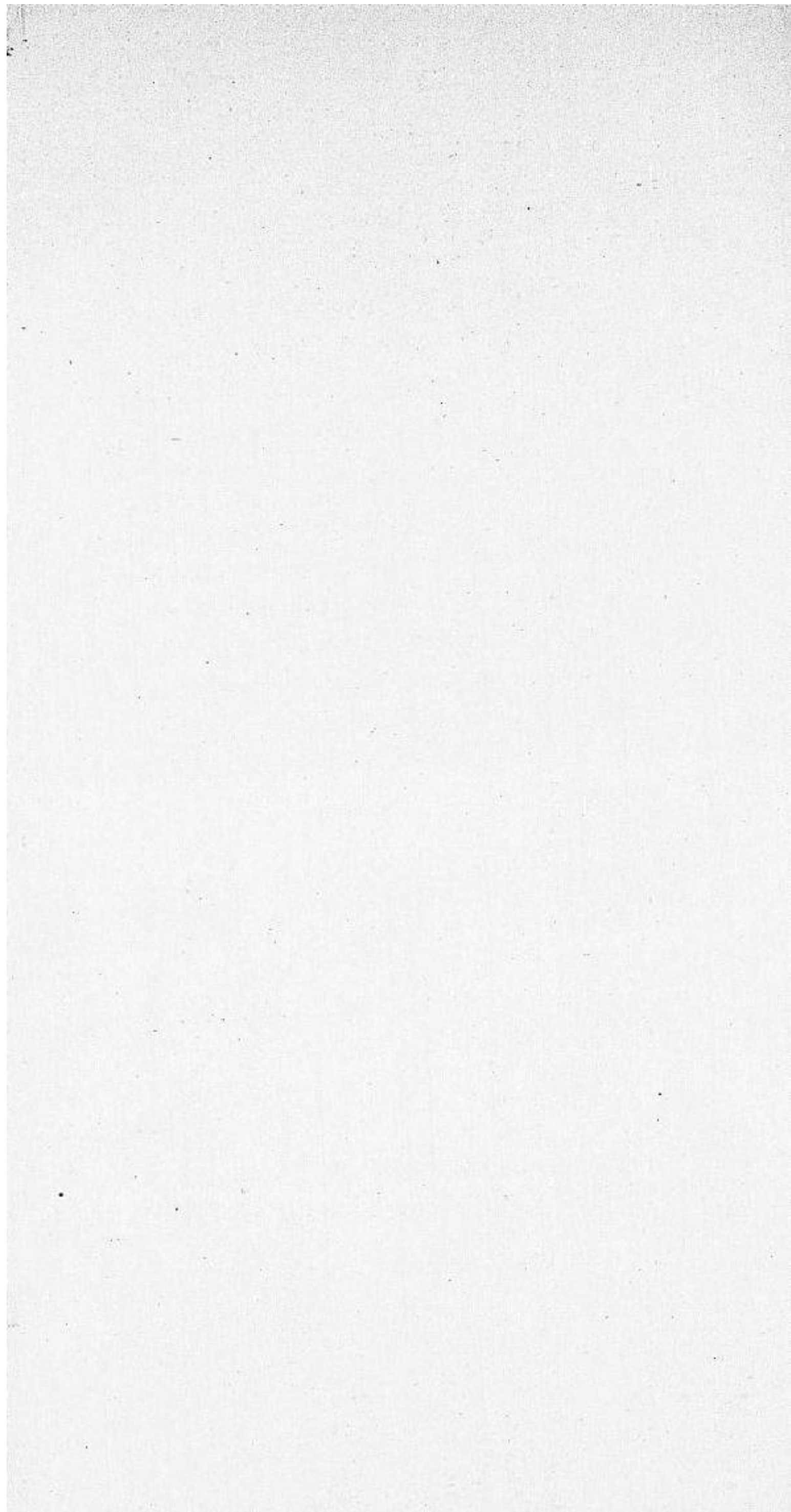
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(b) THE SECRETARY OF STATE FOR AIR said that, if Mr. Mabane were to be included in the Delegation, the Liberal Party should also be represented, possibly by Mr. Dingle Foot.

The Prime Minister undertook to discuss this point with the Secretary of State for Air.

THE PRIME MINISTER undertook to consider these questions further, in consultation with some of his colleagues, and said that he hoped to make an announcement in the House of Commons on either 21st or 22nd March.

Offices of the War Cabinet, S.W. 1.



G. R.

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