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SECRET.

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C.M. (45)

27th Conclusions.

**CABINET 27 (45).**

*CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Monday, 3rd September, 1945, at 5.30 p.m.*

Present :

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| The Right Hon. C. R. ATTLEE, M.P., Prime Minister ( <i>in the Chair</i> ).                           |   |
| The Right Hon. HERBERT MORRISON, M.P., Lord President of the Council.                                | The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs.      |
| The Right Hon. ARTHUR GREENWOOD, M.P., Lord Privy Seal.  | The Right Hon. HUGH DALTON, M.P., Chancellor of the Exchequer.                  |
| The Right Hon. Sir STAFFORD CRIPPS, K.C., M.P., President of the Board of Trade.                     | The Right Hon. A. V. ALEXANDER, M.P., First Lord of the Admiralty.              |
| The Right Hon. LORD JOWITT, Lord Chancellor ( <i>Items 1 and 2</i> ).                                | The Right Hon. J. CHUTER EDE, M.P., Secretary of State for the Home Department. |
| The Right Hon. LORD PETHICK-LAWRENCE, Secretary of State for India and Secretary of State for Burma. | The Right Hon. G. H. HALL, M.P., Secretary of State for the Colonies.           |
| The Right Hon. J. J. LAWSON, M.P., Secretary of State for War.                                       | The Right Hon. VISCOUNT STANSGATE, Secretary of State for Air.                  |
| The Right Hon. E. SHINWELL, M.P., Minister of Fuel and Power.  | The Right Hon. ELLEN WILKINSON, M.P., Minister of Education.                    |
| The Right Hon. ANEURIN BEVAN, M.P., Minister of Health.  | The Right Hon. T. WILLIAMS, M.P., Minister of Agriculture and Fisheries.        |

The following were also present :

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| The Right Hon. JOHN WILMOT, M.P., Minister of Supply and Aircraft Production ( <i>Item 4</i> ). | Mr. JOHN PARKER, M.P., Parliamentary Under-Secretary of State, Dominions Office ( <i>Items 1-3</i> ). |
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The Hon. Sir ALEXANDER CADOGAN, Permanent Under-Secretary of State for Foreign Affairs (*Item 1*).

*Secretariat.*

Sir EDWARD BRIDGES.  
Mr. W. S. MURRIE.  
Lieutenant-Colonel M. R. NORMAN.

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**Future of  
Italian  
Colonies.**

(Previous  
Reference:  
C.M. (45) 14th  
Conclusions,  
Minute 3.)

1. The Cabinet had before them a Memorandum by the Prime Minister (C.P. (45) 144) setting out certain considerations with regard to the future of the Italian Colonies.

In a preliminary discussion the following were the main points raised.

Against the proposal that His Majesty's Government should assume trusteeship over Cyrenaica and a "Greater Somalia" the following arguments were advanced:—

(a) The arguments on which the Overseas Reconstruction Committee had reached their provisional conclusion that His Majesty's Government should claim the trusteeship of Cyrenaica and a Greater Somalia were very largely strategic. The development of air warfare and the advent of the atomic bomb threw doubt on the validity of the strategic grounds for retaining control of these territories.

(b) In the post-war world it would be impossible for the British Empire to stand alone and it would have to be defended primarily by its membership of the United Nations Organisation. Our proper course was, therefore, to seek to make the Organisation effective rather than to try to strengthen our position by securing bases in the Mediterranean and Middle East.

(c) The mandates entrusted to us after the last war had been regarded as a mere expansion of the British Empire, and our assumption of trusteeship over Cyrenaica and the Greater Somalia would be looked on in the same light. In these circumstances, would it not be preferable to call on the United States or one of the Scandinavian countries to undertake the burden of trusteeship in these cases? Alternatively the experiment of an international administration in Somalia might be tried. Although condominium elsewhere had been failures, it did not follow that a condominium would not be successful in Somalia.

(d) The assumption of trusteeship over Cyrenaica and Greater Somalia would impose a heavy burden on the British taxpayer.

(e) His Majesty's Government would be involved in difficult questions arising out of claims for self-government from these territories.

On the other hand, the following arguments were advanced:—

(f) The changes due to the advent of the atomic bomb and the establishment of a United Nations Organisation would not be effective for some time and, so far as concerned the immediate future, the strategic arguments in favour of the retention of control over the territories were strong.

(g) The Chiefs of Staff considered that, from the military point of view, it was essential that Great Britain should be the trustee for Cyrenaica; and our bitter experience during the war, when we suffered heavy losses and great inconvenience owing to the closing of the Mediterranean route, showed how important it was to retain control of the Mediterranean.

(h) It was extremely doubtful whether it would be possible to persuade the United States Government to undertake responsibilities in the areas concerned and there would be enormous administrative difficulties in setting up any form of condominium. If we did not undertake the trusteeship ourselves the result might be that the territories would revert to Italy, which would create great dissatisfaction in the Arab world. There was also the danger that our failure to assume the trusteeship would open the way for Russian penetration into the Middle East area.

(i) The proposal for a greater Somalia had been put forward very largely on economic grounds, and if a single territory were formed out of the existing separate units there would be a far better chance of the emergence of a self-supporting entity.

(j) In discussion it was also suggested that Cyrenaica might be a suitable place for the Jewish settlement. It was pointed out, however, that this would be much resented by the Senussi, and might have serious repercussions throughout the Arab world.

*The Secretary of State for Foreign Affairs* said that, while he himself was generally in favour of the conclusions reached at the meeting of the Overseas Reconstruction Committee on the 30th August (O.R.C. (45) 4th Meeting), he desired to make it clear that it had not been intended that these should be regarded as final. In the first place, it had been intended to obtain the views of the Dominion Governments and the Government of India, while, concurrently, the Chancellor of the Exchequer would give consideration to the financial aspects of the proposals. He had also proposed to discuss the proposals with the British representatives in the various Middle Eastern countries, who had been recalled for consultation during the following week. Thereafter he had intended to bring the matter before the Cabinet.

The Cabinet—

Agreed that the issues raised in the discussion would be further considered on a later occasion and took note that the Prime Minister and Foreign Secretary would consult as to the procedure to be adopted.

**Ceylon.**  
(Previous  
Reference:  
C.M. (45) 26th  
Conclusions,  
Minute 3.)

2. At their meeting on the 30th August the Cabinet had invited the Secretary of State for the Colonies to circulate the report of the Soulbury Commission and the minutes of the meeting of the Colonial Affairs Committee at which it had been considered, with a view to their resuming the discussion of the report by the Colonial Affairs Committee (C.P. (45) 132) on the Ceylon Constitution.

The Cabinet now had before them—

- (i) a memorandum by the Secretary of State for the Colonies (C.P. (45) 138) circulating copies of the Soulbury Report and of the minutes of the relative meeting of the Colonial Affairs Committee (C. (45) 1st Meeting);
- (ii) a revised version of the report by the Colonial Affairs Committee on the Ceylon Constitution (C.P. (45) 132 (Revise)).

It was explained that in 1943 a declaration had been made by His Majesty's Government with regard to Constitutional Reform in Ceylon in the terms of the Annex to C.P. (45) 132 (Revise). This declaration had invited the Board of Ministers to formulate a constitutional scheme, on the understanding that acceptance of the scheme would depend on its being in full compliance with the terms of the declaration and on its subsequent approval by three-quarters of all the members of the State Council of Ceylon. The Ministers had formulated a scheme, but, when the Soulbury Commission was appointed, they had withdrawn their scheme and had refused to give evidence to the Commission. The Commission had, however, had private discussion with Mr. Senanayake, the Vice-Chairman of the Ceylon Board of Ministers and Leader of the State Council, and had reached the conclusion that his co-operation would be essential in securing acceptance of their proposals for reform. Mr. Senanayake had accordingly been invited to come to this country for discussions on the Ceylon constitutional position, and had been furnished with a copy of the Soulbury Report. He had now been in this country for over a month and it was desirable that the discussions with him should now be undertaken. Advantage should also be taken of the Viceroy's presence in this country to acquaint him with the general position in regard to the recommendations in the Report and the action proposed on them.

A special point arose in regard to the condition in the 1943 declaration that the acceptance of any constitutional scheme would depend upon its subsequent approval by three-quarters of the members of the State Council of Ceylon. This stipulation had been made because it was feared that the Ministers, in formulating their scheme, would ignore the views of minorities. What His Majesty's Government now had before them, however, was a scheme

formulated by the Soulbury Commission after full consultation with the minorities, and it was accordingly suggested in paragraph 10 of C.P. (45) 132 (Revise) that, in the discussions with Mr. Senanayake, it should be open to the Secretary of State for the Colonies to indicate that His Majesty's Government would not necessarily insist on this condition.

In discussion the question was raised whether, if the Secretary of State for the Colonies undertook conversations with Mr. Senanayake, the Government would be regarded as being committed to the proposals in the Soulbury Report. It was pointed out that the Cabinet had not yet had a full opportunity of considering these proposals and that some of the recommendations—in particular the proposals for the selection of the Second Chamber—seemed open to criticism.

*The Secretary of State for the Colonies* said that the recommendations with regard to the Second Chamber were similar to those put forward in His Majesty's Government's statement of policy with regard to Burma (Cmd. 6635), and that the Second Chamber was primarily designed in order to safeguard the position of minorities. He would, however, make it clear, in his conversations with Mr. Senanayake, that the Government were not committed to the conclusions in the Soulbury Report and that they were to be regarded merely as a basis for discussion.

#### The Cabinet—

- (1) Authorised the Secretary of State for the Colonies to enter into confidential discussions with Mr. Senanayake on the basis of the Soulbury Report, on the understanding that it would be made clear that His Majesty's Government were not committed to the proposals in the Report and that, after the discussions had taken place, the Secretary of State for the Colonies would again report to the Cabinet.
- (2) Agreed that the Secretary of State for the Colonies should have discretion to inform Mr. Senanayake that His Majesty's Government would not necessarily insist on holding to the three-quarters majority in the Declaration of 1943.
- (3) Agreed that Lord Wavell should be acquainted with the general position in regard to the recommendations of the Soulbury Commission and the action proposed on them.

#### Malaya and Borneo.

(Previous Reference: C.M. (45) 8th Conclusions, Minute 8.)

3. The Cabinet had before them a memorandum by the Secretary of State for the Colonies (C.P. (45) 133) submitting proposals regarding the future policy of His Majesty's Government in Malaya and Borneo.

*The Secretary of State for the Colonies* recalled that, at their meeting on the 31st May, 1944 (W.M. (44) 70th Conclusions, Minute 3), the War Cabinet had provisionally approved for planning purposes proposals for the establishment of a Malayan Union with a central legislature. For this purpose it would be necessary to make fresh treaties with the rulers of the Malay States and it was now proposed that Sir Harold MacMichael should go to Malaya in order to conclude these treaties.

With regard to Borneo, it had been proposed that His Majesty's Government should assume direct responsibility for the administration of North Borneo, which had hitherto been independently administered by the British North Borneo (Chartered) Company; that the island of Labuan should be integrated with North Borneo, and that full jurisdiction in Brunei and Sarawak should be ceded to His Majesty by their rulers. In the case of Sarawak it was recommended that the new treaty should secure the acceptance by the Rajah of a Resident British Adviser. Negotiations with the British North Borneo (Chartered) Company were proceeding satisfactorily

and no difficulties seemed likely to arise with regard to Labuan and Brunei. The Rajah of Sarawak had shown great reluctance to enter into discussions, and the Secretary of State for the Colonies felt that he should now be authorised to tell him that, unless an agreement satisfactory to His Majesty's Government could be reached within a period of two months, His Majesty's Government must consider what course they must take to ensure that they were in a position to have the necessary authority in the internal as well as the external policies of the Sarawak administration to carry out the responsibility for the territory which they bore to the British Parliament and in the international field. He would also desire to inform the Rajah that neither he nor his Government would be permitted to return to Sarawak until arrangements satisfactory to His Majesty's Government had been made.

In discussion there was general approval for the proposal that Sir Harold MacMichael should now take up the question of negotiating new treaties with the Malay rulers. With regard to the position in Sarawak, the question was raised whether it would not be desirable to take this opportunity to bring to an end the rule of the Rajah of Sarawak, subject to the payment of compensation on an equitable basis. In any event it was felt that, during the period of military occupation, we should have no hesitation in sending observers into Sarawak.

*The Chancellor of the Exchequer* said that he hoped that the Treasury would be kept in close touch with the negotiations both with regard to Malaya and with regard to Borneo. He understood that the negotiations carried out by Sir Harold MacMichael would be purely political, but he thought that consideration should also be given to pooling the financial resources of the Malay States.

The Cabinet—

- (1) Confirmed the policy as regards Malaya set out in paragraphs 2 and 3 of C.P. (45) 133 and authorised the appointment of Sir Harold MacMichael and his visit to Malaya to conclude new treaties with the rulers of the several States.
- (2) Approved the proposed changes in the administration of Labuan and in the matter of His Majesty's Government's jurisdiction in Brunei.
- (3) Invited the Secretary of State for the Colonies to consider, in the light of the Agreements of 1880 and 1941, whether it would not be possible to bring to an end the rule of the Rajah of Sarawak.

4. The Cabinet had before them a Memorandum by the Secretary of State for Foreign Affairs, the Secretary of State for Air, the President of the Board of Trade and the Minister of Supply and Aircraft Production (C.P. (45) 134) making proposals for the grant of assistance to the French in rebuilding their aircraft industry. Annexed to the memorandum was a list of the facilities which it was proposed to make available at once to the French.

It was explained that one of these proposals, viz., that the French should be allowed to manufacture Mosquito VI's, had already been before the Cabinet (C.M. (45) 19th Conclusions, Minute 3), and that the question then raised with regard to Lend-Lease complications had now been satisfactorily cleared. The French, however, were also interested in the later development, viz., the de Havilland Hornet, and, in view of the long delay which had occurred since the Mosquito project was put forward, it was felt that they should be allowed to negotiate with the de Havilland Company for the follow-on manufacture of Hornets, subject to the settlement of any residual Lend-Lease issues. A Mission was arriving from France about the 10th September and it was desirable that the necessary authority to make facilities available to the

**Manufacture  
of Aircraft in  
France.**

(Previous  
Reference:  
C.M. (45) 19th  
Conclusions,  
Minute 3.)

French should be given at once. There would be no question of our having to finance these operations, which would be paid for by the French themselves.

*The Secretary of State for Air* said that he hoped that in making facilities available, Departments should not be tied down strictly to the terms of the Annex to C.P. (45) 134.

The Cabinet—

- (1) Agreed that the United States Government should be informed that we intended to disclose information of interest to the French aircraft industry up to and including that graded "Secret" with certain specified exceptions to be notified to them; and that the United States Government should be asked to agree that, where equipment of interest to the French aircraft industry was of combined origin, release of information about it should be on the same basis.
- (2) Approved the grant of the facilities listed in the Annex to C.P. (45) 134 to the French, on the understanding that Departments should have a reasonable latitude to vary the facilities granted.

*Cabinet Office, S.W. 1,  
3rd September, 1945.*

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