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SECRET**THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT***Printed for the Cabinet. June 1962***C.C. (62)
41st Conclusions****Copy No. 42****CABINET****CONCLUSIONS of a Meeting of the Cabinet held at Admiralty House, S.W. 1, on
Friday, 22nd June, 1962, at 10.30 a.m.****Present:**

The Right Hon. HAROLD MACMILLAN, M.P., Prime Minister	The Right Hon. VISCOUNT KILMUR, Lord Chancellor
The Right Hon. R. A. BUTLER, M.P., Secretary of State for the Home Department	The Right Hon. THE EARL OF HOME, Secretary of State for Foreign Affairs
The Right Hon. SELWYN LLOYD, Q.C., M.P., Chancellor of the Exchequer	The Right Hon. HENRY BROOKE, M.P., Chief Secretary of the Treasury and Paymaster General
The Right Hon. VISCOUNT HAILSHAM, Q.C., Lord President of the Council and Minister for Science	The Right Hon. IAIN MACLEOD, M.P., Chancellor of the Duchy of Lancaster
The Right Hon. JOHN MACLAY, M.P., Secretary of State for Scotland	The Right Hon. Sir DAVID ECCLES, M.P., Minister of Education
The Right Hon. HAROLD WATKINSON, M.P., Minister of Defence	The Right Hon. LORD MILLS, Minister without Portfolio
The Right Hon. PETER THORNEYCROFT, M.P., Minister of Aviation	The Right Hon. JOHN HARE, M.P., Minister of Labour
The Right Hon. REGINALD MAUDLING, M.P., Secretary of State for the Colonies	The Right Hon. CHRISTOPHER SOAMES, M.P., Minister of Agriculture, Fisheries and Food
Dr. The Right Hon. CHARLES HILL, M.P., Minister of Housing and Local Government and Minister for Welsh Affairs	
The Right Hon. FREDERICK ERROLL, M.P., President of the Board of Trade	

The following were also present:

The Right Hon. J. ENOCH POWELL, M.P., Minister of Health (Item 5)	The Right Hon. REGINALD BEVINS, M.P., Postmaster-General (Item 5)
The Right Hon. MARTIN REDMAYNE, M.P., Parliamentary Secretary, Treasury	

Secretariat:

Mr. A. L. M. CARY
Mr. J. H. WADDELL
Mr. P. R. BALDWIN

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This would be lent in sterling; and it would be for Canada to convert the loan to United States dollars by purchasing them from the United Kingdom. He sought the authority of the Cabinet for action on these lines, with sufficient latitude to deal with the rapidly developing situation; emergency action might be needed to assist the Canadian dollar before the resources of the International Monetary Fund could be made available.

In discussion the following points were made:

(a) The proportion of the United Kingdom reserves which was held in dollars was excessive, and the proposed interim loan presented an opportunity for reducing it by the conversion of the sterling loan into United States dollars. This was particularly welcome because the alternative method of reducing the dollar reserves by purchases of gold might be regarded in the United States as a blow to the dollar.

(b) It was desirable that France and Germany should be associated with the proposed interim loan, since this might tend to create a more sympathetic atmosphere in Canada towards the United Kingdom's attempt to secure entry into the Common Market. The alternative of a joint United Kingdom-United States arrangement would not have this advantage.

(c) Repayment of the interim loan would be made from the credit eventually granted by the International Monetary Fund.

(d) It would be important to ensure that the interim arrangements were made in close consultation with the authorities of the Fund lest it should appear that the United Kingdom and the other countries associated in the arrangement were attempting to by-pass the Fund.

(e) It was also desirable that it should be made clear that the proposed joint loan from the four countries should be a short-term bridging operation, since otherwise the Canadian authorities might be tempted by their present political difficulties not to make a serious attempt to meet the requirements laid down by the International Monetary Fund for advancing the remaining instalments of the loan.

The Cabinet—

- (1) Took note of the statement by the Chancellor of the Exchequer.
- (2) Agreed that the United Kingdom should participate with France, Germany and the United States, in the interim arrangements for supporting the Canadian dollar on the lines indicated by the Chancellor of the Exchequer.

**Aid to Countries
Overseas
Egypt
(Previous
Reference:
C.C (62) 35th
Conclusions,
Minute 4)**

4. The Foreign Secretary recalled that, at the Cabinet's previous discussion about economic aid for Egypt, he and the Chancellor of the Exchequer had been invited to consider, with the help of H.M. Ambassador in Cairo, the advantages of loans from the United Kingdom Government which might total \$10 million or \$12 million, and the way in which any such loan could be presented to public opinion in Egypt and in this country. The Cabinet had shown some disposition to accept the proposal that an amount of \$8 million should be held in sterling in London for the specific purpose of meeting Egyptian exchange needs for settling transfers arising from de-sequestration of British property; and that up to \$4 million should be used for current purchases from the United Kingdom. Under an arrangement of this kind the main part of the loan would be conditional on the fulfilment of transfer obligations; it would at the same time provide some financial support for current imports from the United Kingdom.

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Dr. Kaissouni, the Minister of Economy and the Treasury, had pointed out to H.M. Ambassador that the main requirement was a stand-by credit to help with his country's short-term balance of payments problem and to finance current purchases from this country. It had also been ascertained that the United States Administration would not allow the \$8 million element in the loan to count towards the further matching contribution which they had offered. Dr. Kaissouni had therefore suggested that his Government should be given immediately a credit of the full \$12 million and should undertake in return to provide exchange for transfers as they became due at a rate of up to \$300,000 a month. This proposal had seemed too vague and would offer insufficient guarantee that exchange would in practice be available at the requisite times. A compromise suggestion had now been made by H.M. Ambassador for a bilateral assistance loan under International Monetary Fund auspices for a total of \$12 million, divided so that \$3 million would be withheld for the payment of transfers at present outstanding or likely to be due before October 1963, and \$9 million would be immediately available for imports from the United Kingdom. The total \$12 million would be re-payable in 10 years with a three-year grace period. The Egyptian Government would also undertake to pay the equivalent of \$5 million in stages: \$2 million in October 1963; \$2 million in October 1964, and \$1 million in October 1965. These arrangements would have the effect of making available in good time the full \$8 million which, under the original proposal, was to be held for transfer purposes. H.M. Ambassador had further suggested that Embassy expenditure (running at about £30,000 a month) should be set off against transfers of up to £E.1,000; this would guarantee a reasonable rate of transfers providing applications came forward fast enough.

The compromise arrangement would be less favourable to us than the proposal which had previously been discussed by the Cabinet. There could be no guarantee that the loan would be re-paid, and if the arrangement were to be pursued it would be necessary to establish a joint system to ensure the speedy handling of claims and transfers of money. In some quarters in this country there would be firm opposition to any form of assistance to Egypt. But there was little doubt that relations with the Egyptian Government, which could have a significant effect on our position elsewhere in the Middle East, would be much improved if a loan could be offered on the lines now suggested.

In discussion it was pointed out that the \$9 million element in the proposed arrangement could be effectively criticised as offering advantages to Egypt before claimants in this country had received full satisfaction. Before reaching a decision it would be desirable that the Cabinet should have a statement indicating what claims, if any, could be said to be outstanding apart from those which would be met by the re-payments proposed by the Egyptian Government in 1963 and the two following years. The Cabinet should also be more fully informed of the terms of the commercial line of credit which had recently been opened in London and of the use which had been made of it.

The Cabinet—

Invited the Foreign Secretary, in consultation with the Chancellor of the Exchequer, the Lord President, the Minister of Aviation and the President of the Board of Trade, to arrange for a statement to be put before them at an early meeting on the amount of the claims still outstanding by British subjects against the Egyptian Government, and on the terms and use made of the commercial credit already available to that Government in this country.

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57th Conclusion****Copy No. 41****CABINET****CONCLUSIONS of a Meeting of the Cabinet held at Admiralty House, S.W. 1, on
Thursday, 20th September, 1962, at 10 a.m.****Present:****The Right Hon. HAROLD MACMILLAN, M.P., Prime Minister****The Right Hon. R. A. BUTLER, M.P.,
First Secretary of State****The Right Hon. VISCOUNT HALSHAM,
Q.C., Lord President of the Council
and Minister for Science****The Right Hon. HENRY BROOKE, M.P.,
Secretary of State for the Home
Department****The Right Hon. PETER THORNEYCROFT,
M.P., Minister of Defence****The Right Hon. EDWARD HEATH, M.P.,
Lord Privy Seal (Items 1-2)****The Right Hon. CHRISTOPHER SOAMES,
M.P., Minister of Agriculture, Fish-
eries and Food****The Right Hon. JOHN BOYD-CARPENTER,
M.P., Chief Secretary to the Treasury
and Paymaster General****The Right Hon. J. ENOCH POWELL,
M.P., Minister of Health****The Right Hon. Sir KEITH JOSEPH,
M.P., Minister of Housing and Local
Government and Minister for Welsh
Affairs****The Right Hon. THE EARL OF HOME,
Secretary of State for Foreign Affairs****The Right Hon. LORD DILHORNE, Lord
Chancellor****The Right Hon. IAIN MACLEOD, M.P.,
Chancellor of the Duchy of Lancaster****The Right Hon. JOHN HARE, M.P.,
Minister of Labour****The Right Hon. ERNEST MARPLES,
M.P., Minister of Transport****The Right Hon. FREDERICK ERROLL,
M.P., President of the Board of
Trade****The Right Hon. MICHAEL NOBLE,
M.P., Secretary of State for Scotland****The Right Hon. Sir EDWARD BOYLE,
M.P., Minister of Education****The Right Hon. WILLIAM DEEDS,
M.P., Minister without Portfolio****The following were also present:****The Right Hon. J. AMERY, M.P.,
Minister of Aviation (Item 3)****THE DUKE OF DEVONSHIRE, Minister of
State, Commonwealth Relations
Office (Items 1-2)****Secretariat:****The Right Hon. Sir NORMAN BROOK
Mr. A. L. M. CARY
Mr. J. H. WADDELL****SECRET**

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negotiating position in Brussels and partly because sectional interests in this country, particularly the farmers, would expect specific assurances on particular points and would not be influenced by the broader arguments. Nevertheless, it would be right to extend the scope of the limited publicity which had hitherto been given to the Government's case. The general arguments in favour of entry into the Community could now be deployed more forcibly, with the proviso that we should not join it if in the last resort it proved that the conditions were unacceptable. Suitable use could be made of the Prime Minister's opening and closing speeches to the Commonwealth Meeting and of the speech which he would be making on television that evening.

(c) No firm date could be set to the conclusion of the negotiations in Brussels, but the outlines of a final settlement would progressively become clearer and more attention could be given to the anxieties of British farmers. In the last resort the reaction of our own farming community might be decisive.

The Cabinet—

(1) Invited the First Secretary of State to arrange for the senior Ministers concerned to discuss with the Lord Privy Seal, on the latter's return from Europe in the following week, the future handling of the negotiations for the United Kingdom's entry into the European Economic Community.

(2) Invited the Chancellor of the Duchy of Lancaster, in consultation with the Minister without Portfolio, to consider what use might be made of the Prime Minister's recent speeches to give more publicity to the arguments in favour of joining the Community.

Supply of Arms

(Previous Reference: C.C. (59) 60th Conclusions, Minute 4) Middle East

3. The Foreign Secretary said that the Governments of the United Kingdom, the United States and France had had a long-standing agreement to refrain from sales of military equipment which would disturb the balance of military strength in the Middle East, particularly between the Arab States and Israel. The United States Government had renewed the agreement in July of this year. In August, however, they had informed the Government of Israel that they would be prepared to supply surface-to-air missiles as part of a political bargain by which the Israeli Government would for their part undertake certain obligations, particularly on the refugee question. If the United States offer were eventually confirmed it was likely that the Israeli Government would, also for political reasons, wish to accept it and would not consider alternative sources of supply. Knowledge of the United States offer would produce a hostile reaction from the Arab States in the Middle East; and if this reaction were to extend to the United Kingdom the results would be more serious for us than for the United States. A number of Arab States depended heavily on the United States for economic aid which they would be unlikely to jeopardise. The United Kingdom on the other hand depended on staging rights in Libya and over-flying rights elsewhere, whose loss would be a serious embarrassment. We were, however, potential suppliers of missiles of the type in question and the Israeli Government were already aware of this. If we were to refuse to consider supplying them with missiles, we should lose the chance of exports of great importance to the British aircraft industry without any guarantee that we should escape odium or even reprisals when the United States offer became known. On balance, however, he had decided that it would be better to refrain from any approach to the Israeli Government at this stage and to await developments.

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The Minister of Aviation said that, while he agreed in general with the Foreign Secretary's assessment of the position, there were two recent developments which he thought it right to emphasise. First, the Israeli Government had now asked us, through our Ambassador in Tel Aviv, whether we would be prepared to supply missiles. Secondly, the fact that unofficial Israeli representatives had been told in Washington that we were possible suppliers seemed to him to make it not merely probable, but inevitable, that we should be a target for Arab hostility when the United States offer became known. In all the circumstances, he suggested that we might inform the Israeli Government privately that we might be interested in supplying missiles to them, and to make the same intimation to friendly Arab States.

In discussion there was general agreement that no action should be taken until the United States offer, which was still thought to be tentative, had become public. At that stage we could make it known that we held ourselves free to supply any Middle East country with missiles of this type. Before this stage was reached it would be advisable to review in detail the present state of missile equipment in the Middle East countries concerned, the scope for increasing the level and effectiveness of that equipment, and the political and economic implications of so doing.

The Cabinet—

- (1) Invited the Foreign Secretary, in consultation with the Minister of Defence and the Minister of Aviation, to arrange for a review of the present state of missile equipment of the countries of the Middle East, of the scope for increasing it and of the political and economic implications of so doing.
- (2) Invited the Foreign Secretary, in consultation with the Minister of Defence and the Minister of Aviation, to consider in the light of this review the terms in which the United Kingdom Government might announce their readiness to supply missiles to Middle Eastern countries, once the terms of the United States offer to supply missiles to Israel had become known.

**Agricultural
Policy**
(Previous
Reference:
C.C. (61) 71st
Conclusion,
Minute 6)
**Farm
Improvement
Scheme**

4. The Cabinet had before them memoranda by the Minister of Agriculture and the Secretary of State for Scotland and by the Chief Secretary, Treasury (C. (62) 141 and 142) on the Farm Improvement Scheme.

The Minister of Agriculture said that the £50 million which had been authorised by the Agriculture Act, 1957, for grant aid to farmers under this scheme would shortly be exhausted. When the future of the scheme had been reviewed by Ministers in April it had been thought that under the rules of competition applying within the European Economic Community it would be permissible to continue various forms of direct subsidy to farming. It had been agreed that the rate of grant under this scheme should be reduced from 33½ per cent to 25 per cent; and it had been intended that provision on this basis should be included in the Agriculture (Miscellaneous Provisions) Bill which would be introduced early in the following session of Parliament. He now believed that, if we joined the Community, the permissible forms of direct subsidy would be much more limited than had been supposed and he suggested that it would be imprudent, in view of the importance of direct grants in the farming economy, to reduce the rate of grant on one of the few schemes which probably could be continued. If the rate remained at 33½ per cent and the scheme continued to operate for the whole

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First Secretary of State****The Right Hon. THE EARL OF HOME,
Secretary of State for Foreign Affairs****The Right Hon. VISCOUNT HAILSHAM,
Q.C., Lord President of the Council
and Minister for Science****The Right Hon. LORD DILHORNE, Lord
Chancellor****The Right Hon. REGINALD MAUDLING,
M.P., Chancellor of the Exchequer****The Right Hon. HENRY BROOKE, M.P.,
Secretary of State for the Home
Department****The Right Hon. DUNCAN SANDYS, M.P.,
Secretary of State for Commonwealth
Relations and Secretary of State for
the Colonies****The Right Hon. IAIN MACLEOD, M.P.,
Chancellor of the Duchy of Lancaster****The Right Hon. PETER THORNEYCROFT,
M.P., Minister of Defence****The Right Hon. JOHN HARE, M.P.,
Minister of Labour****The Right Hon. ERNEST MARPLES, M.P.,
Minister of Transport****The Right Hon. CHRISTOPHER SOAMES,
M.P., Minister of Agriculture,
Fisheries and Food****The Right Hon. FREDERICK ENROLL,
M.P., President of the Board of Trade****The Right Hon. JOHN BOYD-CARPENTER,
M.P., Chief Secretary to the Treasury
and Paymaster-General****The Right Hon. MICHAEL NOBLE, M.P.,
Secretary of State for Scotland****The Right Hon. J. ENOCH POWELL, M.P.,
Minister of Health****The Right Hon. Sir EDWARD BOYLE,
M.P., Minister of Education****The Right Hon. Sir KEITH JOSEPH, M.P.,
Minister of Housing and Local
Government and Minister for Welsh
Affairs****The Right Hon. WILLIAM DEEDES, M.P.,
Minister without Portfolio****The following were also present:****The Right Hon. JULIAN AMERY, M.P.,
Minister of Aviation (Items 3-4)****The Right Hon. HUGH FRASER, M.P.,
Secretary of State for Air (Items 3-4)****The Right Hon. MARTIN REDMAYNE,
M.P., Parliamentary Secretary,
Treasury****Secretariat:****The Right Hon. Sir NORMAN BROOK
Mr. J. H. WADDELL
Mr. P. R. BALDWIN****SECRET**

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The Queen's Speeches on the Prorogation and Opening of Parliament

The Cabinet agreed upon a number of amendments of the draft circulated under cover of C. (62) 146.

The Cabinet—

(1) Invited the First Secretary of State to put before the Prime Minister for submission to The Queen a revised draft of the Prorogation Speech, taking account of the amendments approved in the Cabinet's discussion.

Opening Speech

In discussion of the draft circulated under cover of C. (62) 147 various amendments were suggested and approved. It was agreed that the references to legislation which would be required if the United Kingdom joined the European Economic Community should be further considered and that a revised draft of this paragraph should be brought before the Cabinet at a later meeting.

The Cabinet—

(2) Invited the First Secretary of State to circulate, for consideration at a later meeting, a revised draft of the Opening Speech, taking account of the points raised in discussion.

**Supply of
Arms
Middle East
(Previous
Reference:
C.C. (62) 57th
Conclusions,
Minute 3)**

3. The Cabinet had before them a memorandum by the Minister of State for Foreign Affairs (C. (62) 150) covering a report prepared by officials of the Departments concerned, in pursuance of the Cabinet's request of 20th September, on the political and economic implications of supplying ground-to-air missiles to countries in the Middle East.

The Foreign Secretary said that it had now become publicly known that the United States Government were prepared to consider supplying these missiles to Israel. There was, however, a conflict of evidence about the firmness of their offer. The Israeli Foreign Minister, whom he had seen in New York, had said that the Americans had given a definite undertaking to supply Hawk missiles, though price and delivery date had still to be negotiated. The United States authorities had said that, while they had indicated that they were prepared in principle to offer to supply these weapons, no negotiations with Israel had yet been undertaken. In these circumstances he was inclined to ask the United States Secretary of State to tell him frankly what the intentions of the Administration were. There was no doubt that the offer had been made for reasons of domestic politics. If, having secured the immediate political benefit, they now intended to delay the delivery of the missiles, it might suit us to refrain from any attempt to sell our missiles to Arab countries in the Middle East; for, as was shown by the note annexed to C. (62) 150, a policy of offering these weapons to Arab countries was likely to involve us in some political embarrassment. If, on the other hand, the sale of Hawk missiles to Israel was actually imminent, he considered that British manufacturers of equivalent weapons must be allowed to make enquiries of those Arab countries who were in a position to pay for them, though they must understand that, if any order was obtained, the United Kingdom Government would have to consider the political and financial implications of executing it.

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In discussion the following points were raised:

(a) If any such orders were obtained they would have to be fulfilled by supplying weapons already delivered to the Royal Air Force. The sales would therefore bring little immediate financial advantage to the British aircraft industry. The transaction would, however, be of ultimate value to the industry on account of the further orders which might be expected in the future.

(b) There was no doubt that Israel would prefer to obtain these missiles from the United States, and it would now be inexpedient to offer to supply missiles of British manufacture to Israel. Indeed, if any such offer were made, it would tend to diminish the prospect of obtaining orders from Arab States.

(c) It was unfortunate that the United States should have made this unilateral breach of their long-standing agreement with the United Kingdom and France to refrain from sales of military equipment which would disturb the balance of military strength in the Middle East. If, therefore, the United States Administration were ready to delay the supply of these missiles to Israel, it would be expedient that we should refrain from making any more rapid delivery of British missiles to such Arab countries as were willing to buy from us. It might be possible to harmonise the timing of deliveries, both American and British.

The Cabinet's conclusion was that the Foreign Secretary should arrange for the United States Government to be informed that, if they intended to proceed with the delivery of Hawk missiles to Israel, British manufacturers of equivalent missiles would be advised to make enquiries into the possibility of sales to Arab countries in the Middle East, though the United Kingdom Government would reserve the right to decide, in the light of the political and financial implications, whether any order so obtained should be executed. This message should, however, make it plain that we would have preferred to maintain the earlier agreement about the supply of arms to countries in the Middle East; and that, if we had a firm assurance that the United States would delay the delivery of Hawk missiles to Israel for a substantial time, we would similarly delay any attempts to sell corresponding British missiles to Arab countries in the Middle East. If this assurance was not forthcoming within a few days, the Minister of Aviation should advise the British firms concerned, in terms to be agreed with the Foreign Secretary, that it was open to them to make enquiries into the possibility of selling ground-to-air missiles to such Arab countries as could afford to pay for them. They should not make any such approach to Israel, and should inform the Government if the Israelis made any approach to them.

The Cabinet—

- (1) Invited the Foreign Secretary to send a message to the United States Secretary of State in the terms of the Cabinet's conclusion, as set out above.
- (2) Agreed that, if this message failed to elicit a satisfactory response, the Minister of Aviation should advise British manufacturers of ground-to-air missiles, in terms to be agreed with the Foreign Secretary, that it was open to them to make enquiries into the possibility of selling ground-to-air missiles to such Arab countries in the Middle East as were in a position to pay for them.

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SECRET**THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT***Printed for the Cabinet. December 1962***C.C. (62)****Copy No. 41****73rd Conclusions****CABINET****CONCLUSIONS of a Meeting of the Cabinet held at Admiralty House, S.W. 1, on Thursday, 6th December, 1962, at 10.30 a.m.****Present:****The Right Hon. HAROLD MACMILLAN, M.P., Prime Minister****The Right Hon. R. A. BUTLER, M.P.,
First Secretary of State****The Right Hon. VISCOUNT HALSBURY,
Q.C., Lord President of the Council
and Minister for Science****The Right Hon. REGINALD MAUDLING,
M.P., Chancellor of the Exchequer****The Right Hon. DUNCAN SANDYS, M.P.,
Secretary of State for Commonwealth
Relations and Secretary of State for
the Colonies****The Right Hon. PETER THORNEVCROFT,
M.P., Minister of Defence****The Right Hon. EDWARD HEATH, M.P.,
Lord Privy Seal****The Right Hon. CHRISTOPHER SOAMES,
M.P., Minister of Agriculture,
Fisheries and Food****The Right Hon. JOHN BOYD-CARPENTER,
M.P., Chief Secretary to the Treasury
and Paymaster General****The Right Hon. J. ENOCH POWELL, M.P.,
Minister of Health****The Right Hon. Sir KEITH JOSEPH, M.P.,
Minister of Housing and Local
Government and Minister for Welsh
Affairs****The Right Hon. THE EARL OF HOME,
Secretary of State for Foreign Affairs****The Right Hon. LORD DILHORNE, Lord
Chancellor****The Right Hon. HENRY BROOKE, M.P.,
Secretary of State for the Home
Department****The Right Hon. IAIN MACLEOD, M.P.,
Chancellor of the Duchy of Lancaster****The Right Hon. JOHN FLARE, M.P.,
Minister of Labour (Items 2-9)****The Right Hon. ERNEST MARPLES, M.P.,
Minister of Transport****The Right Hon. FREDERICK BRKOLL,
M.P., President of the Board of Trade****The Right Hon. MICHAEL NOBLE, M.P.,
Secretary of State for Scotland****The Right Hon. Sir EDWARD BOYLE,
M.P., Minister of Education****The Right Hon. WILLIAM DEEDES, M.P.,
Minister without Portfolio****The following were also present:****The Right Hon. RICHARD WOOD, M.P.,
Minister of Power (Item 6)****The Right Hon. GEOFFREY RIPPON,
M.P., Minister of Public Building and
Works (Item 5)****The Right Hon. MARTIN REDMAYNE,
M.P., Parliamentary Secretary,
Treasury****Secretariat:****Mr. A. L. M. CARY****Mr. J. H. WADDELL****Mr. P. R. BALDWIN****SECRET**

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withdrawal of the United Nations presence from the Congo. In reaching a decision it would be important to look carefully at the reasons which had led the United States Government to take a different view from our own about the results of the imposition of sanctions.

The Cabinet—

- (1) Invited the Foreign Secretary to bring before them, for consideration at a later meeting, a paper setting out the implications of the various courses open to the Government in relation to the Congo, including an assessment of the effect of a total withdrawal of the United Nations from the Congo.
- (2) Invited the President of the Board of Trade to circulate, for their information, a memorandum describing the probable effects on the world copper market if supplies of copper from Katanga were to be cut off either by an embargo or by physical means.

Yemen
(Previous
Reference:
C.C. (62) 71st
Conclusions,
Minute 1)

The Foreign Secretary said that the United States Government had still not recognised the republican régime in the Yemen; the terms of the statements to be made as a condition of United States recognition by President Nasser of Egypt, and Brigadier Sallal, the leader of the new régime in the Yemen, were still under negotiation. It was hoped that the latter would include a specific undertaking to preserve friendly relations with Aden Colony and the Aden Protectorate. It was not necessary for the Government to take an immediate decision about recognition, but it would not, in his view, be possible, once the United States Government had decided to recognise the new régime, to delay doing so ourselves for more than a limited period of time.

The Commonwealth Secretary said that the discussions which he had recently held in Aden had strongly confirmed the view that United Kingdom recognition of the new régime in the Yemen would have a damaging effect on our position in the area. If the republican authorities in the Yemen were not, even at this stage, prepared to recognise the existence of British interests in Aden and to undertake to maintain friendly relations with the Colony and Protectorate, it was impossible not to conclude that their intentions were hostile. In these circumstances it would be far better to lose diplomatic representation in the Yemen than to weaken in any way our supporters in Aden and our power to maintain our vital defence interests. The position of the United States Government was not comparable; they had no direct interests in the area.

The Prime Minister said that two separate issues were involved. Up to the present we had sought to persuade the United States to delay recognition of the new régime and in any event to secure as the price of recognition concessions from the Egyptian Government and from the republican authorities in the Yemen which would be of help to us in the context of our interests in Aden. But once the United States Government had actually recognised the new régime a new situation would be created and it would be necessary to decide at that stage whether we should follow suit. Such a decision could not be easily taken in advance of the event; it would depend not only on the precise conditions under which recognition by the United States Government had in the event taken place, but on current developments in Aden itself.

The Cabinet—

- (3) Took note of these statements.

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Asia Treaty
Organisation
(Previous
Reference:
C.C. (62) 50th
Conclusions,
Minute 5)
Cambodia

3. The Cabinet had before them a memorandum by the Foreign Secretary (C. (62) 200) concerning proposals from the Government of Cambodia for an international conference to draw up a treaty safeguarding their country.

The Foreign Secretary said that, following intrusions over the Cambodian border by Thai and South Vietnamese troops, Prince Sihanouk of Cambodia had asked in August 1962 for an international conference to draw up a treaty for his country similar to that for Laos. This had been frustrated because the non-Communist Powers had not taken up the proposal for fear of being involved in fresh commitments. Prince Sihanouk had now produced a draft agreement which not only provided for the neutrality and independence of Cambodia, but also asked for guarantees of the frontiers. No doubt he hoped to commit the United States to restrain Thai and Vietnamese intrusions, and he had threatened to call in Chinese troops for the purpose if his proposals were rejected by the West. The French Government seemed disposed to accept Prince Sihanouk's proposals but, from the point of view of the United Kingdom, it seemed undesirable to extend existing commitments by such guarantees. We had certain obligations under the South-East Asia Treaty Organisation, but the proposed guarantees would go beyond them and might indeed operate against one of the members of the Organisation itself. In the circumstances the Foreign Secretary suggested that our object should be to go some way towards meeting Prince Sihanouk's proposals by seeking arrangements for the delimitation and demarcation of the Cambodian frontiers, and for control of border incidents by Mixed Commissions under international supervision which would obviate the need for frontier guarantees.

In discussion there was general agreement with the Foreign Secretary's proposals. The differing view of the French Government, however, was a major difficulty which, subject to developments in the meanwhile, might need to be included among the subjects for discussion at the next meeting between the Prime Minister and General de Gaulle.

The Cabinet—

Took note, with approval, of this statement by the Foreign Secretary.

Egypt
Financial
Agreement
(Previous
Reference:
C.C. (60) 59th
Conclusions,
Minute 6)

4. The Cabinet had before them memoranda by the Foreign Secretary (C. (62) 196 and 197) proposing additional assistance to those who had suffered in various ways from Egyptian actions since the Suez incident.

The Foreign Secretary said that there had been criticism of the existing arrangements for compensation, both in Parliament and outside it. The principal demands had been for an increase in the Egyptian Compensation Fund; for the extension of compensation to certain claims not covered by the existing arrangements; for additional compensation to United Kingdom officials dismissed by the Egyptian Government in 1951; for assistance in paying the fees of agents employed to arrange the return of property and transfer of assets from Egypt; and for assistance to those who had property in Egypt which was released from sequestration but could not be enjoyed. His proposals were directed to each of these points. He proposed that the Compensation Fund should be increased to provide 100 per cent compensation on the first £10,000 as against 90 per cent on the first £5,000 at present, with similar increases in the relatively lower percentages of compensation on claims in excess of £10,000. He suggested a further £1 million to cover claims which fell outside the

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C.C. 73 (62)

normal terms for compensation but were covered by the provisions for registration of claims. He suggested that £200,000 should be added to the similar sum already granted to the association of British officials dismissed by the Egyptian Government in 1951. Agents' fees incurred by individual property owners should be met up to £100 per head through the Foreign Office at a cost not exceeding £500,000. The total cost of these proposals would be about £7½ million.

The Foreign Secretary said that he was also proposing expenditure of a further £2½ million on assistance to people who had been obliged to leave substantial assets in Egypt. They had regained ownership of these assets, but in practice were unable to use them since they were forbidden to export more than the first £E.5,000. Since many had no resources other than the assets which they had had to abandon, there was an argument on the ground of hardship for assisting them. He proposed that this should be done by setting up an independent committee to establish appropriate criteria and to make grants within the total of £2½ million.

The object of his proposals was to close the whole question of the obligations of the Government arising out of the Suez incident.

The Chief Secretary, Treasury, said that, while he had agreed to the other proposals made by the Foreign Secretary, he was concerned that the provision of compensation for assets held in Egypt might set a precedent for compensation for blocked payments generally.

In discussion the following points were made:

(a) It was difficult for many people possessing desequstrated assets to return to Egypt, and there were undoubtedly cases of hardship different in kind from those which occurred when a currency was blocked.

(b) The Government had undertaken to give information to Parliament about the payments they intended to make under the Foreign Compensation Bill before that Bill proceeded further in Parliament. The timetable would therefore necessitate a statement on the proposed payments in both Houses not later than 11th December.

Summing up the Prime Minister said that the Foreign Secretary's proposals promised virtually to dispose of the issue of compensation for property taken over by Egypt. As for desequstrated property which could not be removed from Egypt, it was desirable that compensation should be payable in deserving cases, and it seemed that it would be possible to do this without creating a precedent for blocked payments generally. The committee which the Foreign Secretary had proposed should be given appropriate terms of reference, in the drafting of which the Chancellor of the Exchequer should be consulted.

The Cabinet—

- (1) Approved the proposals of the Foreign Secretary for further assistance to people who had suffered loss on account of action by Egypt, set out in C. (62) 196 and 197.
- (2) Invited the Foreign Secretary to consult the Chancellor of the Exchequer on the drafting of the terms of reference of a committee to disburse compensation in cases of hardship among those holding desequstrated assets in Egypt.
- (3) Invited the Foreign Secretary to arrange for the appropriate announcements to be made in both Houses of Parliament not later than 11th December.

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SECRET**THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT***Printed for the Cabinet. October 1962***C.C. (62)****Copy No. 45****59th Conclusions****CABINET****CONCLUSIONS of a Meeting of the Cabinet held at Admiralty House, S.W. 1, on Tuesday, 9th October, 1962, at 10.30 a.m.****Present:****The Right Hon. HAROLD MACMILLAN, M.P., Prime Minister****The Right Hon. R. A. BUTLER, M.P.,
First Secretary of State****The Right Hon. VISCOUNT HAILSHAM,
Q.C., Lord President of the Council
and Minister for Science****The Right Hon. HENRY BROOKE, M.P.,
Secretary of State for the Home
Department****The Right Hon. PETER THORNEYCROFT,
M.P., Minister of Defence****The Right Hon. ERNEST MARPLES, M.P.,
Minister of Transport****The Right Hon. JOHN BOYD-CARPENTER,
M.P., Chief Secretary to the Treasury
and Paymaster General****The Right Hon. J. ENOCH POWELL, M.P.,
Minister of Health****The Right Hon. THE EARL OF HOME,
Secretary of State for Foreign Affairs****The Right Hon. REGINALD MAUDLING,
M.P., Chancellor of the Exchequer****The Right Hon. DUNCAN SANDYS, M.P.,
Secretary of State for Commonwealth
Relations and Secretary of State for
the Colonies (Item 2)****The Right Hon. JOHN HARE, M.P.,
Minister of Labour****The Right Hon. FREDERICK ERROLL,
M.P., President of the Board of Trade****The Right Hon. MICHAEL NOBLE, M.P.,
Secretary of State for Scotland****The Right Hon. Sir KEITH JOSEPH, M.P.,
Minister of Housing and Local
Government and Minister for Welsh
Affairs****The Right Hon. WILLIAM DEEDES, M.P.,
Minister without Portfolio****The following were also present:****The Right Hon. GEOFFREY RIPPON,
M.P., Minister of Public Building and
Works (Item 2)****The Right Hon. MARTIN REDMAYNE,
M.P., Parliamentary Secretary,
Treasury****Secretariat:****Mr. A. L. M. CARY****Mr. J. H. WADDELL****Mr. P. R. BALDWIN****SECRET**

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Prime Minister of the Central Government, to send representatives to discuss it. Mr. McGhee, the United States special envoy for the Congo, still considered that there was a fair chance of a settlement; and it had been suggested to Mr. Tshombe that it might help to this end if he were now to release funds to the Central Government on a provisional basis making clear that the arrangements would be discontinued if no satisfactory agreement was reached on the Constitution.

In default of a settlement within a reasonable period a large majority in the United Nations would favour the imposition of sanctions; it would be impossible for the United Kingdom to support this, not only because of the probability that sanctions would lead to further fighting, but because of the possibility that attempts might be made later to impose sanctions on Southern Rhodesia. A further possibility, not involving collective action by the United Nations, was that the Belgian Government might be persuaded to close down the operations of the Union Minière. This was unlikely, not only because of the damage to Belgian prestige, but because of the possibility of violent reaction from the Government of Katanga which might extend to nationalisation of the Union Minière.

The Prime Minister said that he would be glad if the President of the Board of Trade would let him have a note setting out the present position of the international copper market and the implications for that market of action involving the Union Minière.

Berlin
(Previous
Reference:
C.C. (62) 57th
Conclusions,
Minute 1)

The Foreign Secretary said that he had discussed the Berlin situation at length with the Soviet Foreign Minister, Mr. Gromyko, during his recent visit to New York. He had made it clear to Mr. Gromyko that so long as the Russians refused to contemplate a solution of the Berlin problem based either on self-determination for Germany or on arrangements covering the whole of Berlin, it would be necessary for Western troops to remain in West Berlin, and that any solution would have to be based on that assumption. He had suggested that the idea of an international access authority for Berlin warranted further study. If agreement could be reached on access it would be possible to consider guarantees for the frontiers of East Germany and some formal understanding between the countries of the North Atlantic Alliance and of the Warsaw Pact. Mr. Gromyko, although he had emphasised the objections of the Soviet Government to the continued presence of Western troops in Berlin, had not rejected the idea of further study of an international access authority and had reverted to it in a subsequent discussion with the United States Secretary of State.

The Foreign Secretary said that there was some evidence that Mr. Khrushchev was hoping to arrange a meeting with President Kennedy to discuss broader questions of international policy, the Soviet economy was under strain and the Soviet Government were showing interest in measures to increase world trade. They might also for economic reasons be disposed to consider seriously practical measures of disarmament and an agreement on nuclear tests. If a meeting between Mr. Khrushchev and President Kennedy were to lead to some agreement on any or all of these broader issues, it was at least possible that the Berlin question might be shelved.

Yemen
(Previous
Reference:
C.C. (58) 43rd
Conclusions,
Minute 7)

The Foreign Secretary said that the situation in the Yemen was still obscure. It was improbable, in spite of rumours to the contrary, that the Imam was still alive. Prince Hassan had not yet arrived in Yemen, but his son was rallying such support as he could from the tribes. He felt that for the time being it would be necessary to pursue a policy of non-involvement and that recognition of the revolutionary régime should be delayed in spite of the arguments which had been advanced in favour of immediate recognition.

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C.C. 59 (62)

The Prime Minister said that the implications of a revolutionary Government in the Yemen could be serious. Such a Government would be bound to work actively against the merger of Aden Colony with the Federation of Aden which was now in process and, if as a result the control of Aden Colony were to pass out of our hands, our whole position in the Persian Gulf would be endangered. At the same time active support of the reactionary forces opposed to the revolutionary Government now trying to establish itself would be politically repugnant. For these reasons there seemed no present alternative to a policy of non-involvement. It would be prudent to delay recognition of the new régime until its position, including the degree of control which it could in practice exercise, could be more clearly seen. He would wish to discuss separately with the Minister of Defence and the Foreign Secretary the military implications of the present situation.

**Housing
Policy**
(Previous
Reference:
C.C. (62) 38th
Conclusions,
Minute 2)

2. The Cabinet had before them memoranda by the Minister of Housing and Local Government (C. (62) 145) and the Chief Secretary, Treasury (C. (62) 148) about housing policy.

The Minister of Housing said that owing to the growth in population and in the number of separate households and to rapid obsolescence and the difficulty of securing land for building, the shortage of houses in many parts of the country had become acute. In seeking to give housing a new impetus he thought it would be right to proceed with a number of linked proposals, which he had set out in general terms in C. (62) 145. These proposals dealt with the need for an increased total housing output; the need to cater for a wider range of demand and provide alternatives to local authority ownership; and the need to improve the standard of older houses.

It had already been agreed that the aim should be to increase output for Great Britain from 300,000 houses per annum to 325,000, mainly by stepping up local authority building. Studies had shown that further ground would be lost if output were not increased to 350,000 and held at that level for a number of years. This further increase should be sought mainly in the private sector but could not be achieved immediately. Increased productivity would be essential and so also would a sounder and more realistic financial basis for both publicly and privately built houses. Some revision of subsidies would be called for to ensure that benefit would accrue to those local authorities and to those tenants who were most in need of assistance. It would not be necessary or expedient to apply a further measure of decontrol of rents in the private sector but in due course the permitted rent limit should be raised for houses remaining in control. More land would be required, and it would be necessary to review green belt policies. It should, however, be possible to confirm most of the green belt plans which had been submitted. Decisions about land would turn on the Cabinet's consideration of proposals about the distribution of industry and the growth of office building which would shortly be submitted by the Home Secretary, as Chairman of the Committee on Population and Employment. Even with maximum use of expanded towns, there would be a need for further new towns; and announcement of the Government's willingness to help in this way would enable the local authorities to concentrate on expansion projects which were within their capabilities.

The chief means of catering for a wider range of demand would be by encouraging owner-occupation, which could be helped by the building societies if they had the assurance of continued stability in the housing programme; and by developing co-operative ownership of houses on the Scandinavian model. Co-operative schemes would be fostered by housing societies under central guidance and it was

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SECRET**THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT***Printed for the Cabinet. October 1962***C.C. (62)****Copy No. 41****58th Conclusions****CABINET****CONCLUSIONS of a Meeting of the Cabinet held at Admiralty House, S.W. 1, on Thursday, 4th October, 1962, at 10.30 a.m.****Present:****The Right Hon. HAROLD MACMILLAN, M.P., Prime Minister****The Right Hon. R. A. BUTLER, M.P.,
First Secretary of State****The Right Hon. VISCOUNT HAILSHAM,
Q.C., Lord President of the Council
and Minister for Science****The Right Hon. REGINALD MAUDLING,
M.P., Chancellor of the Exchequer****The Right Hon. DUNCAN SANDYS, M.P.,
Secretary of State for Commonwealth
Relations and Secretary of State for
the Colonies****The Right Hon. PETER THORNEYCROFT,
M.P., Minister of Defence****The Right Hon. ERNEST MARPLES, M.P.,
Minister of Transport****The Right Hon. FREDERICK ERROLL,
M.P., President of the Board of Trade****The Right Hon. MICHAEL NOBLE, M.P.,
Secretary of State for Scotland****The Right Hon. Sir EDWARD BOYLE,
M.P., Minister of Education****The Right Hon. THE EARL OF HOME,
Secretary of State for Foreign Affairs****The Right Hon. LORD DILHORNE, Lord
Chancellor****The Right Hon. HENRY BROOKE, M.P.,
Secretary of State for the Home
Department****The Right Hon. IAIN MACLEOD, M.P.,
Chancellor of the Duchy of Lancaster****The Right Hon. JOHN HARE, M.P.,
Minister of Labour****The Right Hon. CHRISTOPHER SOAMES,
M.P., Minister of Agriculture,
Fisheries and Food****The Right Hon. JOHN BOYD-CARPENTER,
M.P., Chief Secretary to the Treasury
and Paymaster-General****The Right Hon. J. ENOCH POWELL, M.P.,
Minister of Health****The Right Hon. Sir KEITH JOSEPH, M.P.,
Minister of Housing and Local
Government and Minister for Welsh
Affairs****The Right Hon. WILLIAM DEEDES, M.P.,
Minister without Portfolio****The following were also present:****The Right Hon. JULIAN AMERY, M.P., | The Right Hon. HUGH FRASER, M.P.,
Minister of Aviation (Items 3-4) | Secretary of State for Air (Items 3-4)****The Right Hon. MARTIN REDMAYNE,
M.P., Parliamentary Secretary,
Treasury****Secretariat:****The Right Hon. Sir NORMAN BROOK
Mr. J. H. WADDELL
Mr. P. R. BALDWIN****SECRET**

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C.C. 58 (62)

The Queen's
Speeches on
the Proroga-
tion and
Opening of
Parliament
Prorogation
Speech

2. The Cabinet had before them notes by the First Secretary of State (C. (62) 146 and 147) covering drafts of The Queen's Speeches on the Prorogation and on the Opening of Parliament.

The Cabinet agreed upon a number of amendments of the draft circulated under cover of C. (62) 146.

The Cabinet—

- (1) Invited the First Secretary of State to put before the Prime Minister for submission to The Queen a revised draft of the Prorogation Speech, taking account of the amendments approved in the Cabinet's discussion.

Opening
Speech

In discussion of the draft circulated under cover of C. (62) 147 various amendments were suggested and approved. It was agreed that the references to legislation which would be required if the United Kingdom joined the European Economic Community should be further considered and that a revised draft of this paragraph should be brought before the Cabinet at a later meeting.

The Cabinet—

- (2) Invited the First Secretary of State to circulate, for consideration at a later meeting, a revised draft of the Opening Speech, taking account of the points raised in discussion.

Supply of
Arms
Middle East
(Previous
Reference:
C.C. (62) 57th
Conclusions,
Minute 3)

3. The Cabinet had before them a memorandum by the Minister of State for Foreign Affairs (C. (62) 150) covering a report prepared by officials of the Departments concerned, in pursuance of the Cabinet's request of 20th September, on the political and economic implications of supplying ground-to-air missiles to countries in the Middle East.

The Foreign Secretary said that it had now become publicly known that the United States Government were prepared to consider supplying these missiles to Israel. There was, however, a conflict of evidence about the firmness of their offer. The Israeli Foreign Minister, whom he had seen in New York, had said that the Americans had given a definite undertaking to supply Hawk missiles, though price and delivery date had still to be negotiated. The United States authorities had said that, while they had indicated that they were prepared in principle to offer to supply these weapons, no negotiations with Israel had yet been undertaken. In these circumstances he was inclined to ask the United States Secretary of State to tell him frankly what the intentions of the Administration were. There was no doubt that the offer had been made for reasons of domestic politics. If, having secured the immediate political benefit, they now intended to delay the delivery of the missiles, it might suit us to refrain from any attempt to sell our missiles to Arab countries in the Middle East; for, as was shown by the note annexed to C. (62) 150, a policy of offering these weapons to Arab countries was likely to involve us in some political embarrassment. If, on the other hand, the sale of Hawk missiles to Israel was actually imminent, he considered that British manufacturers of equivalent weapons must be allowed to make enquiries of those Arab countries who were in a position to pay for them, though they must understand that, if any order was obtained, the United Kingdom Government would have to consider the political and financial implications of executing it.

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In discussion the following points were raised:

(a) If any such orders were obtained they would have to be fulfilled by supplying weapons already delivered to the Royal Air Force. The sales would therefore bring little immediate financial advantage to the British aircraft industry. The transaction would, however, be of ultimate value to the industry on account of the further orders which might be expected in the future.

(b) There was no doubt that Israel would prefer to obtain these missiles from the United States, and it would now be inexpedient to offer to supply missiles of British manufacture to Israel. Indeed, if any such offer were made, it would tend to diminish the prospect of obtaining orders from Arab States.

(c) It was unfortunate that the United States should have made this unilateral breach of their long-standing agreement with the United Kingdom and France to refrain from sales of military equipment which would disturb the balance of military strength in the Middle East. If, therefore, the United States Administration were ready to delay the supply of these missiles to Israel, it would be expedient that we should refrain from making any more rapid delivery of British missiles to such Arab countries as were willing to buy from us. It might be possible to harmonise the timing of deliveries, both American and British.

The Cabinet's conclusion was that the Foreign Secretary should arrange for the United States Government to be informed that, if they intended to proceed with the delivery of Hawk missiles to Israel, British manufacturers of equivalent missiles would be advised to make enquiries into the possibility of sales to Arab countries in the Middle East, though the United Kingdom Government would reserve the right to decide, in the light of the political and financial implications, whether any order so obtained should be executed. This message should, however, make it plain that we would have preferred to maintain the earlier agreement about the supply of arms to countries in the Middle East; and that, if we had a firm assurance that the United States would delay the delivery of Hawk missiles to Israel for a substantial time, we would similarly delay any attempts to sell corresponding British missiles to Arab countries in the Middle East. If this assurance was not forthcoming within a few days, the Minister of Aviation should advise the British firms concerned, in terms to be agreed with the Foreign Secretary, that it was open to them to make enquiries into the possibility of selling ground-to-air missiles to such Arab countries as could afford to pay for them. They should not make any such approach to Israel, and should inform the Government if the Israelis made any approach to them.

The Cabinet—

- (1) Invited the Foreign Secretary to send a message to the United States Secretary of State in the terms of the Cabinet's conclusion, as set out above.
- (2) Agreed that, if this message failed to elicit a satisfactory response, the Minister of Aviation should advise British manufacturers of ground-to-air missiles, in terms to be agreed with the Foreign Secretary, that it was open to them to make enquiries into the possibility of selling ground-to-air missiles to such Arab countries in the Middle East as were in a position to pay for them.

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60th Conclusions****Copy No. 43****CABINET****CONCLUSIONS of a Meeting of the Cabinet held at Admiralty House, S.W. 1,
on Monday, 15th October, 1962, at 3.15 p.m.****Present:****The Right Hon. HAROLD MACMILLAN, M.P., Prime Minister****The Right Hon. VISCOUNT HALSHAM,
Q.C., Lord President of the Council
and Minister for Science****The Right Hon. REGINALD MAUDLING,
M.P., Chancellor of the Exchequer****The Right Hon. DUNCAN SANDYS, M.P.,
Secretary of State for Commonwealth
Relations and Secretary of State for
the Colonies****The Right Hon. PETER THORNEYCROFT,
M.P., Minister of Defence****The Right Hon. EDWARD HEATH, M.P.,
Lord Privy Seal****The Right Hon. CHRISTOPHER SOAMES,
M.P., Minister of Agriculture,
Fisheries and Food****The Right Hon. JOHN BOYD-CARPENTER,
M.P., Chief Secretary to the Treasury
and Paymaster General****The Right Hon. Sir EDWARD BOYLE,
M.P., Minister of Education****The Right Hon. LORD DILHORNE, Lord
Chancellor****The Right Hon. HENRY BROOKE, M.P.,
Secretary of State for the Home
Department****The Right Hon. IAIN MACLEOD, M.P.,
Chancellor of the Duchy of Lancaster****The Right Hon. JOHN HARE, M.P.,
Minister of Labour****The Right Hon. ERNEST MARPLES, M.P.,
Minister of Transport****The Right Hon. FREDERICK ERROLL,
M.P., President of the Board of Trade****The Right Hon. J. ENOCH POWELL,
M.P., Minister of Health****The Right Hon. Sir KEITH JOSEPH, M.P.,
Minister of Housing and Local
Government and Minister for Welsh
Affairs****The Right Hon. WILLIAM DEEDES, M.P.,
Minister without Portfolio****The following were also present:****The Right Hon. LORD CRAIGTON,
Minister of State, Scottish Office
(Items 1-2)****The Right Hon. MARTIN REDMAYNE,
M.P., Parliamentary Secretary,
Treasury****Secretaries:****Mr. A. L. M. CARY
Mr. J. H. WADDELL****SECRET**

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C.C. 68 (62)

Foreign
Affairs
Yemen
(Previous
Reference:
C.C. (62) 59th
Conclusions,
Minute 1)

1. *The Lord Privy Seal* said that the military situation in the Yemen was still obscure. The republican Government appeared to have a fair measure of control in the west and south of the territory, but in the north and east the tribes were maintaining their independence and their old loyalties. Tribal forces had captured the fort of Maarib, but it was understood that the republicans were mounting a counter-attack. The Imam Badr was believed to be alive and was reported to have been in touch with King Saud.

The United States Administration agreed with us that recognition should continue to be withheld for the time being, although 20 countries, including the Arab Republics, had already recognised the new régime. The United States Administration had informed the Egyptian Government that they had important interests at stake in the Arabian Peninsula which they would not be prepared to see put into jeopardy by developments in the Yemen and it was helpful to us that they had listed the British position in Aden as being among the interests which they had in mind.

The Commonwealth Secretary said that the Rulers in the Aden Federation were much disturbed by the course of events in the Yemen. They were afraid, and with reason, that if the new régime succeeded in establishing its position, their own armed forces would be subverted. In that event Yemeni influence would be likely to extend through the Federation to the borders of Aden Colony itself, and our position in Aden would be undermined.

The Prime Minister said that it would be necessary to keep developments in the Yemen under close review, in consultation with the United States Administration. For the time being the policy of non-involvement and non-recognition must continue.

The Queen's
Speech on the
Opening of
Parliament
(Previous
Reference:
C.C. (62) 58th
Conclusions,
Minute 2)

2. The Cabinet had before them a note by the First Secretary of State (C. (62) 153) covering a revised draft of The Queen's Speech on the Opening of Parliament.

In discussion it was suggested that paragraph 7 of the draft should be expanded to include a reference to the legislation which would be required if the United Kingdom joined the European Economic Community. Omission of any specific reference to legislation would be taken to mean that the Government had decided against legislation in the coming session of Parliament and would invite pressure for an explanation of the Government's intentions. On the other hand, inclusion of a reference to legislation would be out of place if in the event negotiations were not completed in time to enable a Bill to be introduced and enacted during the session. The general view of the Cabinet was that on balance the prudent course would be to make no direct reference to legislation and to confine the Opening Speech to a reaffirmation of the Government's intention to seek the approval of Parliament when the negotiations had been completed. It would be easier to explain the difficulties of timing in the course of the Debate on the Address than to take account of them in the Opening Speech itself.

In further discussion the Cabinet agreed upon a number of amendments in the draft Opening Speech.

The Cabinet—

- (1) Subject to the amendments agreed upon in their discussion, approved the terms of the revised draft of the Opening Speech.
- (2) Took note that the revised draft, as amended, would be submitted by the Prime Minister for The Queen's approval.

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Reference:

CAB 128/36

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SECRET**THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT***Printed for the Cabinet. October 1962***C.C. (62)
61st Conclusions****Copy No. 45****CABINET****CONCLUSIONS** of a Meeting of the Cabinet held at Admiralty House, S.W. 1
on Tuesday, 23rd October, 1962, at 10.30 a.m.**Present:**

The Right Hon. HAROLD MACMILLAN, M.P., Prime Minister	
The Right Hon. R. A. BUTLER, M.P., First Secretary of State	The Right Hon. THE EARL OF HOME, Secretary of State for Foreign Affairs (Items 1-6)
The Right Hon. VISCOUNT HAILSHAM, Q.C., Lord President of the Council and Minister for Science	The Right Hon. LORD DILHORNE, Lord Chancellor
The Right Hon. REGINALD MAUDLING, M.P., Chancellor of the Exchequer	The Right Hon. HENRY BROOKE, M.P., Secretary of State for the Home Department
The Right Hon. DUNCAN SANDYS, M.P., Secretary of State for Commonwealth Relations and Secretary of State for the Colonies (Items 1-3)	The Right Hon. IAIN MACLEOD, M.P., Chancellor of the Duchy of Lancaster
The Right Hon. PETER THORNEYCROFT, M.P., Minister of Defence	The Right Hon. JOHN HARE, M.P., Minister of Labour
The Right Hon. ERNEST MARPLES, M.P., Minister of Transport	The Right Hon. CHRISTOPHER SOAMES, M.P., Minister of Agriculture, Fisheries and Food
The Right Hon. JOHN BOYD-CARPENTER, M.P., Chief Secretary to the Treasury and Paymaster General	The Right Hon. MICHAEL NOBLE, M.P., Secretary of State for Scotland
The Right Hon. J. ENOCH POWELL, M.P., Minister of Health	The Right Hon. SIR EDWARD BOYLE M.P., Minister of Education
The Right Hon. SIR KEITH JOSEPH, M.P., Minister of Housing and Local Government and Minister for Welsh Affairs	The Right Hon. WILLIAM DEEDES, M.P., Minister without Portfolio

The following were also present:

The Right Hon. JULIAN AMERY, M.P., Minister of Aviation (Item 5)	The Right Hon. RICHARD WOOD, M.P., Minister of Power (Item 5)
The Right Hon. GEOFFREY RIPON, M.P., Minister of Public Building and Works (Item 5)	SIR JOHN HOBSON, Q.C., M.P., Attorney- General (Item 8)

The Right Hon. MARTIN REDMAYNE,
M.P., Parliamentary Secretary,
Treasury

Secretariat:

Mr. A. L. M. CARY
Mr. J. H. WADDELL
Mr. P. R. BALDWIN

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- (5) Invited the Foreign Secretary and the Minister of Transport to consider in the light of their discussion the action which should be taken in regard to British ships trading to Cuba, bearing in mind the objections which would be raised in Parliament to the stopping and search of British ships on the high seas in peacetime.

Yemen
(Previous
Reference:
C.C. (62) 60th
Conclusions,
Minute 1)

4. *The Foreign Secretary* said that the latest information from the Yemen showed that the republican régime, with the help of Egyptian troops, were driving back the royalists both in the north and south of the country and were establishing their control. It was necessary to consider whether and when the United Kingdom Government should recognise the new régime. Italy was believed to be anxious to grant recognition quickly. So also was West Germany, lest East Germany should do so first. But other countries, including the United States, were still holding back. If we were to grant recognition, there would be repercussions in the Aden Protectorate and in the Persian Gulf. On the other hand, if recognition were withheld we might fall foul of the new Yemeni Government, who had claimed to be well disposed towards us. The general situation was disturbing; defections had occurred among Saudi Arabian forces despatched to help the royalists, and the influence of Egypt was increasing. The Governor of Aden had accepted that recognition would have to be granted, but he wished to be given time to explain to the Protectorate Rulers and to the Sheikhs of the Persian Gulf that the grant of recognition to the new régime would be largely a technical matter implying no change in United Kingdom policy. This might mitigate but would not eliminate their anxiety. It would be necessary to watch the situation as it developed from day to day so that recognition would be timed to take place after the ground had been sufficiently prepared by talks with the Rulers, but would not be so delayed that our relations with the republican Government in the Yemen would be damaged.

The Cabinet—

- (1) Approved in principle the recognition of the new régime in the Yemen.
- (2) Invited the Foreign Secretary, in consultation with the Commonwealth Secretary, to arrange for consultation with the rulers of pro-British territories in the Persian Gulf and of the Aden Protectorate in order to prepare the way for early recognition.

Public
Investment
(Previous
Reference:
C.C. (62) 52nd
Conclusions,
Minute 5)

5. The Cabinet had before them a memorandum by the Chief Secretary, Treasury (C. (62) 159), covering a draft White Paper on public investment for the period to March 1964.

The Chief Secretary, Treasury, said that it had become the custom to lay a White Paper on public investment at the beginning of each session of Parliament. The White Paper would be debated towards the end of November or early in December. The draft was largely factual and set out information on investment under two broad heads; first, the nationalised industries and public corporations and, second, public service investment on schools, housing, roads and other services of central and local government. The figures in the draft showed substantial increases under both heads. These followed largely from decisions which the Cabinet had taken on 1st August, 1962. Since private investment was now showing some tendency to decline, this was an appropriate time for the announcement of increases in the public sector. Two important figures remained to

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SECRET**THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT***Printed for the Cabinet. November 1962***C.C. (62)****Copy No. 45****66th Conclusions****CABINET****CONCLUSIONS of a Meeting of the Cabinet held at Admiralty House, S.W. 1,
on Tuesday, 6th November, 1962, at 10.30 a.m.****Present:****The Right Hon. HAROLD MACMILLAN, M.P., Prime Minister****The Right Hon. R. A. BUTLER, M.P.,
First Secretary of State****The Right Hon. VISCOUNT HALSHAM,
Q.C., Lord President of the Council
and Minister for Science****The Right Hon. REGINALD MAUDLING,
M.P., Chancellor of the Exchequer****The Right Hon. IAIN MACLEOD, M.P.,
Chancellor of the Duchy of Lancaster****The Right Hon. JOHN HARE, M.P.,
Minister of Labour****The Right Hon. ERNEST MARPLES, M.P.,
Minister of Transport****The Right Hon. FREDERICK ERROLL,
M.P., President of the Board of Trade****The Right Hon. MICHAEL NOBLE, M.P.,
Secretary of State for Scotland****The Right Hon. Sir EDWARD BOYLE,
M.P., Minister of Education****The Right Hon. THE EARL OF HOME,
Secretary of State for Foreign Affairs****The Right Hon. LORD DILHORNE, Lord
Chancellor****The Right Hon. HENRY BROOKE, M.P.,
Secretary of State for the Home
Department****The Right Hon. PETER THORNEYCROFT,
M.P., Minister of Defence****The Right Hon. EDWARD HEATH, M.P.,
Lord Privy Seal****The Right Hon. CHRISTOPHER SOAMES,
M.P., Minister of Agriculture,
Fisheries and Food****The Right Hon. JOHN BOYD-CARPENTER,
M.P., Chief Secretary to the Treasury
and Paymaster General****The Right Hon. J. ENOCH POWELL, M.P.,
Minister of Health****The Right Hon. Sir KEITH JOSEPH, M.P.,
Minister of Housing and Local
Government and Minister for Welsh
Affairs****The Right Hon. WILLIAM DEEDES, M.P.,
Minister without Portfolio****The following were also present:****The Right Hon. JULIAN AMERY, M.P.,
Minister of Aviation (Items 2-3)****THE DUKE OF DEVONSHIRE, Minister of
State, Commonwealth Relations Office
(Item 1)****The Right Hon. HUGH FRASER, M.P.,
Secretary of State for Air (Items 2-3)****The Right Hon. MARTIN REDMAYNE,
M.P., Parliamentary Secretary,
Treasury****Secretariat:****Mr. A. L. M. CARY
Mr. P. R. BALDWIN****SECRET**

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C.C. 66 (62)

Foreign
Affairs
Cuba
(Previous
Reference:
C.C. (62) 63rd
Conclusions,
Minute 2)

1. *The Foreign Secretary* said that the dismantling and withdrawal of Soviet missiles from Cuba appeared to be proceeding smoothly. It had been accepted that the International Red Cross should exercise some kind of general supervision over this process. It is not yet clear what form the next developments might take, but it was unlikely that the Soviet Government would be prepared to contemplate any further concessions or compromises at the present stage. It was possible that at a later stage, for example, in the course of a meeting of Heads of Governments, Mr. Khrushchev might be prepared to identify himself personally with some reorientation of Soviet policy, e.g., on Berlin, but there was as yet no evidence on which to base a judgment. The position would continue to be kept under close review.

China

The Foreign Secretary said that there appeared to be a lull in the fighting on the Indo-Chinese border. The Chinese were now thought to have something of the order of two divisions in the forward areas with another five divisions in reserve; it was clear from this that more was at stake than a realignment of the border; there could be little doubt that the Chinese object was to secure by military means a major improvement in their strategic position.

Mr. Malcolm MacDonald, formerly the United Kingdom High Commissioner in New Delhi, had reported that in the course of a recent private visit to Peking the Chinese Foreign Minister had mentioned to him as a possible basis for a settlement the acceptance by the Chinese Government of a new border some three miles to the south of the present MacMahon Line in the North-East Frontier district, in exchange for concessions by the Indian Government in Ladakh. Mr. MacDonald would report this suggestion factually to the Indian Government during his forthcoming visit to Delhi but would avoid being put in the position of appearing to offer himself as a mediator or of being invited to do so.

Yemen
(Previous
Reference:
C.C. (62) 61st
Conclusions,
Minute 4)

The Foreign Secretary said that the military situation in the Yemen was still obscure. The republican authorities seemed to be in effective control of the more settled and populated parts of the country, and a recent attack from the Saudi Arabian frontier in the north appeared to have been broken up. The United States Government were understood to favour early recognition of the republican régime in exchange for concessions or assurances from the Egyptian Government about the maintenance of stable conditions in Saudi Arabia. If recent reports about the intention of the republican régime in the Yemen to declare war on Saudi Arabia were confirmed, concessions of this kind would not be easy to obtain. We were in the difficulty that, while it was distasteful to appear to be supporting the tyrannical dynasties which were common in this part of the world, any early recognition of the republican régime was likely to have serious repercussions on our position in Aden which was to a large extent dependent on the continued loyalty and support of the Rulers of the Aden Protectorate and the neighbouring Sheikhs.

The Prime Minister said that the situation was delicate and difficult. In the considered view of the Governor of Aden the early recognition of the republican régime in the Yemen would seriously dishearten our supporters in the Aden Protectorate, would exacerbate political agitation in Aden Colony itself and might undermine our whole position in the area. But if we continued to withhold recognition, in which we were still supported by the Arab countries friendly to us—Jordan and Libya in particular—there was a danger that the United Kingdom representative in Taiz would be expelled and that we should lose any prospect of being able to influence the policy of the new régime in the Yemen in a sense favourable to us. The republican Government could be expected to intensify the traditional Yemeni policy of subversion and of hostility to our

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interests, and might do so more effectively than their predecessors. Our position in Aden would then be progressively eroded. It was probable that on balance it would be necessary to recognise the new régime before very long, but there was a strong case for deferring recognition, at least until after the Parliamentary debate on the merger between Aden Colony and the Aden Protectorate which was due to take place on 13th November.

The Cabinet—

Took note of these statements.

**Aircraft
Industry
Supersonic
Airliner
(Previous
Reference:
C.C. (62) 38th
Conclusions,
Minute 6)**

2. The Cabinet had before them a memorandum by the First Secretary of State (C. (62) 174) reporting the views of the Committee on Civil Scientific Research and Development on a proposal for a joint enterprise by British and French industry to develop an airliner with twice the speed of sound to come into service about 1970.

The First Secretary of State said that the Committee had fully considered the proposal itself, but had not had adequate opportunity to compare it with possible competitors in the scientific field. It had, however, been necessary to bring the matter before Cabinet at this stage because the Minister of Aviation was due to meet the French Minister of Public Works, M. Dusseaulx, on 7th November and would need to indicate the attitude of the United Kingdom Government to the proposal. Generally, the Committee had felt that the proposal was a natural manifestation of technological progress and that supersonic passenger travel was sure to come. On the other hand, they had felt that the proposal could not stand on normal economic grounds. He had discussed the proposal with the Chairman of the British Overseas Airways Corporation. The Corporation already had or were acquiring a fleet of subsonic jet airliners and would be reluctant to introduce a supersonic airliner before they had had time to amortise their cost; but, as a nationalised undertaking, they would, if necessary, accept direction from the Government.

The proposal was for joint participation by British and French industry in the construction of two versions of the design, one for long range and the other for medium range. Both countries would participate in the manufacture of both aircraft and would have broadly equal shares in the cost and proceeds of sales of the two versions taken together. He drew attention particularly, however, to the fact that the United States industry had overtaken us with their Boeing 707, though its development had started after that of our Comets and Britannias. As soon as the United States aircraft industry saw that we were seriously engaged in this project they would press ahead either with an airliner of similar performance or, as they apparently preferred, with an airliner with three times the speed of sound. In this way they might enter the market at the same time as we did or within a relatively short time afterwards. It might well be that the Cabinet of 10 years hence would find that the outlay of some £85 million required from public funds to meet pre-production costs had not in the event been justified, because of intense competition and the small size of the market. On the other hand, to decide not to venture in this field while the United States, and Russia and perhaps France, went ahead, could well mean contracting out of the manufacture of large civil aircraft.

The Minister of Aviation said that he regarded the development of a supersonic airliner as inevitable somewhere in the world. Market research showed that it was primarily speed that attracted passengers, and in this case speed and operating costs were not in conflict, as they were in other transport media. The operating costs of an airliner with about twice the speed of sound seemed likely to compare reasonably well with those of existing subsonic jets, provided

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60th Conclusions

Copy No. 41

CABINET**CONCLUSIONS** of a Meeting of the Cabinet held at Admiralty House, S.W. 1,
on Tuesday, 13th November, 1962, at 11 a.m.**Present:**

The Right Hon. HAROLD MACMILLAN, M.P., Prime Minister	The Right Hon. VISCOUNT HAILSHAM, Q.C., Lord President of the Council and Minister for Science
The Right Hon. THE EARL OF HOME, Secretary of State for Foreign Affairs	The Right Hon. REGINALD MAUDLING, M.P., Chancellor of the Exchequer
The Right Hon. LORD DILHORNE, Lord Chancellor	The Right Hon. DUNCAN SANDYS, M.P., Secretary of State for Commonwealth Relations and Secretary of State for the Colonies (Items 1-3)
The Right Hon. HENRY BROOKE, M.P., Secretary of State for the Home Department	The Right Hon. PETER THORNBECROFT, M.P., Minister of Defence
The Right Hon. IAIN MACLEOD, M.P., Chancellor of the Duchy of Lancaster	The Right Hon. EDWARD HEATH, M.P., Lord Privy Seal
The Right Hon. JOHN HARE, M.P., Minister of Labour	The Right Hon. CHRISTOPHER SOAMES, M.P., Minister of Agriculture, Fisheries and Food (Items 3-5)
The Right Hon. ERNEST MARPLES, M.P., Minister of Transport	The Right Hon. JOHN BOYD-CARPENTER, M.P., Chief Secretary to the Treasury and Paymaster General
The Right Hon. FREDERICK ERROLL, M.P., President of the Board of Trade	The Right Hon. J. ENOCH POWELL, M.P., Minister of Health
The Right Hon. MICHAEL NOBLE, M.P., Secretary of State for Scotland	The Right Hon. WILLIAM DFUDES, M.P., Minister without Portfolio
The Right Hon. Sir KEITH JOSEPH, M.P., Minister of Housing and Local Government and Minister for Welsh Affairs	

The following were also present:

The Right Hon. RICHARD WOOD, M.P., Minister of Power (Item 4)	The Right Hon. NIALL MACPHERSON, M.P., Minister of Pensions and National Insurance (Item 5)
The Right Hon. MARTIN REDMAYNE, M.P., Parliamentary Secretary, Treasury	

Secretariat:Mr. A. L. M. CARY
Mr. J. H. WADDELL**SECRET**

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Foreign Affairs
Yemen
 (Previous
 Reference:
 C.C. (62) 66th
 Conclusions,
 Minute 1)

3. *The Foreign Secretary* said that developments in the Yemen were giving rise to increasing difficulty. Some progress was being made by the forces supporting the Imam Badr, but there was as yet no real threat to the position of the republican régime in the main towns. The republican régime had asked the Soviet Government for assistance and a number of Russian technicians, probably about 200, had already arrived in the country. A senior officer of the Jordanian Air Force, who was believed to have been in charge of the arrangements for deploying a number of fighter aircraft from Jordan to Saudi Arabia, had defected to Cairo. This was further evidence of hostility to the efforts which the Jordanian and Saudi Arabian Governments were making to support the Imam's cause.

On the question of recognition there was some reason to think that the United States Government were contemplating a change of front. They had up to now taken the position that their recognition of the republican régime in the Yemen would depend on some prior understanding with the Egyptian Government about the withdrawal of Egyptian forces from the Yemen and about the maintenance of stability in Saudi Arabia. It now appeared that they might be contemplating recognition without any conditions of this kind. It was possible, but not yet clear, that the United States Government had decided that the early disappearance of royalist régimes in all parts of Arabia was now a foregone conclusion and that their interests would best be served by coming out in open support of any republican movements which appeared to stand a reasonable chance of assuming power. As against this, however, it was understood that the United States Government had recently increased the scale of their material support to the present régimes in Jordan and Saudi Arabia. He was expecting a message from the United States Secretary of State later that day which might clarify the position.

The Commonwealth Secretary said that the recognition of the republican régime in the Yemen by the United States could have the gravest consequences for Aden. The maintenance of our position there depended on the continued support of the Rulers of the Protectorate. The republican authorities of the Yemen had now avowed publicly their intention to subvert the authority of the Rulers and our own position in Aden by all means in their power. United States support for the régime would encourage the forces making for subversion and correspondingly dishearten our supporters. He hoped that strong representations would be made to the United States Government in this sense, if necessary at the highest level.

The Cabinet—

- (1) Took note that the Prime Minister, in consultation with the Foreign Secretary, would consider what further representations should be made to the United States Government about the recognition of the republican régime in the Yemen.

Congo
Republic
 (Previous
 Reference:
 C.C. (62) 59th
 Conclusions,
 Minute 1)

The Foreign Secretary said that recent reports about the scale of bombing attacks by aircraft under the control of the Prime Minister of Katanga, Mr. Tshombe, appeared to have been greatly exaggerated. Nevertheless, the general position in the Congo gave cause for concern. The new Constitution for the Congo, on which all else depended, seemed to be making little, if any, progress. It had on two occasions been found impossible to raise a quorum in the Congolese Parliament in Leopoldville to discuss the Constitution, and no copy of it had yet been sent officially to Mr. Tshombe. Moreover, the Constitution as now drafted seemed to be far from satisfactory; it was not a federal Constitution in any proper sense. It might be helpful that Mr. McGhee, the United States special envoy for the Congo, had formed a favourable impression of Mr. Tshombe; this might perhaps lead the United States authorities to take a less extreme view than

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71st Conclusions****Copy No. 39****CABINET****CONCLUSIONS of a Meeting of the Cabinet held at Admiralty House, S.W. 1 on
Tuesday, 27th November, 1962, at 11 a.m.****Present:****The Right Hon. HAROLD MACMILLAN, M.P., Prime Minister****The Right Hon. R. A. BUTLER, M.P.,
First Secretary of State****The Right Hon. VISCOUNT HAILSHAM,
Q.C., Lord President of the Council
and Minister for Science****The Right Hon. HENRY BROOKE, M.P.,
Secretary of State for the Home
Department****The Right Hon. PETER THORNEYCROFT,
M.P., Minister of Defence****The Right Hon. EDWARD HEATH, M.P.,
Lord Privy Seal****The Right Hon. JOHN BOYD-CARPENTER,
M.P., Chief Secretary to the Treasury
and Paymaster General****The Right Hon. Sir EDWARD BOYLE,
M.P., Minister of Education****The Right Hon. THE EARL OF HOME,
Secretary of State for Foreign Affairs****The Right Hon. LORD DILHORNE, Lord
Chancellor****The Right Hon. IAIN MACLEOD, M.P.,
Chancellor of the Duchy of Lancaster****The Right Hon. JOHN HARE, M.P.,
Minister of Labour****The Right Hon. CHRISTOPHER SOAMES,
M.P., Minister of Agriculture,
Fisheries and Food****The Right Hon. J. ENOCH POWELL, M.P.,
Minister of Health****The Right Hon. Sir KEITH JOSEPH, M.P.,
Minister of Housing and Local
Government and Minister for Welsh
Affairs****The Right Hon. WILLIAM DEEDES, M.P.,
Minister without Portfolio****The following were also present:****The Right Hon. REGINALD BEVINS, M.P.,
Postmaster-General (Item 2)****Sir JOHN HOBSON, Q.C., M.P., Attorney-
General (Items 4-5)****THE DUKE OF DEVONSHIRE, Minister of
State, Commonwealth Relations
Office****The Right Hon. MARTIN REDMAYNE,
M.P., Parliamentary Secretary,
Treasury****Secretariat:****Mr. A. L. M. CARY****Mr. J. H. WADDELL****SECRET**

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C.C. 71 (62)

Foreign
Affairs
Yemen
(Previous
Reference:
C.C. (62) 68th
Conclusions,
Minute 3)

1. *The Foreign Secretary* said that the United States Government clearly intended to recognise the republican régime in the Yemen before long. Their original intention had been to obtain, as a prior condition of recognition, statements from the Governments of Saudi Arabia, Jordan and the United Arab Republic (U.A.R.) pledging themselves to a policy of non-intervention in Yemeni affairs as well as specific undertakings from the U.A.R. to withdraw its forces from the Yemen. They had also intended to secure from Brigadier Sallal, the head of the republican régime in the Yemen itself, assurances of his readiness to seek and maintain good neighbourly relations with the surrounding territories. It now appeared that, while the President of the U.A.R., President Nasser, and Brigadier Sallal might be prepared to accede to the request of the United States Government, it was improbable that the Governments of either Saudi Arabia or Jordan would do so. Nevertheless, it was likely that the United States would proceed to recognition. There was increasing evidence of dissatisfaction with the present royalist régime in Saudi Arabia and the United States Government might well have calculated that, with the possibility of revolutionary republican government in Saudi Arabia it would be to their advantage to establish as soon as possible a working relationship with the republican régime in the Yemen. In spite of reports of continued royalist successes in the Yemen, there was as yet no evidence of any serious threat to the republican control of the more settled and populated parts of the country.

Our own position was still complicated by the probability that recognition of the republican régime in the Yemen would have a seriously depressing effect on the morale of our supporters in Aden Colony and the Aden Protectorate. Nevertheless, if the United States Government recognised the new régime, it would be almost inevitable that we should follow suit; preferably not simultaneously, but after a short interval. Much would depend on the precise terms of the statements to be made by President Nasser and Brigadier Sallal. The texts were expected shortly and would be carefully studied in consultation with the Governor of Aden. It was helpful that the United States Government, in their negotiations with President Nasser and with the Yemeni authorities, had been fully mindful of our special interests. It should not be assumed too readily that the new régime in the Yemen or President Nasser would seek to undermine our position in Aden by all means in their power. The Yemeni authorities, quite apart from the harassment from the tribes to which they would be likely to be subject for a long period ahead, had an immense task facing them in improving the administration and the domestic economy of the Yemen itself; and the Egyptian authorities had recently declared that they would wish to see the British position in Aden maintained, partly because of their interest in stable conditions in this area and partly because of their present differences with the Government of Iraq.

The Cabinet—

- (1) Took note of this statement.

Congo
Republic
(Previous
Reference:
C.C. (62) 68th
Conclusions,
Minute 3)

The Foreign Secretary said that the situation in the Congo was still giving cause for concern. The Acting Secretary-General of the United Nations, U Thant, was determined to secure an early settlement of the continuing differences between Katanga and the Central Government, both because he believed that his reputation and that of the United Nations itself was now in jeopardy and because the United Nations could not maintain its present rate of expenditure in the Congo beyond next February. The Prime Minister of Belgium, M. Spaak, was at present discussing the position with the United States authorities. M. Spaak believed that in two respects the present views

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Reference—

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75th Conclusions****Copy No. 39****CABINET****CONCLUSIONS** of a Meeting of the Cabinet held at Admiralty House, S.W. 1,
on Thursday, 20th December, 1962, at 11 a.m.**Present:****The Right Hon. R. A. BUTLER, M.P., First Secretary of State (in the Chair)****The Right Hon. VISCOUNT HALSHAM,**
Q.C., Lord President of the Council
and Minister for Science**The Right Hon. REGINALD MAUDLING,**
M.P., Chancellor of the Exchequer**The Right Hon. IAIN MACLEOD, M.P.,**
Chancellor of the Duchy of Lancaster**The Right Hon. ERNEST MARPLES,**
M.P., Minister of Transport**The Right Hon. JOHN BOYD-CARPENTER,**
M.P., Chief Secretary to the Treasury
and Paymaster General**The Right Hon. J. ENOCH POWELL,**
M.P., Minister of Health**The Right Hon. Sir KEITH JOSEPH,**
M.P., Minister of Housing and Local
Government and Minister for Welsh
Affairs**The Right Hon. LORD DILHORNE, Lord**
Chancellor**The Right Hon. HENRY BROOKE, M.P.,**
Secretary of State for the Home
Department**The Right Hon. JOHN HARR, M.P.,**
Minister of Labour**The Right Hon. FREDERICK ERKOLL,**
M.P., President of the Board of
Trade**The Right Hon. MICHAEL NOBLE, M.P.,**
Secretary of State for Scotland**The Right Hon. Sir EDWARD BOYLE,**
M.P., Minister of Education**The Right Hon. WILLIAM DEEDS,**
M.P., Minister without Portfolio**The following were also present:****The Right Hon. RICHARD WOOD, M.P.,**
Minister of Power (Items 3-4)**The Right Hon. THE EARL OF DUNDEE,**
Minister of State for Foreign Affairs
(Items 4-6)**The Right Hon. NIALL MACPHERSON,**
M.P., Minister of Pensions and
National Insurance (Item 3)**The Right Hon. MARTIN REDMAYNE,**
M.P., Parliamentary Secretary,
Treasury**Secretariat:****Mr. A. L. M. CARY
Mr. N. J. ABERCROMBIE****SECRET**

1900-18

Reference:-

CAB 128/36

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C.C. 75 (62)

- (2) Took note that the First Secretary of State would reply on the lines indicated in his summing up to a Parliamentary Question asking whether the Government would publish the documents which had been referred to by the Federal Prime Minister.

Foreign
Affairs
Congo Republic
(Previous
Reference:
C.C. (62) 74th
Conclusions,
Minute 1)

6. *The Minister of State for Foreign Affairs* recalled to the Cabinet that at their earlier discussion the Foreign Secretary had described the events leading to the mission of M. Dubuisson, the Rector of Liege University, to Katanga to persuade the Prime Minister of Katanga, Mr. Tshombe, to agree voluntarily to some acceptable division of the Katangan revenues. Mr. Tshombe had now offered such an agreement, and in spite of his mistrust of the Congolese Monetary Council had undertaken to pay to the Council the whole of the revenues which he was at present receiving, on the understanding that the Council would repay to the Union Minière sufficient sums for the conduct of their commercial operations and that half the balance, within defined limits, would be repaid to Katanga. This offer now presented the only basis on which agreement by negotiation might still be reached. The hope was slender, because on all evidence relations between Katanga and the Central Government of the Congo were now close to breaking point. The Katangan Government were more than ever determined on *de facto* secession and the Central Government were equally determined to incorporate Katanga in the rest of the Congo. The Prime Minister of the Central Government, Mr. Adoula, was convinced that before long the United Nations, with the support of the United States, would have recourse to sanctions in his support: it was disquieting that the United States Government were taking steps to supply the United Nations forces in the Congo with more transport aircraft and were prepared to make good deficiencies in their equipment. The Union Minière were also being obstructive, and the Belgian Government were bringing pressure to bear on them. Failing agreement on the basis of Mr. Tshombe's offer the best hope probably lay in a protraction of negotiations to the point at which financial pressure would cause the United Nations to withdraw before hostilities had actually broken out.

The Cabinet—

- (1) Took note of this statement.

Yemen
(Previous
Reference:
C.C. (62) 73rd
Conclusions,
Minute 2)

The Minister of State for Foreign Affairs said that the United States Government had now announced their intention to recognise the Republican Government of the Yemen. Their main reason for doing so had been the fear that continued support to the royalists by the present Government of Jordan and Saudi Arabia might have led to popular revolutions in those countries also. The United Arab Republic had agreed to withdraw their forces from the Yemen if foreign intervention ceased. It was, however, doubtful if President Nasser could afford to withdraw in present circumstances; he was deeply committed to ensuring the success of the republicans and present evidence seemed to show that without Egyptian support they would not be able to maintain their present hold on the more settled and populated parts of the country.

Our own attitude was complicated by the effect which recognition of the republican régime would have on our supporters in Aden. The Foreign Secretary would wish to review the position on his return. One possible course would be to defer recognition until such time as the Egyptian forces had actually withdrawn. In

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the meantime, the Egyptians were bombing undefended villages in the Yemen with aircraft based on Cairo. In other circumstances such conduct would have called forth public denunciation and protest, and our friends in the Middle East found it difficult to interpret our silence.

The Cabinet—

(2) Took note of this statement.

*Cabinet Office, S.W. 1,
20th December, 1962.*

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