

Papers of Hugh Dalton:
Original Manuscript Diary

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D I A R Y.

SATURDAY, 9.2.46

Our programme of rapid-fire legislation is going well. My Bank of England Bill is through the Lords with only two amendments both moved by the Government after consultation with the opposition. These do no harm. One merely transposes the word "may", and the other makes clear, what I had been prepared to leave before in the twilight, that the Treasury may, if they think fit, forbid any banker from giving publicity to any direction served on him by the Bank of England, merely by saying solemnly, "Official Secrets Act"! And this Act carries its own penalties.

Bill

I got my Investment Bill read the second time last week. Several of our young men, including Chris Mayhew and Mallalieu made speeches suggesting it did not go far enough. But this is quite healthy. (We are encouraging all this sort of thing by suspending the Standing Orders of the Parliamentary Labour Party.) In my speech I went a bit further than the Bill, which I deliberately played down, and spoke of the Government's intention to do its own economic planning. I also "quoted back" an article in this week's "Tribune" by Schumacher, following a talk with me.

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I also wound up on the first day of the Coal Second Reading Debate and am expected to do the same this week on the Debate on Food, Dollars etc. So I am being pulled in a good deal for not-strictly Treasury business.

We are also taking this week the Trades Disputes Act, but I am not having to speak on this. I still find it difficult to get my Debates properly wound up when I open them. Soskice did not really do very well on the Investment Bill and, though Willie Hall is improving and gaining confidence in handling secondary matters, I am not

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quite sure of him yet either on a rather rowdy after dinner occasion.

Ben Smith has put his foot in it over the Dried Eggs, but this is chiefly a question, I think, of bad presentation and bad timing. He is in a great stew and spoke to me yesterday about the possibility of giving in his resignation. I said I didn't think he need consider that. But it is not quite out of the question that he might be well advised to do it if next Thursday's Debate doesn't go too well. (There is something to be said for taking every opportunity to keep the stream of promotion flowing, and he is 67, though he looks less.)

Meanwhile I have fired off this week-end at the Cabinet for Monday a "flaming warning" of the state of our Overseas Deficit. I have also written a friendly letter to E.B., who otherwise might think he was being hit at. Keynes has produced a very clear and provocative paper which I am also sending round.

Electorally all is very good. Labour majorities at by-elections keep on rising. I know of no precedent for such a continual rising of the tide. We doubled our majority at Preston and have increased, though with a very bad candidate, our majority in South Ayrshire.

Meanwhile U.N.O. is lasting rather too long for our convenience and I am now beginning to refuse invitations to meet the same hundreds of delegates again and again.

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MONDAY, 18.2.46.

Return to-day with R. from a week-end at Chequers. In a window on the first floor is this inscription.

"This House of Peace and Ancient Memories was given to England as a Thank Offering for her Deliverance in the War of 1914-18 to be a Place of Recreation and Rest for her Prime Ministers for Ever."

And so, though we shall have to watch the income from the Investment Funds in these years of falling interest rates, it should be. The first occupant was David Lloyd George. Bonar Law never came here and so his name is nowhere inscribed, as those of others are, in the windows of the Long Gallery, with their Coats of Arms, if any. Lloyd George, Baldwin, Macdonald, N. Chamberlain, Churchill and now C.R.A. Neither L.G. nor Macdonald pretended to have Coats of Arms. Baldwin only had a plain black St. Andrew's cross on a white ground. Chamberlain and Churchill both had Coats of Arms, looking a bit synthetic. C.R.A. thinks he hasn't got one. It's a bit overpowering, like living in a museum, but very peaceful if you are prepared to let it be. R. thought the Great Hall was the great flaw. It used to be an open court but had been roofed in in 1870. There are, however, some other very lovely rooms. I had never slept here before, and we all went for a walk on the Sunday morning. There are good beech woods round about.

I did a certain amount of business with C.R.A. and got him to agree to my new Bank Court with Piercy, George Gibson, and Robin Brook as the three new entrants. Each year we shall be able to have two or three more new ones.

I am also getting him more and more aware of the Overseas Deficit. Clearly the Keynes paper has done good. C.R.A. is inclined to think that it is no good pretending any more that we can keep open the

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Mediterranean route in time of war. If this is so it means that we could pull troops out from Egypt, and the rest of the Middle East, as well as Greece. Nor could we hope to defend Turkey, Iraq or Persia against a steady pressure of the Russian land masses. And if India "goes her own way" before long, as she must, there will be still less point in thinking of lines of Imperial communications through the Suez Canal. We should be prepared to work round the Cape to Australia and New Zealand. If, however, the U.S.A. were to become interested in Middle Eastern oil the whole thing would look different. Meanwhile the U.S.A. seem to be exactly repeating their post-last-war experience. The little men are nominally in charge and the whole political machine is out of control. E

I pressed on C.R.A. the need to make some more promotions soon of younger M.P's, particularly from the P.P.S. Bench and possibly also from the Whips Office so as to raise morale in both these localities, - and also to lower the age and improve the quality of the Government.

He is thinking of the possibility of turning at least one Cabinet Minister and at least one Parliamentary Under-Secretary into Governors. He thinks, and I agree, that Strachey should be next for promotion. I recommend, in relation to possible holes, de Freitas and John Freeman. In the former case H.G. might, I suggest, become his P.P.S., thus going in towards a ministerial job gradually and not over-straining himself.

Parliamentary proceedings have been animated lately. But two days Debate last week on the Trades Disputes Act showed us completely masters of the Tories. Shawcross made a very good opening, which I heard, and Cripps a very good finish, the last half of which I heard. By this time the Tories were cowed and silent. Earlier in the day Bevin had furiously attacked them, but this I didn't hear. Our majority was very good. I hurried down to vote and away, having voted, since I was entertaining Peter Fraser

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that night - very tired and, as tired men will be, much too talkative about very little. I hear that, as our chaps went through to vote, they sang The Red Flag and Twenty Years On.

That Thursday we had a Debate on "Food", with an over-spill of Dollars and Import Programmes. There has been a great fuss over "Dried Eggs" and Ben Smith had muddled his publicity. It had been thought a week before, by myself among others, that he might have to resign, and anyhow a very excited Debate was expected. The two days on the Trades Disputes Act had taken all the steam out of this and Ben Smith, opening, made a very long but reasonably adequate speech. I had to wind up and rather enjoyed myself, in addition to giving a certain amount of useful information about the make-up of our present import programmes and the rising trend of our exports. I also ragged the Tories for being slaves of German theories, propounded by such recent arrivals as Professor Friedrich August von Hayek - "decontrolled for its own sake - whereas we in the Labour Party drew on the deep clear springs of British common sense. I also hinted that, if we didn't get the American Loan all sorts of further cuts would have to be made.

In the middle of this Debate we were summoned to the Lords by Black Rod to hear the Royal assent to a number of Bills, including the Bank of England Bill. I mentioned to the comrades in the Commons that this was one of the Bills in question and urged them to come along. Quite a crowd did and, I regret to say, raised a quite audible, though most disorderly, cheer when, on this Bill too, the old boy bowed and announced "Le Roi, Le Veult".

On Friday I had a non-stop series of Cabinet Committees. I began in the morning with the L.P. Committee, where I agreed to free milk in schools and lots of orange juice and cod liver oil, and then went on to the Defence Committee, which sat

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for the rest of the morning and then resumed after lunch, as a result of which I got £120. million ~~off~~ *off* next year's Service and Supply estimates. This is a very great relief to my mind and to the prospective look of my Budget Statement. The Service Departments all came prepared to accept this, which made me think afterwards that I might have asked for a larger cut.

We then had Leon Blum for about a quarter of an hour on "a visit of courtesy" on his way to the United States where he is to try to negotiate a loan. Later in the afternoon I saw Bridges and others, who reported that we had knocked a further £80. million off "Loans to Foreign Governments", chiefly off the Dutch and had reduced the payment of the Hynd-quarters by £30. or £40. million. My Budget is really beginning to look quite slim!

I then went down to W.L., and after an evening meal sat up working on Scale "E". Having made a tolerable cockshy of this I went to sleep like a log.

Simon
Kelvin Dal

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MONDAY, 25.2.46.

Back from W.L. in time for 11 a.m. Cab. This is a bad Monday morning institution. Some of the colleagues are exceptionally loquacious, especially this morning the Minister of Health.

W.C. has sent a telegram from Florida that he is seeing Byrnes and Baruch, who seem to get on badly with one another, but that the latter persists that he is most anxious to help us and not to jeopardize the Loan. On the other hand, he is obviously disgruntled at not having been consulted and says that Keynes mismanaged the negotiations. I am to send W.C. some material for future use, including his forthcoming speech at Fulton.

We had Macmanus with us for Friday night and Saturday morning advising on the proposed cottage and an ultimate extension of W.L. The local Council have proposed a quite fantastic price for bringing the water up the hill to just outside our gate on the road. I, therefore, suggested that we should explore instead the possibility of boring a well. Thereupon M. rang up a firm in Hungerford who immediately sent a man over. The latter assured us that the chance was only one in a thousand that a bore would fail and, further, that it was quite unnecessary to go to the bottom of the field with added expense etc. He, therefore, proposed boring in what would be the backyard of the cottage. He is to send an estimate soon. It seems that this will cost less than half as much as bringing the water up the road and will lay it straight on, and close up, both to the cottage and W.L.

I spent part of the afternoon making a clearance in the hedge and marking out the track for the path to the cottage.

Last Thursday night (21st) I was inducted as a Bencher of the Middle Temple. Quite a pleasant little function, presided over by old Craig-Henderson, now the Master Treasurer, whom I had known and not

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thought much of at the Board of Trade, where he had been the rather ineffective Chairman of a very ineffective committee on Retail Traders.

I go through the formalities of being introduced as Master Junior, and finally make a short speech in response to one proposing my health by the Master Treasurer. I am told that I shall not long continue to hold this rank as it is intended to introduce one or two more new Benchers soon. They all express the hope that I shall sometimes come and lunch with them, in the present temporary quarters pending the repair of the Hall which is still suffering from war damage. The Temple still looks one of the most devastated areas in London.

Last week I also had a talk about the Budget with Bridges, Hoppy, Keynes and Gilbert. The whole picture is looking much better than it did a little while ago. That wonderful Friday afternoon when I saved £200. million was a turning point!

As to what is to be done next year I am gradually getting clear and firm views. But a few points still remain unsettled, and on several of these my official advisers are apprehensive of my intentions! I shall give way to them on some but not on all of these points. I clear my mind further during this last week-end.

Last Friday (22nd) I lunched with Bruce Lockhart. He says that David Garnet is writing the history of P.W.E. with its various war-time forerunners, but that the latter is, he thinks, making a mistake in wanting to go into too much detail and to bring out all the differences between Ministers - and how acute they were! - and to comment on various mistakes made. I say that I am quite indifferent provided it is objectively done and not with a bias in favour of E.G., Duff Cooper or Bracken, that I should have thought it would have been better in this Official Secret History for the historian to stick to naration.

B.L. also said, rather sourly, that Brooks

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had now done pretty well for himself having been appointed Chief Marine (I forget the exact title). B.L., on the other hand, had now been retired and, I suspect, would not mind being invited to do something else somewhere else.

He had not heard the story of the allocation of E.B. and myself as between the F.O. and the Treasury, or at any rate said he had not, and if this is true it shows that his private Intelligence Service is not really any good, for I have myself repeated this story to a large number of people and had understood that it had circulated several times all round Whitehall by now. He did, however, tell me that a number of people, including Francis Williams, Crossman, and Richie Calder, had been using what influence they had - and he thought F.W. had a good deal with the P.M. - to get E.B. rather than myself at the F.O., because they thought I should be too "orthodox" particularly as regards the personnel of the Office, whereas they thought that E.B. would make tremendous personnel changes and clear out all "the old gang". And now, says B.L., E.B., after a month or two's indoctrination, has become more devoted than any of his predecessors for a generation to the Career Diplomat and all the Old Boys in the F.O., so that "now all the old nags are going back to the old stables". Even Basil Newton! (I said that he had been offered to me by the F.O. to preside over the Bermuda Air Conference but that I had refused him and had told the F.O. that if they had nothing better to offer I should prefer a Post Office official in the Chair.)

In the first week of E.B., B.L. said that Cadogan and Sargent both thought they were out. But, as I thought but did not say to B.L., E.B.'s weakness necessarily was that he would not have known by whom to replace them, since he really knew nothing of any of the higher personnel of the Foreign Service either at home or abroad.

Meanwhile, I said that I had originally

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thought the Treasury would be more difficult than the F.O. I had since quite changed my mind and was, on personal grounds, much relieved at being here and not there.

B.L. also spoke of Eden's passionate eagerness to become the first Secretary General of U.N.O. He knew a good deal about A.E.'s efforts to get this job. The truth was that A.E. was not now at all sure whether, or when, he would get the Tory Leadership and still less sure when, if ever, this would make him Prime Minister. None of the Tories knew when Winston would resign the Leadership, there were growls against him now that he was away but if he came back and said he wanted to go on B.L. did not think that they would put him out. And Meanwhile, A.E. was not doing very well as acting Leader. Many of the rest didn't like him and several, including Macmillan and Butler were trying to oust him.

Phil had spoken to me only the day before about A.E.'s efforts to be S.G., U.N.O. A.E. he said had both seen E.B. about it, and got Winston to see E.B. about it, and to see the P.M. about it, and had arranged for a number of foreigners also to canvas on his behalf. Phil said that he had urged E.B. and the P.M. that, apart from other things, our Party would never stand for it. And so it came about that A.E. was not even the British nominee for the job, but Mike Pearson was. Phil thinks that A.E. knows the part which he played in securing this result and that this is why A.E. was so contemptuous of Phil's speech in the Foreign Affairs Debate last week.

I have no doubt that A.E. would have been a very bad choice.

The Tories are still doing pretty badly and could not even win the Heywood and Radcliffe by-election which Tony Greenwood retained for us by a majority of 452, a drop of only 400 on our very surprising General Election majority, even though Dried Eggs are said to have played a certain part in the by-election!

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FRIDAY, 1.3.46.

To-day the Bank of England becomes a public institution. Catto and Cobbold came to my study at No. 11 at 1 o'clock to make their declarations before me of loyalty to the Crown etc. Bridges and Trend were the other witnesses, and the Minister of Supply came in to join us afterwards in a glass of sherry.

This is an historic day, the first meeting of the new Court, including my three new nominees, was held to-day. These new appointments have gone over well, Robin Brook, in particular, hitting the headlines.

Catto said that he had entertained at Dinner two nights ago all the previous Court, and all living ex-members of the Court. Norman, among others, had been there. Norman, he said, had made "a slightly pessimistic speech", but apart from this, all had been happy. /

Thus is consummated one of our peaceful revolutions. It has all gone wonderfully easily. The city has taken it quietly, though for the moment some of them are rather vexed with me for my remarks in Parliament last Tuesday on Jap Bonds. I had said, in reply to a Supplementary, that I "could not imagine why any Britisher should own Jap Bonds at all". They threatened to send deputations of Bondholders to see me. I should rather like this.

To-night I go to Eton to talk to the Political Society. This should be quite amusing.

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FRIDAY, 22.3.46.

In domestic politics we are in a good patch, though the international scene is a bit speckled and one can't be sure how India will go. Our Mission of Three Wise Men left this week. Pethick and Cripps flew off together - someone suggested to me that their cross-talk would probably be a bit boring for third parties! - and Albert Victorious went off on his own. The P.M. having explained in the House that, if the Indians wanted "independence" they could have it, there is quite a shrill scream of welcome from the Congress, though Jinnah seems still to be grizzling. We now have more room, physically, in the Cabinet, and, in particular, there is now nothing to separate me and Shinwell.

8 [The Russian attitude is still very difficult. A fortnight ago I ran into E.B. in the evening and found him in a great state, saying that the Russians were advancing in full force on Teheran, that "this means war", and that the U.S. were going to send a battle fleet to the Mediterranean. I said we couldn't go to war with the Russians about Persia, and next day told the P.M. of this incident and said that I thought E.B. was - no doubt quite naturally - in a strung up state. The P.M. quite agreed with me, and is indeed pressing on the Chiefs of Staff and the Defence Committee a large view of his own, which aims at considerable disengagement from areas where there is a risk of us clashing with the Russians. This would mean giving up any attempt to keep open the passage through the Mediterranean in war-time, and to pull out from all the Middle East, including Egypt, and, of course, from Greece. We should then constitute a line of defence across Africa from Lagos to Kenya and concentrate a large part of our forces in the latter. We should face the prospect of going round the Cape in war-time and, the future attitude of India being somewhat uncertain, we should concentrate a great part of the Commonwealth defence, including many industries in Australia. We should

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thus put a wide glacis of desert and Arabs between ourselves and the Russians. This is a very bold and interesting idea and I am inclined to favour it.

E.B. is rather fascinated by the Middle East and doesn't want to move troops further out than the Canal Zone. On the other hand, he is very much attracted by the Lagos-Kenya idea and wants to build a road linking them right across Africa, passing through the top of French Equatorial Africa and enabling us, if need be, to protect the deposits in the Belgian Congo. He also thinks great trade developments might come between East Africa (including Natal), India and Australia. This would be a triangular ocean trade. He has lately been more and more friendly with me and is constantly putting the Treasury point of view, both in my presence and in my absence, to foreigners and to our own Chiefs of Staff etc. In these last weeks he has seemed sometimes much less self-confident and self-sufficient than he used to be. Sometimes, indeed, he has seemed to be clinging for support to me and one or two other colleagues. ^b He has also put up an important paper on the future of Germany, in which he sticks firmly to the view that the industry of the Ruhr should be taken over and owned by an International Consortium of Governments including ourselves, the French, the Americans, the Russians and any smaller Allies who want to come in, and that the Ruhr should be permanently occupied by an international force but that it should not otherwise be politically detached from Germany. I have backed this as being the most helpful and least difficult of many alternatives. [To separate the Ruhr from Germany would not, I fear, be an enduring solution. On the other hand, we have agreed that the ~~Ruhr~~ should go to France wholly and without conditions and here the French would do well to push out the German population - less than a million - and replace them by Poles and others who can be readily assimilated into the French population.] ^c

EB

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On the home front we are going great guns.

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A. Bevan's new Health Bill, nationalizing all the hospitals and providing free service for everybody, was published yesterday. The Coal Bill is ploughing its way through committee. We have decided to retain bulk buying of cotton as a permanency (Cripps being away, H.M. and I are to defend this decision against a Tory attack next Thursday; I am getting Frank Platt down on Tuesday night; it will be a good wicket). Exports are going up faster than was expected. We have got the Canadian Loan. The prospects of our getting the American Loan grow continually brighter. Coal output is also going up - at least for the moment. The Tories have made their first by-election gain, but only from the ghost of Eleanor Rathbone and in a confused close up between four candidates, the other three of whom were Liberal, Independent with Labour leanings, and Labour. Not much of a score!

Meanwhile my Budget is rapidly approaching its final shape. Both C.R.A. and H.M. were delighted with my general plan and E.B. has only one important addition to suggest, which I am inclined to accept and am now having closely studied. It will be a bull of a Budget! I have so told Catto and others and am working out a cricketing metaphor in which Catto and I are partners and "send up the century". To Chris Mayhew I said "I won't tell you any secrets but you will be delighted and dumb-founded by many things which you will hear me say".

I am going to spend the week-end immediately before the Budget in the State Forests with Roy Robinson and de Freitas.

R. is going back to the L.C.C. to be Alderman and Vice-Chairman of the Housing Committee. She is very pleased at this. She is also being invited to become a member of the Executive Committee of the National Trust, which I warmly approve.

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FRIDAY, 29.3.46.

Last night we repulsed a Tory Motion against our decision to make permanent, with peace-time adaptations, purchase of raw cotton through the Cotton Control. In the absence of Cripps, H.M. replied and I wound up. H.M., not unnaturally, was a bit out of his depth with the technicalities, though I had arranged for him to meet Frank Platt for dinner here two nights before. The latter is a great trump card to play, seeing that he has now returned to L.C.C., having run the C.C. right through the war.

This morning we had a furious row at the L.P. about the slow progress made in the Development Areas by the Board of Trade. A. Bevan opened the debate saying that he warmly agreed with everything I had always said on this subject, and adding that I had put Tredegar first on the list for a new factory, but that it had not yet been started. After a bit more tumult H.M. suggested that I might be Chairman of a (sub) Ministerial Committee to hustle all this along. I said I would, but added that we must have D.J. as Secretary. It was largely because he had left the Board of Trade that there was nobody there who had any fire in his belly.

B/ Keynes has just got back from Savannah. He has got them to agree to the Annual Meeting being at the end of September in Washington and thinks that that might just suit me for a trip over. Perhaps it would. He is quite sure that we shall get the Loan, saying that all the opposition has died away, in spite of a slight flutter when our Cotton Control decision was announced ten days ago. He says that in the Senate Committee, after the Administration evidence, the only witnesses the other way were "three hand-picked lunatics with straw in their hair", including a bogus "General" who said that an international fiduciary issue would solve all the world's problems. The recent attitude of Russia had undoubtedly helped the Loan, K. said, and the Pope had

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also come over to our side having recently instructed the Cardinals that nothing was to be done which would weaken British power to resist Communism. The consequences of these orders to the Cardinals, and through them to their flocks, included :

- (i) that Joe Kennedy, who had previously been against the Loan, now said that we ought to have had a free gift;
- (ii) that Leo Crowley, who had been going to ~~debate~~ against the Loan, had gone silent; and
- (iii) that the Irish Americans generally had been told to keep quiet.]E

Festify/

This saves me from having to consider any further the humiliating suggestion brought forward by Brand, that H.M.G. should ask De Valera to make a public statement in favour of our getting the Loan.

[K. thinks that the proceedings at Savannah suggest that the U.S. Administration - both State Department and Treasury - want to pass on to these new International Institutions all the troublesome problems they can, thus keeping them away from control by Congress. This K. thinks will suit us very well indeed.]

Died Earlier Sunday.

[My Budget Speech is nearing its final stages. It will, I venture to think, be a pretty remarkable effort and will confound those, e.g. the "Manchester Guardian" Financial Editor, who have been prophesying - as they prophesied last October - "a dull Budget".]

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FRIDAY, 12.4.46.

This morning I am looking forward more than usual to getting away to W.L. But we have the usual Friday series of Ministerial and other committees, including one on the food situation at 6 p.m. to-night!

This has been a pretty good week, with my Budget speech on Tuesday and two days of quite satisfactory general debate following it. Last night, after having wound up the debate in what I hope was both a rational and cheerful speech - concluding with the story of how, as I was returning home the night before, I met a policeman in Downing Street who said to me "Labour gets things done; that's the watchword" - I was walking back from the House with Durbin. As we were crossing Parliament Street, I did not notice that there was no policeman controlling the traffic and I was nearly obliterated by a car, in front of which I slipped and fell with a resounding, but innocuous, bump in the middle of the road (I should add that I was completely sober). The car pulled up very well and I was conscious of nothing more than a wing looming over me. Rising to my feet with such dignity as I could command, I wished the driver "Good night" and proceeded on my way, but I said to E.D. "I'm not at all afraid of sudden death, though I should hate the other sort, but what a bloody fine dramatic ending it would have been after the last three days." I should have hit the headlines again with a bang. After I had gone to bed, Laing called to tell me that the "Daily Telegraph" had rung up to enquire whether it was true that the Chancellor of the Exchequer had been knocked down while walking home from the House. He had replied that there was no truth in it at all. So there was no news of it in this morning's papers.

My Budget speech went on and on for two hours and six minutes, but it seems to have made a pretty good impression. It has been very much liked by Labour M.P's, and the Press comment has been generally very friendly. In the city Industrials have been booming and Gilts have been spurting - to use their own language - on a great scale.

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The poor Tories have really very little to say against it, though they tried their best; John Anderson pompously leading the procession of protestants. Meanwhile the reliefs in the October Budget are just coming into operation and this week everyone is paying less income tax. I hear that many people are thinking that this benefit is a direct result of this Budget.

I had got pretty bored with my speech by the time I came to the closing passages about the Land and the National Land Fund, and the peroration was badly mangled in ~~transition~~ ^{transmission} by most of the ~~Members~~. But, ^(press) though few M.P.'s. referred to this point, and none opposed it, it will, I believe, go well in the country. And it will stand on record pretty well in Hansard. While preparing my Budget speech I turned up Harcourt's in 1894 and Austen Chamberlain's in 1919 when he doubled the Estate Duty at the top level. But I found them both quite unquotably dull. I hope that, "twenty and thirty and forty years" some successor of mine may find this speech of mine better worth retailing.

The Tories are very chagrined to find how well we are doing, and amazed that we shall be next year, as I put it last night, within striking distance of a balanced Budget. And, as for cheaper money, things are moving perfectly just now.

It is amazing how tough all we Ministers are - or most of us! The pressure on us is terrific. Poor old Silkin got his New Towns Bill through the L.P. Committee this morning and we are nearly home with Iron and Steel. E.B., Jowitt, J.W. and I are a Sub-Committee on this. There has been long indecision here and H.M. was always shaky about it. In the Cabinet, when it came up the other day, Shinwell opposed it, supported by silly old Tom Williams, who never knows when to keep his mouth shut, and that flabby Jowitt. I made a row and asked whether we were a Socialist Government or not, when we expected to have a better opportunity than this, and how we could defend going back on our pledge at the Election. I said we could not funk and dodge this issue any longer and that we weren't really beginning our Socialist programme until we had

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gone past all the public utility junk - such as transport and electricity - which were publicly owned in every capitalist country in the world. Practical Socialism, I said, only really began with Coal and Iron and Steel, and there was a strong political argument for breaking the power of a most dangerous body of capitalists. In the end the Cabinet agreed in principle to nationalization and referred the details to us four. E.B. was very good, as usual.

The Cabinet took my Budget proposals very well. No amendments were suggested. The Earned Income relief, beginning next October, was my final addition, following a talk with E.B. The officials were against it, thinking that I had already got quite enough in the Budget and that this extra bit would be lost in the Autumn. But I stuck to my own opinion.

On cheaper money I had a series of conferences with Catto, Cobbold and others and the Treasury officials, from which we finally decided to reduce Defence Bonds from 3 to $2\frac{1}{2}\%$ as from May 1st, to issue no new tap loan at present, and to announce that, on May 15th, I would give notice to repay £490. of ~~Empire~~ short-term debt on August 15th, not announcing terms of replacement at present. I also said in my Budget speech that I did not think the floating debt at present was too large and that I should not need to borrow very much from the city this year. All these ~~tricks~~ worked well together. And, as I dictate this, Old Consols are above 96, their highest ever. Keynes had been in favour of offering a new 2% ten year Bond, but the Bank said this wasn't on the map at present. It may be soon. K. was also in favour of offering to convert 3% Local Loans to $2\frac{1}{2}\%$. But this too was opposed by the rest as an immediate measure, though I hope we shall come to it in the next twelve months.

with
strategy
New Forest. Before the Budget I spent with Roy Robinson in the New Forest. It was very thrilling to see young trees and old. I took with me de Freitas

G. R.

Dalton L 34. (20)

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C.R.A's. P.P.S., whom I found a very pleasant companion. Tom Williams arrived half way through the week-end. I am making it a habit always to have a week-end in the Forest before my Budget.

The American Loan is said to be in the bag. The Roman Catholic Church has been strongly supporting it to try to prevent Britain from going Communist. K. has brought back much evidence of this from the U.S.

It is difficult to remember that one is so important as one may seem to many others as Chancellor of the Exchequer. I may have many vices, (and a few virtues,) but I don't think pomposity or excessive self-esteem is among them. On the other hand it is very good to see the smiling faces of one's political friends and be told that one has achieved a great personal, as well as Party, triumph.

G. R.

Dalton I 34 (21)

DIARY

WEDNESDAY, 15.5.46.

[I went to Westminster Cathedral this morning for a last salute to dear old Cartier de Marchienne, Belgian Ambassador, who died a few days ago. He was ^{the} doyen of the diplomats, and had represented his country here through two invasions and long years between. He was the most regular of all diplomatic visitors to the House of Commons. I thought, as often before, that the Roman Catholic High Mass is inconceivably boring and much too long. All those obese oleaginous humbugs dressed up in funny clothes, dressing and undressing as the show goes on, wandering about with lighted candles in their hands and making smells - even if quite agreeable ones - with smoky incense, I find totally unsympathetic. Towards some conventions I find myself softening as I grow older, but not much towards this one.

The King's representative, the Earl of Clarendon, sitting in a seat in front of everybody else, was often standing when he should have been sitting or kneeling, and conversely. The rest of us took our movements from a dreary looking chap in a black cassock near the front. After the service there was a frightful shambles, with all the diplomats running about like ducks in thunder storms looking for their cars. All the cars were parked in one great block which ^{lasted} ~~lasted~~ a quarter of an hour at the side of the Cathedral. I got back late for lunch with R. and Denis Healey who has had an interesting trip in Italy and France. Next week-end I go to Clacton to meet a lot of Socialists, mostly from Europe.)

to clear

This morning we spend half an hour more on the declaration on India, framed by our Cabinet ^{motion} ~~motion~~ and Wavell, and amended as a result of messages from the Cabinet here. They have accepted some of the amendments we suggested, but are strongly resisting others and refusing to accept responsibility if we don't give them the "All clear" to-day, since already everything is leaking out there. I spoke with great emphasis in favour of giving them the "All clear". We have sent out three good men and they have soaked in

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the atmosphere and all that divides us is a few forms of words. The important thing is to get the Indians to accept the new proposals for Constituent Assembly etc. No doubt we shall be charged with giving away essential British interests, but the Cripps Declaration, when Churchill was Prime Minister, is both an historical reality on which there can be no going back, and a good debating point against the Tories. It would be wonderful to see India self-governing within a year or two. Meanwhile, however, many millions, even though this be only one or two of their total, seem likely to die of hunger. The world famine lurks behind all our talks. It comes down to my Departmental level in losing me £48. millions of beer duty owing to the cut in brewing, in order to save barley to be shipped to the western zone in Germany. H.M. is in Washington talking to Truman and the American public. Ben Smith, I hope, won't last much longer. Indeed, C.R.A. told me the other day that he was only waiting for Stansgate to get back from Cairo in order to arrange for Strachey to become Food Minister and be succeeded by de Freitas. This would be a good move.

Meanwhile there is ^gstart in breaking the block on promotion with three junior Ministerial changes announced last week-end. Jennie Adamson becomes, most suitably, Vice-Chairman of the Assistance Board and is succeeded by Arthur Blenkinsop, quite a nice young man though, not, I think, with much force. But this will raise morale in the Whips Office from which he is promoted. Foster having resigned from Fuel and Power, Hugh Gaitskell has taken his place. He may find personal relations difficult with Shinbad, but, on the other hand, is very skilled at handling such things and will find, if he can get a personal modus vivendi, that they have more nationalisation and post-nationalisation work in this Ministry than in any other in the next two years. Finally, John Parker has most deservedly been reduced to the ranks and his place taken by Arthur Bottomley. This will certainly be a change for the better. J.P. is perfectly useless, has no personality and is visibly misplaced on the Front Bench, and it is a very good thing to create a precedent,

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for demoting people on their demerits. A good deal more of this ought to be done. We must get our good young men on. I am always hammering at the P.M. on this.

[E.B. is having a hell of a time in Paris at the ~~four~~ Foreign Ministers' Talks. It all looks pretty bad again and Byrnes is being encouraged to try to make Peace Treaties without reference to Russia. I tried, being deeply desirous of seeing a Peace Treaty with Italy as soon as possible, to persuade the Cabinet to suggest to E.B. that he might give way to the Yugoslavs on Trieste if other things were reasonably settled. Since the Italians are now, happily, to retain the Alto Adige and there seems some chance of their getting at least Tripolitania back again, it would not, I think, be asking too much for them to let go Trieste. I am afraid that E.B. is getting rather obsessed with the "Iron Curtain" and this was used in one telegram as an argument against letting Tito have Trieste. But, as I pointed out, and other colleagues supported, as soon as you walk a mile outside Trieste, you are in Slovene villages, so the Iron Curtain hangs around the town, if not along the water front.]

Crossman thinks that H.M.G.'s reaction to the Palestine report was very bad and that it is absurd to talk of disarming the Hagana, which is only a Jewish Home Guard and quite distinct from the Terror Gangs. He complains of the presence of so many ~~anti-~~ Semites in H.M.G. and in the Colonial Office. He says we have nothing to fear from the Arabs, who have no arms. I find all this rather refreshing, but it is difficult at this stage to do much about it. The continued absence of E.B. in Paris is a great handicap to these discussions, though in other ways it is a great relief, since overburdened though he is with Foreign Affairs, he still tends to meddle over much with the business of his colleagues. How I love a colleague-free day! Then I can really get on with the job. The greatest curse of Ministerial life is the mass and multiplicity of Ministerial Committees and Sub-Committees.

At the Treasury things move not too ill.

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I have the Second Reading of the Finance Bill tomorrow and have been looking up the record of Sir A. Chamberlain after the last war. I am sure I am doing much better steadily reducing taxation, whereas he, in both his two first post-war Budgets increased it greatly, and I am borrowing at $2\frac{1}{2}\%$ long and $\frac{1}{2}\%$ at 3 months, whereas he was paying over 5 and over 3 respectively. Yesterday I announced a new Savings Bond issue at $2\frac{1}{2}\%$ for 18-21 years and the poor "Financial Times", which I have been publicly ragging, tried hard this morning to pretend that I could have "got better terms". And perhaps I could, just a little, but there has been a further improvement in prices in the last fortnight since we settled the offer. Catto just back from a month's rest in Scotland says that he thinks Cobbold was too cautious. The American Loan is now through their Senate after the most inconceivable delays and has now gone to their House of Representatives. There it will take less time but the result is quite doubtful still.

D I A R Y

MONDAY, 20.5.46.

We got the Third Reading of the Borrowing Bill at 5.30 in the morning last week. I made the official winding up speech, which was thought to be a fairly lively performance.

And on Thursday last we got the Second Reading of the Finance Bill. The Tories with incredible ineptitude voted against the Second Reading, though they had put down no reasoned Amendment on the Paper. I was, therefore, able when winding up to give a short summary of all the things they were voting against, including Imperial Preference, repeal of E.P.T., relief from income tax of insurance contributions, earned income relief, relief for married women in industry, post-war credits for the Old, access to the land for the young, reduction of purchase tax on necessaries and finally reduction of entertainment duty on outdoor sports. This gave very great delight to our members and should be good propaganda!

[R. and I spent the week-end (17th - 19th) at Clacton for the first time in our lives. It is not nearly so bad as I thought, and we stayed with some dozens of others in quite a good modern-architecture hotel now owned by the C.W.S. and run by the W.T.A. The occasion was an International Socialist Conference. I was in the Chair for its duration and was rather relieved to find that we steered clear of a number of reefs. I made a speech of welcome on the Friday night, in the course of which I told them of what our Government was doing and of our attitude to the Communists.

All Saturday was taken up with a series of reports from all those present - including of the ex-enemy countries, Italy, Hungary, and Finland but not, of course, Germany - and most found this a very good day.

The indications are that the Italians will do well in their elections, but the French badly. The later had sent Groumbach and Levy. It is a terrible mistake that so much of their leadership is now Jewish.]

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[I foretell, with regret, large Communist gains at their expense in France. The Dutch, whose elections were reported during the week-end, have not done very well and have been headed by the Catholics with some Communist gains.

On the Sunday we had a general discussion, and in the afternoon took certain decisions - to set up in London a "Liaison Office", or "Information Centre" to be run by us and to gather and distribute information on the course of events. This will mean that D. Healey will need, I think, one more assistant and one additional typist. Some of the foreigners were thinking in terms of a grandiose staff, but this is quite unnecessary at this stage. Our next "decision" was to allow the French, if they choose, to summon a Conference a little later on in Paris on Spain. We would attend if asked, though I hope that, by then, Franco may have fallen. The trouble is to find a practical succession and to avoid more civil war. We had no Spaniard at Clacton and, to my surprise and relief, no one protested at this.

It was also definitely decided that we should convene another Conference in October or November and that no German should be invited to it. Information should be gathered in the meantime - by whatever parties might send missions to Germany, - on the situation there and report in the Autumn. I also got it accepted, without any resistance at all, that the whole question of a formal constitution of a new International should be left over at least till the Autumn.

It was a relatively quiet Conference - though Groumbach is still, poor little man, much too voluble and superficially excitable and spoke at least six times as often and as much as anyone else - and it seemed that I managed the Chair with reasonable success. I was afraid on the first full day that they would all flow over their allocation of half an hour, but in the end we got them well within the timetable.

Nash came and was one of the successes of]

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(the Conference. His speech about what they had done in New Zealand and of their general outlook on the world was refreshingly different from all the old European misery. There was a pretty young Canadian called Mackenzie who came from the C.C.F. and made one of the briefest and brightest speeches. He said that in Quebec nothing had caused more interest and enthusiasm for hundreds of years than the Petain regime in France. This corresponded to all their ideals, - clerical, conservative and non-resistant to Germany, - this chimed in with Quebec's anti-conscription line. The chief reason why Priests were against conscription was that the young men who went to Europe or even to the Canadian Camps from the remote villages never came back. He also said that they in Canada were just realising that they had been taught the wrong kind of geography. Mercator's projection showed them protected by tremendous spaces both from Europe and from Asiatic Russia. But they now realised, in this air age, that they were wedged in between the two greatest powers on earth and that, if ever there was war between U.S.A. and the U.S.S.R., they would have the worst time of all. "Every Buzz Bomb from either side which fell short would hit us." There were some Warsaw Poles, led by Cyranciewicz, who was said to be bitterly anti-British and spoke neither French nor English. He had been for four years in Auschwitz and was alleged by anti-Communists to be a mere Communist stooge. I had a good go at him, with Szapiro interpreting, and think I made a bit of an impression. I told him that we were bringing back the Anders Army at once and that I would pay gratuities to those who wished to return to Poland; also that no one in the Government wanted to change the Oder-Neisse frontier. G. made great complaint of a speech by Churchill, copies of which, moreover, had been distributed by the British Embassy in Warsaw, saying that the Polish frontier had come too far west. He and Grosfeld, who was their spokesman at the Conference, argued in favour of the united block - or as we should say "the coupon" - election. They practically admitted that, on a free vote, Mikolajczyk might win, but added that this would have disastrous consequences on Soviet-Polish relations, since the Russians)

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regarded M. as a British Agent. C. is a native of Cracow. He had a somewhat grim appearance which, in view of his war-time experiences is not astonishing. Anglo-Polish relations still want a lot of working up, but I am not quite unhopeful about them.

bad
 Kosina came for the Czechs, having recently returned to C.S. and found it not nearly as ~~bad~~ as he had expected. He is in process of retransformation from an émigré to a Czech Socialist patriot. He made a very good and moving speech. Two other Czechs: Patzak and Hajek, new to this gathering, also came. I liked them both. I tried to keep the Slavs always in the picture. There is a tendency for us to become too West European.

Yes, it was a surprisingly good Conference! The Hotel was haunted by press men, but they got very little out of it.)

→ Aneurin Bevan repeated someone's saying to him about E.B. "He is a big Bumble Bee caught in a web and he thinks he's the spider."

A.B. and I are on very good terms just now, and I find him much brighter than most of them. We shouted at each other across the Cabinet table last week, when I said, with reference to Germany and reparations, "I have studied this question. I don't just emit a lot of flabby generalities." The P.M. then had to close this exchange. We both looked thunder at each other for about thirty seconds, and then ~~grins broke through and~~ I passed him a note saying "As half a real Welshman (Glamorgan) to a real half Welshman (Monmouth), we must allow for these poor Saxons' lack of understanding of our high-spirited natures". He wrote back "As one bastard to another, I accept your apology." This is how we spend our time in Cabinet. *(Add other notes.)*

This afternoon (May 20th), I saw Catto and told him that I had totally lost all confidence in Cobbold who had given me very bad advice on the terms of the new 2½% tap issue. I said I would never

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again take any decision of this kind in Catto's absence and that this emphasized the need for him to stay on for sometime longer as Governor. I said that I had at first thought Cobbold's proposal too conservative and had favoured offering $2\frac{1}{2}\%$ for 20 years or after - or at least for a longer term, if redeemable, than 18-21 years. I had also been in favour of offering a second option, say, a 2% Ten year Bond. But Cobbold had argued strongly against this and I had trusted his judgment. I should never do this again. Events had shown in this case that I had been right and he wrong. He should have foreseen the heavy fall in gilt edged ^{(following} which, though it was not difficult to explain away, ^{the} _{announcement)} as the natural result of a deliberate move by me to shake out speculation, was, in fact, no part of our intention. Nor had Cobbold or anyone else suggested at our talk that this should be one of our aims. I reminded Catto that he himself, the day before the announcement was made, on his return from Scotland, had said to me "I think you've all been too cautious." He did not disagree with any of this, but said that, in fact, the fall had done good. But certainly, he admitted, Cobbold had made a bloomer. And he quite understood that I should be very vexed about it. Part of the mistake was that we had taken the decision as to the terms too long before hand, and the market had improved further in the interval. Cobbold, however, had taken the advice of his experts before giving it to me and they had all been wrong together. Then Cobbold and Co. had been so immersed in the preparations for the new issue that it had not occurred to them to suggest a last minute change in the redemption dates. We could certainly, Catto thought, have gone to 25 years, as things turned out. On the whole the press comments had not been unfavourable. They were giving us the credit for having deliberately done something which was desirable. But he made no attempt to excuse Cobbold's bad judgment and I think will have gently washed the latter's head.

DIARY

THURSDAY, 27.6.46.

I am riding just now on a high tide of success. I must, therefore, cautiously watch my step!

The Bournemouth Conference was described by some interpreters as a Victory Parade. Certainly all went very well, nor should this be surprising since, for the first time in our history, we have a majority Government doing a large number of simultaneous good jobs. (It is true that) Ministers took up a good deal of the total time making statements to the Conference, but (it is also true that) the vast majority of delegates certainly preferred this to any alternative arrangement. I made ~~only~~ three speeches:

- (i) at a Public Demonstration on the Sunday preceeding the Conference,
- (ii) at a Tea Party arranged by the Fabians on the Tuesday afternoon, and
- (iii) on Budgetary and Financial Policy on the Friday morning.

These three efforts all seemed, in their different ways, to do the trick. My speech on Friday morning, in which I said nothing new (except that I was taking over Lake Bala and some neighbouring mountains), but merely repeated a lot of the material of my two Budget speeches, was a crashing triumph! It received the longest and loudest ovation of any speech in the Conference and several delegates jumped up and demanded that it should be printed and widely circulated. This demand had not been made for any other speech.

There were also one or two interesting shifts in the voting for the Executive. The seven retiring members in the Constituency Party Panel were most emphatically re-elected, with a very long drop between the last of them and the highest of the unsuccessful. But within the seven there were changes of order. Bevan, who was ill and could not come to Bournemouth,

*the former
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(note)

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went up to the top. Then Laski, Griffiths and I followed, in that order, but with only 4,000 votes between us, then H.M. some 30,000 behind me, then Phil, for whom I had had faint fears, and Shinwell bringing up the rear. Last year Laski and Shinwell were at the top. It isn't easy to explain these changes, but I prefer this year's order to that of last year.

There was a record attendance of Constituency Labour Parties, 590 as against the previous high record of 439 at Blackpool last year.

The defeat of Communist affiliation was overwhelming, the miners and a number of other Unions reversing their previous attitude in the last few weeks. We also carried, without debate, an amendment to the Standing Orders making it hereafter impossible for applications for affiliation from Independent Parties to be entertained.

Bournemouth is a very good town for the Conference, though we are tending to grow out of the Pavillion in view of the increased attendance of delegates, not to mention visitors and the press of the world. But we have had three good goes here and the Highcliffe Hotel, which had only just re-opened after its war-time occupation by Canadian troops, has a number of memories for me, some belonging to the Conference of my Chairmanship in 1937, and some to the Conference of 1940, when we decided to go into the Churchill Government, and I spent much time on the telephone as Liaison Officer between the present Prime Minister in London and the National Executive in almost permanent session in the basement of the Hotel.

After a short week-end at W.L., I find myself with a good deal of Parliamentary business on my plate.

We have now just finished the Committee Stage of the Finance Bill. This needed, after two days in

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which we ended about midnight, two all-night sittings. On June 24th/5th the House sat for 20¼ hours, from 2.30 p.m. on the 24th to 10.45 a.m. on the 25th. Of these 19¼ hours were Finance Bill. On June 25th/6th the House sat 13½ hours, of which about 11½ were Finance Bill, with half an hour for Borrowing Bill (Lords Amendments).

I was generally thought to have got through very well and to be less tired than almost any of the other participants in these orgies. I was well supported by Willie Hall and Soskice, though the latter was inclined to give too long and frequent explanations to the Opposition. On the whole, however, the whole thing was very good tempered, nor did the standard of debate often fall very low. I got 1¼ hours sleep the first night and 6 hours the second. But was rather content and so not very fatigued. It is a sense of failure, partial or complete, that breeds fatigue. I recall once more W.C.'s famous dictum "The test of a people is what they can do when they're tired".

At 2 o'clock on the final morning John Anderson was put up to move that we should not increase the Estate Duty at all, though accepting my proposed reductions. I said afterwards that this was rather pushing the old women and children in front as a screen for the troops! The old boy tried to argue that heavy taxation of large Estates was inflationary. The looseness with which this last word is now used is more and more astonishing. Some day I shall have to give a clear, cold, simple lesson in the use of these economic terms and in their present day application.

After a reasoned reply, I quoted at length from a remarkable article in the "Evening Standard" supporting me on the taxation of large Estates and attacking Stanley and the Tories. I also got Walker Smith to get up and say, following what he had written in last week's "Sunday Express", that he disagreed with the proposal to relieve the largest Estates in view of the heavy burdens of taxation

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falling upon ordinary people. My readings and his intervention were largely cheered from our benches, while many of the Tories looked very uncomfortable. They looked even more so when W.C., who had appeared a short while before, then rose and made a rather rambling and irrelevant speech about the great advantage, from the point of view of the revenue, of having one millionaire to deal with, rather than ten men with £100,000. each. He also accused me of "spite" against wealthy people. He was most effectively and dramatically answered first by Chris Mayhew and then by James Gallagher, both of whom made first-class debating and Socialist-economic speeches. Many Tories abstained in the Division which followed. But we shall use it against them all the same in our propaganda.

Then we took the Lords Amendment, trying to reduce the period of operation of the Borrowing Bill from eternity to five years. This I asked the House to reject, and added warning words that this was a serious question of principle, and that the clear intention of the elected majority in this House could not be frustrated by a non-elected majority in another place. This having been done, I went along to the Smoking Room, where nearly all supplies of drink had been exhausted after these two long sessions. We discovered, however, a bottle of rum which was divided among some six of us, including Anthony Nutting, a young Tory who for some time has interested me, but with whom I have never talked before. I find that in 1941-1942 he was doing dangerous jobs under S.O.E. in Spain and occupied France.

Sir Frederick Burrows, NVR Governor

of Bengal, ~~was~~ asked whether he was interested in hootin' & shootin', replied "No, I've been more interested in shootin' & hootin'." (I can hear him saying it!)

*V. L. G.
only first
minutes*

*L O Stanley
L J P. Green*

D I A R Y

THURSDAY, 1.8.46.

To-morrow Parliament goes into recess for two months, till October 8th. This will be a wonderful relief. We have all been driving ourselves very hard right through this Session and, when we look back on it from a few weeks hence, we shall all feel very proud of what we have done. Meanwhile the strain has become excessive. E.B. broke down on the eve of the "Peace Conference" in Paris and was packed off to bed, the P.M. having to go out at the last moment to replace him. E.B. collapsed in his room at the House last Thursday and at first was thought to have a heart attack. They gave him oxygen. Later it was thought that it was only a tummy upset, but he was sent to bed and it was announced that he must have "a complete rest for at least a week". In the last few days he is said to be getting on better and wanting to get up.

[I have for a long time thought that he would suddenly go flop. R., sitting next to him at A.P. Herbert's Light Opera the other night, said that he seemed to be enjoying it, but that she noticed that his hand was shaking. G.J., who has a great admiration for his endurance, said that it was most remarkable that, having previously drunk a lot of whisky, he suddenly in the course of the Paris talks knocked off and took only soft drinks. This, as G. said, showed great strength of character.]

But it is not escaping my thought - nor perhaps that of some others - that, if he were to collapse, I might have to go to the F.O. I should be very sorry to leave the Treasury at this time. I would like to have several more years and several more Budgets first. And the F.O. would be a much more difficult job than this - contrary to all my expectations of a year ago. There are many things which I should tackle by different methods and with different priorities, but it is a waste of time just now to speculate on hypothetical possibilities.

Meanwhile, though I am exercising my "will to endure" to the utmost, it is really rather hard

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work. In the last few weeks I have been travelling about the country quite a lot addressing a Prosperity Drive at Liverpool one week-end; receiving the Freedom of Neath, and picking up the American Loan at long last in the next week-end; and the one after going to Durham for the Gala and a visit to my constituents. I am just longing to get away to W.L. and to see none of my colleagues for some weeks. The memory of Clemenceau's saying in his little wood "No chance of meeting either Lloyd George or President Wilson here, only the squirrels."

[I am being dosed every four hours with penicillin, which is a great bore but I hope will do good. The only ground gained by the enemy Fatigue in his assaults upon me is that he has established some Advance Points, a carbuncle in my right ear and a boil on my right forefinger. These are being driven out by counter attacks organised by Lord Horder!]

A general reflection which must be pursued urgently and in detail later is that we Ministers are spending far too much time in Cabinet Committees. Now that we are through our first year and have all shown that we are reasonably good at our jobs, we must have much more freedom from the interferences and the eloquence of colleagues next Session. H.M., in particular, must be checked from trying to interfere with everybody and everything. On this Cripps and Bevan strongly agree with me.

Agreement

The getting of the American Loan has lifted heavy immediate anxieties. It has also already made a subtle difference to one's whole attitude towards the Americans. One feels one can now speak much more frankly to them, particularly when expressing disagreement. They tried hard to prevent our signing the Bulk Purchase with the Canadians for wheat. Almost they told us "Thou shalt not buy thy daily bread". But an excellent reply was sent, pointing out that this four year contract, at a lower price than the Americans were prepared to offer, was indeed an outstanding example of bulk purchasing being based on "commercial considerations", to which phrase the Americans had always attached high importance. I have always thought, though I have not ventured to say so except to very

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few, that once the Loan was through we should have no real difficulty with the American "conditions", many of which could be interpreted or rediscussed with the U.S. to suit any genuine British necessities.

The Freedom of Neath was a very pleasant ceremony. All the local people were obviously very delighted and proud of the performance. We flew - Miss Shaw and Young and I - to an airfield on the Gower Peninsular and then inspected the Fforestfach Trading Estate at Swansea. It will be very good when completed. Then to lunch with Sir Gerald Bruce and a party at Port Talbot, and thence to Neath. After an early evening meal, we motor back to the airfield and fly back to London in the dark. A very delightful sight as we came down in the last hour before landing.

already

I sailed my Finance Bill into port on Friday, July 19th, when it was read the third time without a division. Phineas is very complimentary calling me the "Master Mariner of the Session". I then caught a train with Whiteley and Lawson, intending to get out at Durham but the train, to the great consternation and anger of all three of us, swished through Durham - some fool had failed to give notice that it should be stopped - and landed us at Newcastle, whence we drove to Durham *by car.* And after losing our way a good deal between the Castle and the Deanery, found the P.M., with the Minister of Health in a gay dressing gown, waiting up for us. I brought a paper for him handed to me ~~at the last moment~~ when I was on the train from the Minister of Food, who is now trying to run away from bread rationing at the last moment. Having first of all proposed to the Cabinet, within a few days of taking office, that we should ration bread, and having defended it admirably in public, he first tried on the previous Thursday, the day of the Food Debate in the House, to get the Cabinet to suspend it. The only reason for this was that he now had a slightly more hopeful account of Canadian crop prospects. We decided against this change, since Canadian crops were only one item in the whole picture, and it was most important to get the Americans to provide the food for the British Zone in Germany, rather than land it on to us. The Debate followed and was a great success for us. J.S. himself

G. R.

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did quite well and our Members were, at the end, in quite good heart and the recalcitrance of the bakers, who at first threatened to refuse to operate the scheme, seemed to be broken. We were facing the opposition all over the country, including three by-elections, with the argument that we would not gamble with the people's food. Bexley, the most difficult of the three by-elections, was polling next Monday and this would be the first full day of the working of the scheme.

But now at the last moment J.S. tries, for the second time, to run away! Again the only reason given is that an even brighter prospect of Canadian crops has come in. I must confess that I am very angry over this and still more so when, arriving at the Deanery and discussing this with the P.M. at midnight I found that H.M. proposed to "call a Cabinet" on the Saturday morning, in order to discuss the case for a change. This is damned cheek, since the P.M. and I and four other Ministers are here in Durham and, without us, there can be no Cabinet. Moreover, it is just impossible, both on political and economic grounds, to make a change at this last moment. On this all of us here at Durham agree - P.M., myself, Bevan, Lawson and Whiteley, and also Shinwell who is brought into the consultation next morning. But H.M. reports that most of the Ministers he has seen are in favour of "suspending" rationing. It, therefore, becomes necessary for a special meeting to be summoned on the Sunday morning, following the Gala and for all of us to travel back, on Saturday night. This is a great bore and upsets a visit I was to pay to Shildon.

The Gala itself is a tremendous success. Never in all the years has there been such a rally of bands, banners and sturdy and confident humanity in this old city. It is thought that at least 200,000 people came in from outside. I make a speech, in substitution for E.B. who cannot get up, and already the whole atmosphere is changed for the better by the departure of Lawther from Durham to Wembley and his replacement by Sam Watson and Ned Moor. Nothing in this atmosphere, when we are rejoicing for the first

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time at the achievement of so many of our hopes, including the nationalisation of the mines, inclines us towards surrender to bakers or faint hearts among our colleagues.

The Cabinet meeting is held at 9.30 a.m. on Sunday, July 21st, and after lengthy discussion we decide in favour of going ahead rather than suspending, but the strength, both in numbers and quality of the minority is very surprising - and rather disconcerting in case we should have future crises. In favour of suspending were: H.M., E.B., Cripps, Jowitt, Isaacs, Hall and Williams; also Strachey and Barnes not Members of the Cabinet. For going ahead were: The P.M., myself, Greenwood, Alexander, Shinwell, Pethick-Lawrence, Bevan, Ede, Lawson, Westwood and Addison; and Willie Whiteley. Stansgate and Wilkinson were absent. The minority had wished that Strachey should go on the air at 1.15 and declare the whole thing off. This new Minister of Food is very disappointing. Evidently he is a weak man and there is no steel in him. A.B. said at Durham that his great strength was as an expositor and as a "perfect Man Friday". So Oswald Mosley once found.

In the result rationing went well and smoothly and we hold all the three by-elections, including Bexley, though our majority here fell heavily. But the Tories made no significant addition to their votes in any of the three, except at Bexley where they added over 5,000 though, as against this, a Liberal candidate who polled 5,000 at the General Election did not run.

We have now made another record. We have completed twelve months in office without losing a single by-election. No Government in modern times has done this. I had the figures checked and used some of them at Watford in a speech at a very fine meeting with John Freeman at the Town Hall.

Our worst headache in these last days has been Palestine. Just when it seemed that we had got an agreed solution, with the Anglo-American Commission, for a Cantonal arrangement and a lot of American money

G. R.

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to be put in, Truman has electoral cold feet and is running out on the Agreement. Meanwhile, illegal immigrants continue to arrive and we talk at great length in the Cabinet as to what can be done to stop this. Sir John Shaw, a good and upright man I am sure, and I should think an efficient administrator, is brought into the Cabinet, very shaken after being blown up at the King David Hotel, to give us his impressions. It looks as though the Russians are encouraging illegal immigration from Constanza in order to increase our embarrassments.

In intervals of all this, I continue to take delight in picking up good bits of country for the nation through my new Death Duties Drive. Following Bala, we have Brotherswater and hope soon to add Mount Edgecombe. And a stream of others. Once started this new habit will catch on. We are already having to refuse a lot of slums and suburban villas!

[I spoke with Mr Freeman & Walter on Friday, July 26th, - a fine meeting in the Town Hall.

Ben struggled through the last few days, in Parliament, Cabinet

2 Lab Open - including several
I am in the Chair -

Disturbance of industry, Alder, Coal, -

& very heavy of P.M. with injection of ...

4 hours by day (night) - L.W.L. with K.L. to ...

Let's stay
& finish!

X

DIARY

1.9.46.

Return to No. 11 to-day after a fortnight's tour with Roy Robinson. I led up to this, after a week at W.L. gradually recovering from exhaustion and boils, with three days in the constituency. Here I address no meetings, but visited factory and housing sites, where progress is still desperately slow. Shildon is doing much better than B.A. I also met the B.A. U.D.C. who rather irritated me by panicking about the "menace" of a New Town at Aycliffe. This, they all said, would finally ruin B.A. They seemed convinced that a decision to build such a town had already been taken, in spite of my definite statement to the contrary and my assertion that no such decision could be taken without my knowledge and approval. They had a hare-brained scheme of sending a deputation to London to interview successively the President of the Board of Trade, the Minister of Health and the Minister of Town and Country Planning, and desired that I should accompany the deputation to each of these Departments and introduce them. I told them bluntly that this was quite the wrong drill, since all these Ministers were junior to me in the hierarchy and I did not call at their offices, either alone or accompanied. I also told them that there was nothing for them to say to either the P.B.T. or the M.H., the former would merely tell them that there was a factory programme and I could add that, contrary to some ideas which they seemed to have picked up from an unsatisfactory interview with Sir P. Warter, there was no "quota" fixed for the area, but that factories would continue to be built so long as they were needed to diminish unemployment, and that future factories would be reserved for firms mainly employing males. As regards M.H., they had not been held up at all by him in their housing and the slow progress was their own fault. As regards M.T.C.P., it would, indeed, be reasonable for them to put to this Minister their objection to the New Town at Aycliffe, but this could much better be done on the spot than in London and I understood that he would shortly be visiting the area. Several of them, however, seemed set on going to London at the taxpayers' expense! Blythe, the Clerk, who I regard as a most stupid and narrow-minded fellow,

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[persisted after I had made a very full statement, in repeating that they had been told that there was a fixed limit to the number of factories to be built at B.A. To him I said "You don't seem to understand that you are getting your information on this subject from the horse's mouth, though you seem to have some difficulty in recognising the horse". This squashed him for the moment. B.A. is a most backward Council, ill served by its officials.]

From B.A., still tired and rather irritated, I travelled to Edinburgh and next day to Inverness along the Highland railway, getting my first view of The Cairngorms. At Inverness I met R. and addressed a public meeting, attended by representatives from the Highland constituencies who gave us a Dinner before hand. All this was quite successful.

Next day, ^{after having a letter - then - would like it attached read out?} we went with Roy Robinson to Dingwall where we based ourselves for a week at the National Hotel, owned by the State and very comfortable. ^{Reddy Paterson} Each day we (though R. took one day's rest in six) made a tour of Forests. I saw literally millions of trees. It was very impressive and varied. We visited the Black Isle where interesting experiments in ploughing peat have been made; Culban Sands where trees have been planted in the sand dunes, following a "thatching" of the sand by laying down branches, between which young trees are planted and have grown surprisingly well; Borgie in the far North of Sutherland, an isolated forest largely destroyed by fire some years ago, reached after a long desolate journey across uninhabited bog and heather country; Ullaport on the West Coast passing many forests on the way; the Great Glen with forests rising on either side all the way; Glenaffric where we met for lunch and for the trip, Joe Westwood and a number of the Hydro Electric Board and officials of the Scottish Office, planning an excellent scheme which would leave Loch Affric quite untouched, but create below it a greatly enlarged Loch Benevean, a great improvement rather than any damage to the landscape; a high up Research Station with more peat ploughing reached by a most attractive walk through well grown woods of Douglas fir, and other woods I don't separately remember.

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In my speech at Inverness I said that the three bases of future prosperity in the Highlands were, I thought, State Forestry, Hydro Electric development and Tourists. Both the first and the second would bring in their wake new industries. All my later journeys strengthened this first conviction. Much more obviously than in England, trees are the future foundation of Highland revival. Population, even at a fairly early stage, will be much greater than for land under sheep. [The general estimate of the Forestry Commission is that over the first twenty years one man will be employed per hundred acres, falling to an average over the next twenty years of one man to twenty-five acres. This does not include men employed on :

- (i) roads,
 (ii) forest nurseries,
 (iii) subsidiary woodworking industries, and
 (iv) services accounting for indirect employment in these areas.]

R. then went to Drumnadrochit and I for two days to Aviemore and thence via Perth to the Border country where I spent five more days.

From Aviemore I went up ~~the~~ Cairngorm ~~to~~ (4066 feet) with Bill Piercy. This was my first real walk for months and, though I was stiff for several days, I felt most happy and triumphant afterwards. It is an easy ascent, though rough with boulders near the top, and we had fine views looking back, but at the top we were in cloud and I did not feel yet fit enough to go on to the next peak, though this would not have been difficult walking. The Cairngorm is already owned by the Forestry Commission who have also planted a lot on the lower levels. I urged Robinson to increase his holdings as fast as possible and to declare the place a National Forest Park; also to provide several Youth Hostels and other simple hotel accommodation and camping and caravan facilities near the bottom of the mountains, which are now a long distance from the nearest centre of habitation. Perhaps also he should make, if the Youth Hostels and the Ramblers want it, a shelter

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fitted with bunks and blankets, in some ^{very} conspicuous place near one of the summits.

[In the evening we dined with the Piercies and met the local Laird and his wife. She looked thoroughly frightened, as though I was going to make her write a cheque for all her worldly possessions. He seemed an ineffectual sort of chap, clinging on to an Estate too large for his means with three or four houses in it and a large area of ill kept woodland, in addition to one of the Cairngorm peaks. The sooner he is dispossessed in favour of some public power, the better.] *she thought!*

Motoring South we stopped at Dunkeld and I saw the first plantation of hybrid larches planted by the Duke of Atholl forty years ago. These combine the best qualities of the European and the Jap. They grow as fast as the Jap, like which they are free from the diseases which attack the European, but, like the European, they grow much straighter than the Jap and are better timber.

In the Border country we made our base at a little pub "The Grapes", Newcastleton in Roxburghshire. Here we were joined by a succession of Robinson's Directors and District Officers. He has, I think, got together a very good team. Gosling, the Director for Scotland, and Sanger, the Director for England, both seem first-class men, and I was particularly glad to find that several of the District Officers are of urban origin - one was at St. John's Secondary School at Battersea and was first led to forestry by the interesting talks of one of his masters about trees - and the same is true of a number of the foresters. There is no doubt, from what I heard, that there are a large number of recruits for the Forest Service at all levels, who would be retained for good provided only that they could get a house, or at least a firm promise of a house within a year. I offered to help to get a preferential assignment in housing. In the Border country there is growing up the British Black Forest of the future. This is by far

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the largest block of continuous, ^{or} and nearly continuous, planted land anywhere in the Island and is still steadily growing. It is mainly Spruce - Norway and Sitka - with a certain amount of Scots Pine and Douglas Fir, and Rowans and other hard woods on the fringes. We drove and walked great distances through all this country, which, unplanted, is monotonously undulating and uninteresting with no sharp features. They are consulting Thomas Sharp on the construction of their new communities, of which they plan quite a number. One day we visited a wood planted by the Duke of Buccleuch which the Forestry Commission have been watching for twenty years to learn lessons from it. The Duke and his son joined us on this trip. He too seemed to be an ineffectual sort of chap. He had been in two Parliaments with me when Earl of Dalkeith. I asked him whether he ever wanted to come back to Parliament. He said he thought not "There seems to be so much unpleasantness now between the two Front Benches". I said I thought there was less than formerly. Later I asked his son, in the absence of his Father, the same question and got precisely the same answer! This is obviously what they say to one another. *after dinner.*

We drove also through the Border towns, of which I found Langholm the most attractive. The last two days it rained heavily, but before that we had amazingly good weather.

I spent the last day at Cambo with John Dower and his wife Pauline, daughter of ~~George~~ *Charles* Trevelyan. They had had a family tragedy. The husband of Patricia, another of C.T.'s daughters, having died suddenly from some obscure sickness contracted during the war. C.T., however, came up to the house for the evening and obviously enjoyed very much talking to me about the Government. He was most enthusiastic about everything we are doing on the home front, though gloomy, as we all must be, about the international scene. John Dower is a very sick man - tuberculosis, pleurisy etc. - and has rather a fixed pattern in his mind, to which he ~~argues~~ *argues* obstinately, on National Parks. He is inclined to be very critical of the Forestry Commission whom I]

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[praise. But he has great knowledge and talent and it is very sad that he cannot pull his full weight now.

This holiday has seemed very long which is a proof that it has been very good.} Robinson has been a first-class companion and I am more than ever impressed with the work which he has done and is doing.

My mind was filled with quite new thoughts and I had to take no decisions, each day being organised for me. This was the greatest rest of all.

G. R.

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10.9.46.

*f for June then
Mr of the day*

Every satisfaction

Had a talk, alone, with E.B. this morning. *Cadogan*
He seemed in very good physical and mental condition. He said that lately he had changed his tactics and had "worked things from behind the scenes" from his Hotel in Paris, instead of plunging into constant public debate with Molotov and others. He complained that Phil was always founding new organisations and that he had no Minister in the Foreign Office, both Phil and H. McN having arranged, independently of one another, and of him, to be in New York next week! He thought Cadogan was doing very well in New York because he "works to instructions". He thought of reinforcing him by an economist and thereby saving some of the trips abroad of F.O. Junior Ministers.

(Where so many have so little and talked so much)

he didn't

I said I didn't want to discuss Foreign Affairs in the Cabinet, but had naturally been troubled by recent events and continual difficulties with the Russians. He said ~~that it was difficult to understand~~ just why the Russians were so difficult. In fact, Molotov was just like a Communist in a local Labour Party. If you treated him badly, he made the most of the grievance and if you treated him well, he only put his price up and abused you next day. He had found Sobolev, now gone to U.N.O. the best of the Russians. He had told E.B. that "the bomb has a lot to do with it". E.B. thought that both the Russians and the Americans were too bomb-minded. Both were afraid of the other. Some Americans said that, since they had the bomb now and the Russians hadn't, they had better have a show-down at once. E.B., on the other hand, had persistently taken the line that "I won't have the bomb in the Foreign Office". He did not intend to let his policy be deflected one way or the other by the bomb and its possible uses. (This sounds all right, but it doesn't really meet the point!) He thought the Russians were going through a bad time internally, having further purges etc. They were also very sensitive about oil. And, finally, (perhaps the most awkward point of all for us, I thought) Stalin has convinced himself, since Churchill's Fulton speech, that the Tories, who, the Russians think, will soon come back to power in this country, will line up with the Americans against them.

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I said I was very sorry the Greek King had won the plebiscite. E.B. said that so was he, but the Communists were responsible for this through their excesses in the Civil War, and so were the Greek Liberals who, like the National Liberals here and Clem Davies and the rest, refused to unite. He had had no one on the Left in Greece on whom he could rely. But the vote against the King had been heavy and he understood that the King had been much disappointed by this. He himself had done his best, and had sent messages to this effect through Buckingham Palace, to impress on the King of Greece that he must be a constitutional monarch, or he would soon come to grief. "Kings are pretty cheap these days", he had said.

Meanwhile, he was bringing a Division of our troops out of Greece and this he hoped would not only help me but show the Greeks that they could not rely on British troops indefinitely.

[He had been very pleased with the agreement reached between Austria and Italy over the Alto Adige and had worked hard to get this, but the Russians were furious about it and Vyshinsky, in private, had been most abusive about it. He seemed to think that this was a trick of ours to weaken Russian influence in Austria.]

We spoke at some length about France. He was very pleased with my financial proposals to Schumann, but wanted me to keep these until I met him in Washington. (This will suit me quite well, since it will reduce the period during which there might be a leak.) [E.B. B said that he had done his best, ever since he came into office, to help France, but that Bidault wouldn't make up his mind about many important matters and kept on sending Massigli with inconclusive messages and vague complaints. E.B. had told the French quite frankly that he could not support their original proposals for the Rhineland and the Ruhr. Both the Americans and the Russians were against them on this and, quite apart from this, a proposal for complete detachment of these two areas from Germany could not last. On the other

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hand, he had told the French all about his own ideas for international ownership and control of the Ruhr and was disappointed that they had not given him more backing on this. E

He did not like Alphand, who was the principal French official dealing with economic matters. He had spent some time in Moscow and was too much in touch with the Russians and with the Communists in France. It was his idea, based on the allegation that E.B. was unfriendly to France, that Bidault should write direct to C.R.A. about the need to clear up Anglo-French economic difficulties. E.B. had now arranged for this to be systematically examined by officials in Paris. It was because he wanted some progress to be made with this that he had wished me to delay my proposals to Schumann, which he thought very generous and, indeed, going considerably beyond what he had expected I would agree to. Another reason was that conversations with French Ministers now were more difficult than they used to be, since in this new tripartite French Government the Communists had succeeded in getting it accepted that every Minister should have a tripartite "Cabinet" and not, as in old days, a "Chef de Cabinet" of his own choice with a small group of his own selection. Therefore, everything discussed between Ministers became known to the Communists and he had said to Bidault "We can't carry on a discussion between two Great Powers with a third Great Power in the Cupboard with a listening apparatus." B. had smiled and said that he quite understood. Alphand had wanted a Five-year Plan for Anglo-French collaboration, but E.B. had said "we don't do things like that in our country".

←

*we don't
have money;
he took
this out
madically
(Very English)
Said R.
Madagascar*

He had, however, proposed - and the Board of Trade must play their part in this - that each industry should be considered successively and that it might be possible to allot, as between France and Britain, certain lines of production in which we should seek not to compete with the other, e.g. we to concentrate on heavy steel and the French on light steel products, with similar demarcations in wool, rayon, etc. He also thought that we should make much easier the importation of French books. It was agreed that I should again stir up the Minister of Food on the desirability of importing as much food and drink of all kinds from France

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as possible. He had also told the French that we would help them to process their phosphates in North Africa [instead of sending them, as they did now, to Franco Spain.]

Finally, he said, he had said to Bidault that he wanted an economic and financial agreement, "but I shall never ask you for a military alliance unless you propose it from your side". He had said this with a eye on the Communists.

[After forty minutes conversation, in which, as usual and as I desired, he did much the most of the talking, he had to go to open the Palestine Conference. He was extremely friendly and said he would like to have a further talk before I go off to Canada and the U.S.A. He said that Stansgate had been rather weak in Egypt - I said that I thought he was too old - and] that three weeks deputising in Paris had given A.V.A. "quite a new view of the world". He was less combative than before and was beginning no longer to see things simply from the point of view of the Admiralty.] I told him of my proposal to the P.M. that the post of Paymaster General should now be filled by Willie Hall and that I should be given a third Minister at the Treasury, preferably Harold Wilson. I also added that I heard that H.M. had put forward an alternative idea for Paymaster General. E.B., having reacted automatically by abusive reference to H.M. and his mishandling of all our information services, said that he himself had wanted Gordon Walker as an extra Under Secretary at the F.O., but that C.R.A. had said that H.M. wanted him for Paymaster General. He hoped I wouldn't anyhow take Harold Wilson from Works, unless George Tomlinson could have a good man in exchange. He said that Hall had been doing very well in Paris. [He said that no doubt I had heard that it was intended to move Phil. I said I had heard this.] I suggested that he might find an occasion to support my proposal on Hall with the P.M. He said "I can't ever get Clem to say anything. Can you?"

Dangerously obsessed with Communists!

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I have cleared my Autumn Budget in outline, first with C.R.A. and then, separately with H.M. and E.B. The former says that he thinks it is "skilful and well composed". I have also quite an easy passage with the other two, though E.B. is full of ideas of his own on this subject. I am not going to tell any other members of the Cabinet until the Monday morning before the day when I introduce it. Otherwise they might leak. I think that not only can the proposals be justified on good economic and political grounds, but that they will be reasonably well received by the Party in the House and by many sensible people in the country.

We have now had three by-elections and, although the soldiers are not able to vote in these, we have increased our majority in two (Smethwick and Ashton) and increased our proportion of the vote in the third (East Edinburgh). Our position is stronger than at the General Election, as was to be expected since W.C.'s. glamour is fast fading as the war recedes and the Tory Party without him is not a very inspiring spectacle! The people are determined to give us a good chance, without impatient hustling, to fulfil our Mandate. I anticipate that there will be some troublesome pressure about Old Age Pensions, but Jim Griffiths, so far, is standing up well at M.N.I. *(Suspect)* I suggest, however, that he will soon turn tail and run if a few people make ugly noises at him. I am trying to keep him well pumped up with confidence that he is being well supported.

No. 11 is incomparably more comfortable at present than the wretched Treasury building in Great George Street. So I tend to work here whenever I can.

J.W. is at last firmly installed as "permanent" Minister of Supply. A decision on this point had been long delayed while the Secretaries of State for War and Air, incited by their men in uniform, were pressing to regain control over the manufacture of their own weapons. But in a too

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lengthy discussion in the Cabinet the contrary decision was reached, apart from these two Departments, quite unanimously. (J.W. has now been given a lot of other things to do, including tube alloys which will take a lot of attention, and the making of housing fitments in 19 R.O.F's. We agreed to this this morning at the L.P's. Committee.)

I am glad to find that his relations with A.B., like mine, are very cordial. These two have to co-operate over the housing programme. To the Social Services Committee of the Cabinet, I regularly send W.H., thus interposing a stage between them and myself. My F.S.T. is doing very well and is being generally liked by all.

(But take the mark a Verrill
mass in winding up of oz L-

2nd Reading of the Bank
Bill

DIARY OF NORTH AMERICAN TRIP, SEPTEMBER - OCTOBER 1946.

Wednesday, 18th September.

Leave Northolt 2.30 p.m. and arrive Largens, Azores, at 11.35 p.m. The party consists of Trend, Grant, Young and Miss Wagstaff. The P.M's. York is a most comfortable plane. There are three compartments, containing four, two and three seats respectively. Mine is in the middle. We have three pilots on board, one of whom is making the trip for the first time for experience, one navigator, two engineers and two stewards. So we are quite a party!

At Northolt we lunch at a school which has been transformed rather uncomfortably into the offices of B.E.A. They are in process of taking over from Transport Command. D'Erlanger, whose appointment by Winster I had heard much criticized and who was previously associated with British Airways, does not make a very good impression on me. He hardly dissembles his preference for a private organisation and is inclined to complain rather too much about the lack of facilities, priorities etc. In this he has some support from a Air Vice Marshal Cochrane who is also present and is now in charge of Transport Command. I am embarrassed by the knowledge that their Minister is about to be changed, but I am certainly not happy about the higher direction of these corporations or the progress they are making.

Our aircraft makes a very smooth passage to the Azores; smoother than a ship or a car on a road. We travel at a steady height of 8,000 feet and most of the time have a continuous bank of cloud belowus. There is a beautiful, very long drawn out sunset, as we are chasing the sun all the time. (Though it beats us in the end and sets after all before we reach the Azores.) The light, when the sun is low, over great areas of cloud is very beautiful. It makes everything look like great wide slabs of shining red rock.

We spend about three hours at Largens before going on. It is on an Island, not frequented by tourists. Since it is dark, we can't see much, but

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we are met by two R.A.F. officers and taken up to their mess. (I had vaguely imagined that it would be a well appointed restaurant flowing with wine and fruit juices run by the Portuguese, but there is nothing of this kind at all.) At the mess, however, we are very well looked after, and given a considerable variety of drinks beginning with Madeira and going on with Portuguese white wine, Portuguese brandy and finally a rather rough but quite pleasant Portuguese vin ordinaire. Others had slightly different combinations (including a creme de menth for Miss W.).

I gave up trying to adjust my watch to the ever changing local times (I think we should have put our watches back three hours at the Azores), but anyhow we left while it was still dark. The air was very warm and humid and there was a very strong smell of eucalyptus everywhere. Our last contingent of R.A.F. is packing up in three weeks' time though the Americans are staying.

It had originally been intended that we should fly from Largs to Gander and thence, after a stop for early morning tea, to Dorval, the airport of Montreal. But it is now decided to give Newfoundland a miss and fly straight to Dorval. We are told it should take about twelve hours, and that there is a substantial hurricane knocking about somewhere on the way. We hear that our Skipper (Squadron Leader Roberts) a dark Cornishman and a very nice person, is fussing a little about our individual weights and is taking on all the petrol he can in case we have to climb above the storm. It would be a great humiliation if we failed to reach Dorval and had to come down at some U.S. airfield on the way.

Thursday, 19th September.

We meet the storm all right about two hours out from the Azores. I was already in bed (our York

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had excellent let-down bunks,) and had taken the precaution of fastening my lap strap so as not to be jerked out of the bunk while asleep. I was already pretty well asleep when I was woken by a light being flashed on to say "Fit Oxygen Masks". This means we have to climb above 15,000 feet. I had never had one of these damned things on before and expected that I should dislike it. But I didn't, except that it was frightfully boring to go on wearing it, as we had to do on this occasion, for two and a half hours in the middle of the night, during which time one had to keep awake. I had asked the steward whether I could go to sleep with it on and he had replied that this was "not advisable". The latest type of mask is very light and simple and simply fits on over one's nose, with a small rubber bag beneath, through which there runs a thin tube carrying oxygen from some small receptacle fixed in the wall of the aircraft. With this thing on I tasted nothing and had no positive sensation of any kind. We climbed to over 19,000 feet and even so the storm was fairly rough. There was a great fire work display around the aircraft, and even from my bunk I saw a number of lightning flashes. This put the aircraft's radio out of action. We were bumped about a good deal and, as Young put it, one felt rather like a dog who was taken by the neck and violently shaken. But none of us were sick which caused our Skipper next morning to say that this was an exceptionally good "bunch of passengers". In fact I never felt the slightest inclination to be sick, though I frankly confess that there were moments when I felt a bit alarmed. But there was nothing to do and I felt pretty complete confidence in the man who had charge of the aircraft.

After some three hours of this rough weather, we had got through the storm and came down again to a much lower altitude, took off our oxygen masks and I, at any rate, went to sleep. It was still dark.

I slept through what the others told me was a wonderful dawn and when I finally awoke we were travelling over the land, first Nova Scotia, then Maine and then Quebec.

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The forests below us - and it was mostly forest to begin with - were quite magnificent. One could not have got anything like so fine a view of them except by air. The Maples were turning a deep blazing red and there were many other autumn tints of pinks and yellows in among the evergreens. The brightness of the Maples and the way in which they were mixed up, in an infinite variety of colours with the conifers was most fascinating. There were also many lakes of all sizes and gradually, as we went West, more and more roads - long, straight, parallel roads, hardly deviating except here and there for a farm house and an occasional railway line. We had our first view of the St. Lawrence coming in to Montreal. The estimate of twelve hours from Larens to Dorval had turned out just about right. The crew were very tired and the Skipper told Trend that if we had not climbed above the storm but had tried to go straight through it he did not think we should have got through at all. All the way over, even when we had been flying most smoothly we had to face a continuing strong head wind which had slowed them down. Reverse route from West to East is favoured with a following wind and, therefore, is much quicker.

I was rather irritated by a general lack of preparations on our arrival, the only person there to meet us was Bell, a Treasury Official stationed at Ottawa. None of the officials at the airport seemed to know who we were, and time was wasted by asking everybody, including myself, silly questions for entry in their ledger as to our age, origin, married or single, purpose of visit etc.

Once through this fuss, however, we were well looked after and given an excellent breakfast. The day is warm and sunny and feels just like a Mediterranean day in summer. Asked what we want to eat I say we all want lots of fruit. So they produce both glasses of grapefruit juice and

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helpings of fruit salad. The one thing very short in Canada just now is butter. Otherwise we are likely to over-eat ourselves without either difficulty or regret.

After breakfast in the canteen we fly in a Dakota to Quebec. This takes just an hour, and our route lies along the St. Lawrence, which is indeed a quite magnificent looking stream two miles across at Montreal. There is a heat haze and we fly about 5,000 feet up, so we can't see very much.

Arriving at Quebec airport - again without much preparation for being met - we drive through some rather pleasing and scattered suburbs to the heart of the old city and the Chateau Frontenac where we are to stay.

We all make a pretty good lunch. I do some sleeping - Young and Miss Wagstaff try, without much success to do some shopping - afterwards. I am taken round with Bell on a sight seeing tour of the city, conducted by Monsieur Pothier, the head of the Tourist Services.

After a round of the principal buildings in the centre of the city we drive up to the Plains of Abraham. This famous battlefield has now become a beautiful public park, with a wonderful view in one direction across the St. Lawrence and in the other down over Quebec.

There is a monument to Wolfe and Montcalm (a tall obelisk) jointly with an admirable Latin inscription which I regret I did not jot down, speaking of their common valour, their common fate, their common fame and their common memory. We are shown the point where the English got ashore and climbed up the slope. The Lieutenant Governor of the Province now has an official house down by the St. Lawrence at this point.

We then explore the city. It is an attractive jumble of old and new, but there is no real Old City in any separate sense. There are some very

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old narrow streets and quantities of churches. Grät had told me that I should find Quebec an "ant heap of priests". In fact not very many were on the streets, but there are many monasteries for them, culminating in the Laval University. (I heard later that the standards of education all through Quebec are terribly low and that this is one reason why it is difficult to find French Canadians to occupy responsible posts either in the Civil Service, in the professions, or in industry. They learn very little science, and although they claim that Laval is very good at Classics, it is alleged that the Latin they learn is all ecclesiastical "Silver Latin". There is a certain amount of industry in the city, particularly boots and shoes and pulp, and there are some large war factories which are now standing idle, but are expected to be converted to peace time. The population of Quebec is about 180 thousand. (I am a little surprised to find that Montreal, fundamentally a French city, has a population of 1½ million, about seven times as large as Quebec. Toronto has just on a million and Winnipeg just over half a million. And all this out of a total Canadian population of less than 13 million.)

I dine to-night at the Citadel with the Governor-General. A party of about twenty-four people, male and female. I should think that Alexander and his wife are doing quite well. He expressed the view to me and Sevigny, the Chief Justice of Quebec who was the other principal guest, that the real key to Canadian unity in the future would be when every Canadian spoke both French and English. There is clearly a lot of suspicion on both sides at present. I feel that the thing is not being very well handled and would have preferred to have a speech arranged for me here in Quebec when I could have spoken to them in French, rather than too much in Toronto and Ottawa.

Friday, 19th September.

A most delightful day. Young and Miss W.

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AND I, accompanied by Monsieur Pothier and Monsieur Deschamps, a Forestry expert, are driven by a French Canadian Corporal in a Canadian Buick belonging to the Governor General, on a most interesting tour through the forests. I begin by paying a call on Sir Eugene Fisset, the Lieutenant Governor of the Province, a fine old boy of 72. He has arranged this outing. He is very proud of having served in the Boer war. He tells me some amusing stories of the Conference of Churchill, Roosevelt etc. at Quebec, and how he had to tell Princess Alice that she had better clear out of the Citadel for the period of the Conference, because the "men will be walking about in their pyjamas, drinking brandy and smoking cigars at all hours of the day and night, and that will be no place for you". He is definitely inclined to think that Winston was a bit of a humbug and play acted a good deal. But he had a wonderful reception in the streets of Quebec.

On the trip we stopped for lunch at a Forestry School at Ducheny. Here they were training a number of rangers, mostly young men from the Forces, who in this country are oddly called "veterans". The school consists of a number of log buildings, and has a fine view of a River and a Lake a little distance below us. Indeed every good view point - and there are many of these all through the day, - seems to look down upon a Lake and towards unending forests beyond. We are in the country of the Laurentides or Laurentian Hills. They don't rise high, not more than 3,800 feet, and they are said to be the oldest thing on earth. I said I was not quite sure whether part of Australia was not older still. Most of the woods here are privately owned and are being privately "exploited". Deschamps was astonished to hear that we in England "exploited" our own woods rather than letting them to private companies. Further North there are vast forests which are still legally Crown Lands, though in fact owned and administered by the Provincial

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Authorities. He was much impressed by some little bits of information, e.g. on larches, which I possessed and, having asked me to run over my life history, enquired at what stage I had found time to study forestry.

We went a great round about tour, part of which was over very rough roads (it is not only quicker but smoother by air!) and were guided at one point by an English speaking farmer descended from some United Empire Loyalists who settled here. They had founded townships which they called Tewkesbury and Stoneham.

We came to the edge of one of the Provincial National Parks, but could not go right into it. I was sorry about this. Natural regeneration proceeds, if anything, rather too fast in these woods. In the tracks we saw to-day they had cut out some time ago all the well-grown conifers. A few young ones were springing up, but the great bulk of the woods were deciduous and principally Maples.

We visited also the L'ile d'Orleans where the first settlements in North America were made under Cartier, who finding a quantity of wild grapes growing here had named it "L'ile de Bacchus". On this Island in the St. Lawrence there has continued the French domestic architecture, which Pothier said they wished to encourage now for new building rather than the more common American style. Just opposite the Bridge leading to the l'ile d'Orleans we see the Montmorency Falls, at the junction of the Montmorency River with the St. Lawrence. These falls have a twenty feet longer drop than Niagara, though at the moment not a great deal of water is coming over. There are, of course, immense water power resources in Quebec which are being developed fairly rapidly.

We had a most superb dinner in a very beautiful setting at Lac Beauport at Manoir St. Castin. In addition to drinks, including some very excellent French dry white wine and claret, we had oysters in

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milk, hot lobster vol-au-vent, fillet mignon with mushrooms and a most astonishing ice pudding called "Baked Alaska" made like a basket of fruit (which Miss W. in particular enjoyed). This is not far from the City of Quebec and in winter is a ski-ing centre.

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Saturday, 21st September.

Fly from Quebec to Ottawa this morning. An hour and a half in the Air Officer Commanding-in-Chief's Lodestar. We follow the Ottawa river a good part of the way, but there is a good deal of ground haze and we do not see very much.

Stay at Ottawa with the High Commissioner at his official residence at Earncliffe. This is the old house of Sir John Macdonald (I should have said that at Quebec I was shown the old house of Montcalm just outside the old walls, still used as a dwelling house).

Cabinet

I speak at a Luncheon of the Canadian Club at the Chateau Laurier, the principal hotel of the capital. At the luncheon we have a most impressive high table including the Prime Minister, the American Ambassador (Ray Atherton), two other members of the Canadian Club (Howe and Gardner), the Secretary to the Canadian Cabinet and representatives of Australia and New Zealand. The rest of the audience are, I learn, mostly business men, with a few Civil Servants. This is my first public speech, and I have a feeling that, as in an Election Campaign, all the later speeches will be more or less the same.

In the afternoon the P.M. takes me and my host and hostess down to his house at Kingsmere. This is only twelve miles out of Ottawa, but is completely hidden away in the woods. He has gradually increased his holding to some 400 acres and intends, when he dies, to leave it to the people of Canada. The colours in the woods are quite amazing. He says, in ten days or so, if you go and stand on high ground at the back of his house and close your eyes for a few moments and then suddenly open them you will want to run away in terror for you will think the whole forest is literally ablaze.

He is living for the moment, very comfortably, as a bachelor - a picture of his mother looking very handsome is on the wall in his study - in a quite small log house, the greater part of which is occupied by the family who look after him. He said to me "As a Socialist you will approve of my arrangements. The servants get the front part of the

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house and I just live in a couple of rooms at the back." It is raining very hard which prevents us walking through the woods, but we drive over to another larger house, also belonging to him and in which, I understand, he often stays, now occupied by a rather jolly lot of students, male and female, several of whom are just at or just going to McGill. Near this is a famous Ruin, where he has put up part of the old Canadian House of Commons, destroyed by fire during the first World War. Later he has added a few bits from our House of Commons destroyed by fire in the second World War. Conversation with him is not very continuous or detailed, but he gives a great sensation of skilful handling of persons. It is said by some that he has a frightful temper and that if you get on the wrong side of him he can be very nasty indeed. But of this I, not unnaturally, have seen as yet no sign.

This evening the H.C. gives a very interesting men's party, including Norman Robertson whom I first met in 1929 at Geneva, now coming to London as Massey's successor. Graham Towers, Governor of the Bank of Canada, very young for the job and said by all to be exceedingly intelligent; Bob Bryce, number 2 of the officials at the Treasury, Canadian born and educated, except for the while he was a pupil of Keynes; Mackenzie of the Commerce Department and several others. We have quite an intellectual and academic discussion about multilateral trade etc, though no very definite conclusion remained with me in the end, except that Canada is well served on this high official level. They are also agreeably young.

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Sunday, 22nd September.

To-day I am driven to Petawawa, 125 miles from Ottawa, by Dr. Hewitt, a young and eager authority on trees and birds. Other members of the party are George Tunstell, one of the big shots in the Ontario forestry world, though originating in Manitoba, and Sir Alfred Jones now representing our Ministry of Food in Ottawa having retired, after a very useful career in the Colonial Service, particularly in West Africa. We drive along the Ottawa river most of the way, looking across to the Province of Quebec on the further shore. We drive also along several good lakes, including Muskrat Lake and through a strip of pretty good dairy country, full of good looking cows. We lunch quite well - but not, for once on excessive quantities of food - at a hotel in Renfrew, a textile town.

Petawawa is a forestry experimental station, close to a big war-time military camp and near the point of the junction of the Ottawa River with the Chalk River, not far up which is the famous Hush-Hush plant. As usual, I have some difficulty in fitting in any walking at all. But, when they begin to tell me about how natural regeneration works when you thin the Red Pine (*Pinus Resinosa*), which seems to be about their best tree here, I frankly express complete disbelief thereby compelling them to take me in to have a look. By this subterfuge several times ~~completed~~ I get a limited amount of exercise. It is quite warm and we are walking around in shirt sleeves and open necked shirts, and I find this definitely pleasant. As soon as you begin to thin these very thick pine plantations and let them have a little light there is an up-rush all over the forest floor of Maple, Red Pine, White Pine, Balsam and Hazel. The soil is sandy. The most striking thing they showed me is what Tunstell, who thinks everything is rather a good joke, calls "Pinus Monstrosity". This is a Red Pine, of which the lower branches, up to a height of three or four feet are allowed to grow freely, but above this point it is "debudded" every year, that is to say all side shoots are removed and only the leader is left. The purpose is to produce a straight and knotless-towl. This was a Russian idea and they have have not yet so treated these trees long enough to be able to draw firm conclusions. They certainly look very odd standing there in a separate spot some dozens of them. They go on growing and, so far, Tunstell thinks that it makes very little difference to their rate of growth either in length or

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girth.

We are back in time for a dinner with the American Ambassador who, I am told, is probably a greatly disappointed man, for Ottawa must seem to him as a padded shelf. He would have liked to have one of the major diplomatic appointments such as Paris or London. He has very much the old style diplomatic way of fencing with an awkward question - to-night the matter of Wallace's speech and removal from the U.S. Cabinet. Atherton succeeded in conveying the impression that the only person who had quite certainly done right throughout was the President!

Monday, 23rd September.

Get up a little later than usual - this is a most comfortable house where they always give me the most admirable breakfasts in bed, and go, at 11.30, to a Press Conference in Parliament Buildings. I think this went all right.

Lunch with H.C., Trend and Garner who is No. 2 here and said to be doing very well.

After lunch call on Ilsley, who has just returned from his trip to Europe. He gives a most miserable and depressing account of everything - steel strike, financial trouble between the Federal Authority and the Provinces etc. etc. The only bright point he makes is that he found in Paris and Holland that sterling was selling on the Black Market for a much higher price in the local currencies than the official rate. This he thought was a sign that Britain was recovering. I did not tell him that I had a very bad account in exactly the opposite direction from Switzerland. When I said I had had a look at the House of Commons, he shrugged his shoulders with a miserable air and said "I often wish I had never seen the inside of that place at all." He is clearly still, in spite of his trip, in a very depressed condition and particularly sensitive to parliamentary criticism. Recalling his lunch with me while in London he said "We did have a good time that day. I'm not generally a very cheerful person, but I found myself quite enjoying the company and the conversation." Poor man! He is coming to Washington for a

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few days at least so I shall see him there.

We are doing a little shopping in Ottawa this afternoon. Most of mine is being done for me by Young, but I go down to a shop to choose a few ties. It has become pretty hot and steamy. And I hear that Miss Wagstaff, in spite of two whiskies and four aspirins did not sleep as well as she should have done last night. We are now beginning to wonder what the temperature will be like at Washington and even further south in Tennessee. I am also wondering whether I can buy a thin, loose fitting, suit.

Ottawa has a very good centre, but one soon gets into some rather squallid streets and buildings and the opposite side of the river is as bad as the South bank of the Thames. The P.M. has a great plan for a boulevard along the south bank and for a good deal of building near the centre. This, I am sure if it is carried through, will make a great difference to the aspect of the city in a few years time.

Before dark Lady Clutterbuck takes me and her husband for a most delightful drive in the environs of Ottawa. We cross the river into the Quebec Province and go through the rather squallid industrial town of Hull, from which, however, there are very fine views of the other bank. Then we swerve round and come back along the famous Driveway, through most charming woods and with a number of beautiful "view points" and across the river. Near this Driveway, but hidden among the trees, are many quite delightful modern houses in which officials and others live. They have no gardens of their own. Crossing a very fine bridge the Driveway finishes near the centre of Ottawa.

The Prime Minister has been responsible for this great improvement and has big plans for driving a number of other similar roadways in various directions through the centre of the city. When this is done, and when some of the squallid buildings near the centre have been wiped out and replaced by modern buildings, Ottawa will be a truly beautiful city, extending for many miles.

I am to-night the principal guest at a dinner given by the Prime Minister in the Chateau Laurier - the best Hotel in the capital - and I find myself seated between the P.M. himself and Senator Robertson, the Nova Scotian Government leader in the Senate.

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The P.M. says he intends to say only a few words but goes on for quite a long time and I make a rather long - I fear - speech following him. But the atmosphere is most friendly and I have a warm feeling at my heart for Canada and its leading citizens. Among the party to-night are Bracken, the Progressive Conservative leader, and Coldwell, Leader of the C.C.F. (by special arrangement I had seen him at the High Commissioner's earlier this afternoon. He is a good sensible man, and I hope he will be Prime Minister of Canada within ten years.)

The P.M. says, for the second time, that he saw Paul Mantoux in Paris who showed him my letter "written" as the P.M. said "in ^{my} own hand" about his son's book. M. had read this letter over to him with tears in his voice and eyes. The P.M. is a curious blend of progressive inclination and political low coming. It is astonishing how he has held his position for so many years. Among the party to-night is the French Canadian Speaker of the House of Commons, whom I made a special fuss of, both as a Frenchman and as Speaker, a post less highly ranked here, I think, than with us.

Tuesday, 24th September.

Leave Earncliffe uncomfortably early in the morning (I still have breakfast in bed, but at 7.30). It is raining very hard, but our plane (R.C.A.F. DAKOTA) soon rises through and above this lower pluviality and we reach Toronto after a most smooth flight on a perfect day. The humidity is all gone and the sky is cloudless.

Lunch at Ontario, Provincial Parliament Buildings with members of the Ontario Cabinet and a few other leading citizens. In the Chair is Colonel George Drew, the Premier - or, as he most incorrectly likes to be described Prime Minister - of the Province. "Gorgeous George" some people call him and he is indeed a most remarkable figure of a man. Early 50's, finely built, film star features, military air. Ontario is the only Conservative Government now surviving in any part of the British Commonwealth and Empire. He is thought, by some to be well in the running for the leadership of the Federal Conservative Party. He is much more colourful than poor old Bracken, but Conservatives are often shy of colour.

He wasn't
written
12 years he's lost
his seat.
Cunning.

DIARY

Meanwhile, he is doing a good splash job in Ontario and has, for example, raised the salaries of all the University teachers, thus ensuring, no doubt, their future political support. Also present were Farquhar Oliver and Grummett, Leaders of the Liberal and C.C.F. parties in that Province. The former is completely colourless, the latter comes, I hear, from the white Ontario Mining Districts and seems a solid sensible sort of man. The C.C.F., after a great leap forward, lost ground in the last Ontario Provincial elections, but might easily come again.

I spend the afternoon preparing a speech for a dinner party of the Toronto Board of Trade. This is to be broadcast from Coast-to-Coast in Canada. The leading members of the Board of Trade are a very nice crowd, terribly honest and Empire-minded. I am afraid that my broadcast address, read word for word and delivered to the immediate audience who mattered less than the wider unseen audience was a bit mechanical. When we ceased to be air-borne I said a few special words about Toronto and Ontario. I think they liked it pretty well, but it was not one of my best.

Returning to the Hotel we find that Paterson, the Trade Commissioner, who has been most assiduous on our behalf since he met us this morning at the airfield, has brought large quantities of stockings for Miss Wagstaff and for other ladies, including my wife, who have given commissions to members of our party. There is a very long discussion as to who should have which stockings, in the course of which I nearly fall asleep. We then retire to bed for a short night.

Wednesday, 25th September.

Fly from Toronto to Montreal. Rather an early start and we all get rather tired of living in our trunks and moving on from place to place. Good view of Lake Ontario, in which they tell me one can sink the whole of Scotland without trace. (Young relates a story that an Australian in Scotland in the war, when it was raining heavily, looking up at the Balloon Barrage above Glasgow, asked "why don't they cut the strings and let the whole bloody thing sink".)

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Lunch with Montreal Board of Trade and make a speech for which I had no elaborate brief, but speak from rough notes made in the plane, including some sentences in French for the benefit of His Worship the Mayor, Monsieur Houde, a fat little man with the face of a clown who was in prison during the war for expressing reactionary and near Fascist sentiments. This period of retirement is now regarded by him and most others as a tremendous joke.

My advisers tell me that my speech at the lunch was the best they had heard me make so far. Perhaps because they helped me less than in any previous venture. On the other hand this speaking is very like electioneering, making only very slight variations in an increasingly dull theme from one mining village to another.

In the afternoon we have a consultation on the broadcast which I am to make in Washington. Young had prepared a cock-shy and I dictate to Miss Wagstaff a very substantial deviation from this. The chief question is whether one should be mealy-mouthed and apologetic towards the Americans or blunt and frank. I lean towards the latter. I am told that all our experts of the so-called Information Services will be much against me saying that we have no strikes, or even that we have a Labour Government. This, anyhow, is my amended cock-shy for them to talk about to Young and others.

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Dine/the evening with Mr. Spinney, a prominent Canadian banker who has gathered in a Private Room some two dozen people, nearly all prominent Canadians, with Sir Walter Layton. I sit between the Chairman and Dunning who was once Federal Minister of Finance but gave it up as the job was so hard that his heart became weak. Thereafter he went into some kind of private enterprise where the strain of living is less. I have to make another speech, but fortunately without reporters. Grant thinks it was good. And so back to the Hotel and to a further mid-night confab on the next days work. I have gradually persuaded my officials only to bring up things which must be settled the next day. This saves a good deal of labour. (I am told that Sir John Anderson and my other more respectable predecessors would have prepared all these orations weeks before they left the U.K. and would have had them locked in a drawer, having written them all out in their own long hand. My method is to have two or three people in the room and to talk as we go and to dictate the speeches in sections, taking a good deal of trouble about the phrases before I finally dictate them, and not afterwards

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altering much except by way of link sentences and some abbreviations.

Thursday, 26th September,

Leave Montreal very early (breakfast 7.15 a.m. and due at the airport 8.30, after an half hour drive from the Hotel, though we don't fly off till 9 a.m.)

Another wonderfully sunny day. We fly South, taking five hours, including four or five stops, to Washington on a Colonial Airways plane. Very quick and smooth to land and to take off, though a little bumpy over the hills. It gets still warmer as we go South.

I had no idea that Baltimore was such a big city and port. This, our last stop, is within a quarter of an hour of Washington by air. At the Washington airport we are met by a swarm of representatives, including Gordon Munro, stalking along like a General; Catto, trotting along like a small kitten; and a hoard of attendant Secretaries, Statisticians etc., with representatives of the State Department (rather spruce), and the Treasury (rather squat).

Catto and Munro in car with me. The former says that he has made three speeches to New York Bankers and given nothing away. And he seems to have handled the press most diplomatically. Asked whether he was here for the meetings - Fund and Bank - he said "No." Asked why he was here at all, he said "at the request of the Chancellor of the Exchequer to give him advice on any subject on which he might require it". Asked whether he was Governor of the Bank of England he said "Yes". Asked how they should describe him he replied "You can describe me as a small man with grey hair and an Aberdeen accent". Asked whether he could make a statement on the economic and financial situation in the U.K. he said "it would take me a day to explain that to you. But let me ask you a question. 'Do I look depressed?'"

The hours have all gone funny and it should be ten to two, we having been five hours all but ten minutes from ground ^{to} ground. But they say it is really ten to one. I have had a bun and a cup of coffee in the aircraft, so don't feel too empty.

DIARYClark-Kerr
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Having driven with Trend and the others to the Embassy I demand a drink which is furnished after the Amb. and I have gone together into the pantry and arranged this. Mumro and I then drive off to see Snyder. The Amb. says that he is like a little white mouse and one can't hurry him. He is very keen on goodwill between our two countries, and is very close to the President, closer than anyone else now. But he does not understand much about anything, being a small town banker from the President's home state, Missouri, and he will get very suspicious if anything is put to him in a pretentious or complicated way. I am told that my first talk with him will be most important.

Arriving at the Treasury and having shaken hands with all the elevator men and lady secretaries on the way up. I am ushered into Snyder's room and find also present Vinson, his predecessor, now Chief Justice, a man from Kentucky, who was more accurate, Keynes used to say, at long distance spitting into a spittoon at the far end of the room than anyone else he had ever met; Will Clayton, whom I had met in London and Gardner, Under Secretary to the Treasury and ex-Governor of North Carolina.

We had a friendly introductory talk, they all telling rather long and not very pointed stories, as seems the American habit, and I seeking to radiate beams of goodwill, fellowship and co-operation and then, after some quarter of an hour, the others are ushered out to another meeting and Snyder and I and Mumro are left together. I then tell S. that it is with him that I have been instructed by our P.M. to make and keep contact; that we must clear everything together, and particularly any difficult points which may arise in this next ten days; that I know the State Department always take an interest in these matters, as does the F.O. in the U.K., but that Mr. Bevin has told me that he is sure my straight line must always be to Snyder. He seems to like this and says that we must have a number of heart-to-heart talks together. He wants me to re-arrange my trips to Tennessee and New York, so as to be here on the evening of Saturday week for a special concluding dinner, after the Fund and Bank Conference. I fall in most readily with this, which means cutting out a night and a dinner in N.Y. (where I am already due to make a speech at the Chamber of Commerce) and spending two nights instead of three in T.V.A. but the best part of three days.

I then broach with him, just before leaving, the delicate question of our decision to increase to mint silver coins and gradually to replace them with silver.

DIARY

In London there has been a great flap on about this, following a leakage in the "Daily Herald", and I may be asked about it at my press conference.

Bridges had proposed that I should tell the press that I had no statement to make, but I refused to do this, saying that it was not my style and would create much needless suspicion. Therefore I wished to "inform", though not to "consult" Snyder before making any statement here, but, thereafter to tell the press quite frankly what we meant to do.

S. took it very well. He said he supposed this would not mean that we were going to give up "hard money". I said certainly not and explained that our silver had always been, and still was, a token coinage, but that we were most anxious to repay the silver which we owed the U.S. as soon as possible and gradually to substitute nickel for silver. He said this would be quite all right and offered me the additional argument that, after all, we were only doing what the U.S. themselves did in minting nickel.

So far so good and I come back to a late lunch at the Embassy.

Sleep a bit in the afternoon and later try on a thin suit, procured through the enterprise of Munro, which fits me surprisingly well, though the trousers are much too long and some two feet have to be taken off them. These trousers were built for an American with an immense paunch, but this doesn't matter at all inside a belt, a new illustration of the great superiority of the latter over our old world braces. I shall now be much happier and more efficient because much cooler.

They are having an Indian Summer in Washington and it is much hotter and more humid than usual at this time of the year. The first night I find myself waking up at 4 a.m., but soon go to sleep again. Blankets are quite out of place on a bed. The temperature has been around 90 and so has the humidity. I understand that 100 humidity is another way of saying that it is raining. So long as the air is in movement I don't mind it at all, but, in order to avoid unnecessary perspiration I find myself tending to walk more slowly and with greater dignity.

The Amb., Catto, Trend and I dine at the Embassy in dressing gowns. I find the Amb. as good as ever, a great

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sense of humour and no fussing. We drink some muskat white wine presented to him by King Carol when he went on a special mission, which had no success, to Rumania. He has a Russian Servant, whose arrival caused a great flutter in Washington (They are, of course, all frightfully Russophobe here). The American security people were inclined to raise objections officially but the Amb. said "Oh! you can't do that, Uncle Joe gave him to me." He also has a Scots piper who pipes outside our windows about 8 a.m. and also, I am told, on ceremonial occasions at dinner. It will be very comfortable being fixed here for a week on end, after rushing around in Canada.

Before dinner I had a rather too long and too loquacious conference with P.J. Grigg, Bolton and others. They are inclined to discuss small points at a great length.

Friday, 27th September.

I hold my first American Press Conference in the Embassy. It all went very smoothly, and was thought to have been a success. The Press men were much less aggressive and asked much less troublesome questions than I had been led to expect. It was surprising how certain topics were not raised at all. Thus, no one mentioned Imperial Preference and I was asked nothing about Silver. (There has been a great flap on for days in the Treasury in London and also in our official circles here; an endless telegraphing and telephoning as to when they should release a statement in London, and how far it will be wise for me to go in making statements here. And now, at this Press Conference, attended by some sixty Press men, not a word about it!

Spend a good deal of to-day working on my broadcast for to-morrow. At the start everybody here seemed frightened out of their wits by my intention to say, among other things, that we had no strikes in England. They thought this might seem provocative and insulting to the Americans. They were also rather frightened of my telling the Americans that we had nationalised the coal mines, or that we had done this because the previous owners had made a mess of things. They thought perhaps, if I must say this, I should hasten to add that we were not going to nationalise many more industries and that, even after we had carried out our programme, 80 per cent of

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our industries would remain in private hands. I refused to accept any of these suggestions. There is really no point in not telling these people the facts and gradually bringing them ~~in~~ to a better understanding of who we are and what we are doing.

At my request Norman Makin, the Australian Ambassador, came to lunch and we walked and talked alone in the garden afterwards. I had, of course, met him before both in Australia and more recently in London. He was one of the founders of the Australian Fabian Society in Adelaide and had been Minister for the Navy in the Curtin Government. In London he had represented Australia at the first meetings of the Social Security Council and had had a very unhappy time in the Chair, trying to deal with points of procedure raised by the Russians.

He is a very nice, though rather simple minded, man. We discussed the possibility of Australia coming into the Bank and the Fund and he said he thought that probably, when the new Cabinet was formed after the elections, Chifley would be able to get his way. The opposition in the Cabinet was led by Ward and was very remembering Australia's experience between the wars and the still rankling Niemeyer Mission. Full employment in Australia is their first objective and they are much afraid of this being interfered with by international regulations. I told him of our interpret^{ative} declaration about which I had been having a good deal of discussion since arrival here. This is not quite through yet, and I shall have to refer to it again later.

This afternoon we had an official inauguration. Snyder presides and I am on the platform with him, along with Meyer and Gutt, together with a Chinaman, an Indian and Mendes France. There is a message from the President and Snyder reads a carefully prepared statement which is adequate but anodyne.

Snyder gave a large reception at the Wardman Park Hotel which is our meeting place for all Bank and Fund gatherings, and where we also have our office and where all those of my party who are not at the Embassy are staying. A great swarm of diplomats, officials, financiers, wives of all these, photographers and press men. A Marine Band in red uniforms nearly drowns all conversation, but the hot fried oysters are very good and there are a few drinks. After

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plane /
meeting and being introduced to the same people about three times I get rather bored ~~with~~ and make my escape. The only man I meet whom I dislike at first sight was Harry White. I hear that Snyder is likely soon to get rid of him. This would be a good thing from every point of view and would make our relations on the official ~~plan~~ in much easier.

Dine at the Embassy out of doors with Catto, Trend and Anstruther, a young man whom the Amb. has brought out as his Personal Attendant.

Saturday, 28th September.

Attend my first formal meeting of the Governors of the Bank and Fund. Snyder is in the Chair and I am Vice-Chairman at the Procedure Committee. All we do is to receive various reports, appoint various committees and decide what matters shall be referred to each. Snyder is good and competent in the Chair, though everything went smoothly.

Afterwards Eugene Meyer comes for a talk with me alone at my request. He is very sensible, I thought, and doesn't want the Bank to rush into commitments which have not been carefully explored. He is definitely Francophil and would like to make his first Loan to the French, but says that they have been awfully vague about this and have not put up any concrete proposition. I said I would stir Schuman to see him. He really wants, though he would not admit this, publicly to make the Bank rather political and to strengthen our friends in Western Europe. He does not think the fall in prices the other day in Wall Street has any great significance.

Walking through the Lounge on the way to the elevator, Meyer said to me "Snyder isn't a bit colourful. I have done my best to put him over, but I can't make him photogenic".

Monsieur Schuman, French Finance Minister, lunches alone with me at the Embassy. He has practically no English so all the talk is in French. A very nice man and very reasonable in discussion but looks very sad and is not, I should think, physically very strong. He is from Lorraine. He was most deeply grateful for the financial arrangements I have now made, regarding the French debt to us on trading account and did

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not propose any further amendments. In this, as on other points, he has evidently over-ridden his officials. Likewise, on the French quota to the Fund. We have got general agreement to an increase by \$65 million, but the French officials had objected vigorously that France is still below China. On the other hand, the Americans would not agree to a larger increase and I had advised Schuman to accept this. This he had readily agreed to do. I said it should be possible to consider a further increase later.

We spoke of the possibility of increasing French exports to us and I mentioned in particular wine, fruit, cheese, and any other foodstuffs, phosphates, potash, other fertilizers and iron ore from North Africa. I explained that we could not take French luxury manufactures. He said, with one of his few smiles, that they must try to sell these to the Americans.

He spoke of French political prospects and thought that the Communists had shot their bolt and would lose a little in the next elections. He said that, as a Frenchman, he always felt humiliated when French Communists showed themselves to be the slaves of a barbaric and backward Asiatic State like Russia.

*ballot
ballot
or*

He thought the Radical Socialists had no future. They were only a few Generals without an Army. They had, in the past, always profited from the second balance, as a result of intrigues and combinations. The second-bolt had now been abolished in the French constitution and a system of P.R. based with the Departments as the constituency units. He would like, he said, a Government of the M.R.P. and the Socialists without the communists or the radicals or the extreme Right. He seemed very conscious of the moral shock from which France was still suffering and was afraid that the Americans, as indicated in Byrnes' speech at Stuttgart were in danger of further deceptions at the hands of the Germans. I said that I had always shared the French view of the Germans.

On leaving he expressed great satisfaction at having established close and friendly personal relations with me, and was, I think, genuinely moved by the general tone of our conversation.

Mendès France, who is here with him, ^{is} has not, I think, very much persona grata to him and it would have been a great

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mistake to have had them both along together. M.F. is said to be only holding his present position precariously and may disappear from the Government after the elections. He is, of course, a Radical.

This evening, the Amb. being still away, Catto, Trend and Tansley (Catto's P.S.) and I dine in the open air at the Embassy. We are given an exceptionally good dinner, in thanks for which I send a message of congratulation from us all to the Cook who, I am told, is an English woman.

Sunday, 29th September.

I don't get up till after 10 a.m. and am then driven out by Munro some 45 miles to the Plains on the way to the Blue Ridge Mountains and the Skyline Drive. We pass on the way a number of the battlefields of the Civil War, including Manassas, and Groveton. By the road side there are commemorative notices on sign posts, telling the short story of the various battles with the names of the Companies. The soil here in Virginia is very red, "with the blood of Yankees" the Virginians still say! It is wooded, first with a loose growth of self-sewn Virginian Cypresses and then with thicker deciduous woods. We lunch with Ralph Lloyd Thomas and his wife, who are living in an American farm house lent to them by Averil Harriman. Before lunch Munro and I take a rapid walk for half an hour and perspire quite a pleasant lot.

We drive back in time to change and attend a large Cocktail Party given by Meyer, where I am made much of by many, including swarms of Slavs, especially Poles, and advised the Yugoslav not to overdo his objections to the entry of Italy into the Fund and Bank, since this entry is now quite certain to take place. I also met André Bonnet whom I used to know at Geneva, now French Ambassador here, with his wife who used to be the wife of Agnides; also Walter Lipman who is much better looking and more attractive than I had expected and whom I am to meet again to-morrow. We then return and dine at the Embassy, the Amb. having returned from New York. We dine out of doors and sit up rather late. The Amb. tells a number of stories of his experiences in Moscow. He says the Russians were quite determined to make him drunk when he first arrived, but, having once completely

Ward Keen

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succeeded, they afterwards treated him with greater respect and left him pretty well alone. He says that Molotov drinks a great deal and related one evening when Molotov pinned the Swedish Minister in a passage stretching out his arms on either side of him and leaning heavily against the wall and repeating several times "We don't like neutrals." The Swedish Ambassador made a long speech explaining why his country was neutral, but M. only kept repeating "We don't like neutrals", and then swinging his arm round struck the Amb. on the breast saying "we prefer men like this". This incident was exaggerated by some of the onlookers into a story that there had been a most serious Anglo-Russian disagreement and that M. had struck the British Envoy!

I have gradually got used to the humidity of Washington the site of which, as the Capital, M. tells me, was decided because the Washington family owned real estate here. The city is built on what once used to be a marsh and much of it lies practically at sea level. The marsh has been completely drained at immense cost and there is no risk of malaria or other marsh maladies. But the climate is very trying and much inferior to that of many other cities not far away.

Monday, 30th September.

We go this morning to the Wardman Park Hotel, as usual, and receive at successive meetings the first Annual Reports of the Fund and the Bank. There is no discussion whatever on either of these. It is amazing how purely formal many of these meetings are. The weather to-day is much cooler. There is a cloudless blue sky and quite a strong cool wind. I walk with Trend from the Hotel to the Embassy. This takes us about twenty minutes and it is quite difficult to find our way. Everybody seems to think that it is most eccentric to be walking at all. As we go along the wide avenues we see only three or four people walking, though hundreds of cars come rushing by (Miss Wagstaff tells me that she had the same experience when she went for a walk yesterday). Washington is a city of trees and right through the midst of it runs a deep chasm bridged only in two or three places, full of trees and containing, I am told, a large Zoo.

The official car drivers, in particular, seem to think

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that something quite extraordinary has happened when we arrive at the Embassy on foot. I feel that we have created quite a Washington sensation. It will be reported everywhere that this most eccentric British Chancellor of the Exchequer walked, rather than drove, to the Embassy from the Hotel.

This morning I was beset by the Poles and Czechs who were anxious that it should be stated, in order, as they said, to give some encouragement to the Yugoslav protest against Italian admission, that the latter was done without any commitment that other ex-enemy States might be admitted later. I said I thought that this could be arranged and asked Bolton to arrange it. Clearly what the Pole and the Czech had in mind was not Yugoslavia but Germany.

Lieftinck, the Dutch Finance Minister, who is rather a bore, is trying to fix up discussions with the Americans and ourselves about what he calls "the German Problem". I have told my officials that I would not join in any discussions on this subject with the Dutch, unless the French were there too. When Lieftinck spoke to me direct about this, I replied "The German problem is very simple, the problem is that there are too many Germans." He did not seem very satisfied with this observation.

The Amb. and I lunched to-day with Snyder at the Treasury. Also present Clayton and Gardner. Snyder is very friendly and quite quick to take and settle points. I was a little inhibited by the presence of Clayton, who started up again with his objections to our Long Term State Contracts and, in particular, to our Canadian Wheat Agreement. I think he is also alone here in this doctrinaire attitude. I told him about the ten year private contract for newsprint, to which he had no really good reply, except that he was sure this contract would be hedged about with a number of provisions for price changes etc. I said that this might well be so, but that the point was we could not get any of the newsprint.

After lunch the Amb. and I had a few words alone with Snyder in his study. He showed us a picture of a party on board a yacht which had gone on a holiday cruise to Jamaica, the group included the President and Snyder but no other politicians.

politicians.

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It was clear from this picture, as from much other evidence, that Snyder is very close to the President. The Amb. said to me afterwards "The President never forgets his old friends and Snyder used to cash Harry's cheques when Harry was a young man". The Amb. thinks that the President is suffering a good deal from a consciousness of heavy burdens. He realises that he is not doing very well.

Monday, 30th September.

Later in the afternoon I get a message from Snyder that he and I and Clayton are to meet with the Italian Charge d'Affaire, as we agreed at lunch, to have a word with him about the Italians admission to membership of the Fund. (The point was that we did not want Italy to address her claim to an Executive Director at this stage, since this would seem to many people to be going too fast.)

I go round to the Hotel and to Clayton's suite. The ante-room is full of a crowd who turned out later to be State Department officials and experts of various kinds. Clayton is in a room inside with the fat Italian little Charge. I have only had time to say good afternoon to the Lady Secretary when Snyder walks quickly in through them all, quite unattended by officials, and enters Clayton's room, I following on his heels, without a word to any of the crowd in the ante-room.

We then have a talk a quatre and the Italian, rather painfully anxious to please, says that he has an official from the Bank of Italy with him with whom he asks leave to confer and will certainly send us a reply in a hour or two which he feels sure will be satisfactory to us.

The Italian, having left, Clayton brings in two of his experts from outside. One of these is Collado, a legal expert full of goodwill but rather ruined, as Grigg put it to me, by the Harvard Law School (I remember at this interview this afternoon Keynes' remark that every leading American had his lawyer in attendance in order to befog all the issues, and that people often said to him while in Washington "where is your lawyer?") Clayton does most of the talking - ~~stimense~~ ^{No}

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length - though he is supported on every point where difficulties seem to emerge by the other man whose name is nearly, but not, I think, quite Lowhngren. It appears, to cut a much too long story short - told with many parentheses, much repetition and wrinkling of the brow - that if Italy is elected it will be practically impossible to prevent her becoming entitled to an Executive Director, but that in that case no other additional Executive Directors may be appointed for any subsequent new entrants until 1948 and that, in that year, the number of Executive Directors is to be reduced to twelve, though in the meantime it might go up to thirteen. It seems, however, that the Governors of the Bank have power by a four-fifths majority to alter any of these provisions.

None of this is really very important but it illustrates their methods. Clayton ~~is~~ has the wrinkled brow, but not Snyder who is calm and impassive, a man of few words and quick sentences. Trend says that he is puzzled to make up his mind whether behind this impassivity there is a "good deal of nothing at all". Nor am I yet quite sure.

Later in the afternoon I go to a large reception at the French Embassy. We are now beginning to meet everyone over and over again, but there were a few new faces here tonight including Tirana and his wife who kissed me most affectionately before this large crowd and ~~Malagrier~~. This evening the Amb. gives a large dinner party at the Embassy, to which, in addition to all our own lot, are invited Snyder, Dean Acheson (I sat between these two) Krug, the Secretary of the Interior; Representative Brent; Spence, the House Leader, who did a fine job in getting the Loan Agreement through; Phil Reed whom I had not seen since he left London, and a bunch of others.

I am now on christian name terms with Snyder and also, though with faintly more hesitation on his part, with Clayton. Many of the English are rather slow at this, but the Americans like it. The Amb. told an amusing story of Halifax having to be bucked up to call Sol Blum "Sol", and to ring up Congressman Watson, who is always known as "Pop Watson", and to say "Hallo Pop". Labour Party politics are a much better training for this than the Civil Service or the Vice Royalty.

Makariga

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Tuesday, 1st October.

To fund meetings in the morning. First the Procedures Committee and second the full meeting of the Governors. Here Snyder asked me to take the chair - partly to be pleasant and partly, I hear, because he thinks there may be a row over Italy and he would prefer me to handle it. There is no real row though the Jug, obviously under instructions, which he could only ignore at the risk of his life, makes three separate speeches and demands a roll call on the admission of Italy. This, however, is carried by a 77,000 odd votes against the Jugs 850. The Czechs, Ethiopians and Poles abstain, the two Slavs largely, I think, as a result of my influence. The Jug tries to make another speech after the vote has been taken, but I say "that is finished we are now taking the next item."

One of the great advantages of a single-language English Conference is that many of those present are not very loquacious in English and hesitate to intervene. If they were allowed to speak in Balkan or Latino French, there would be many more speeches.

After lunch at the Embassy I see ^{arrive} Madriargar who is going back to Oxford to write more books. He says that half his property in Spain was confiscated by the Right and half by the Left so he is quite impartial. I ask him how we should get rid of Franco. He says that we should just send someone to look Franco between the eyes and tell him he must go. But that we should be glad if he went quietly. M. thinks that either our Ambassador might do it, preferably speaking by pre-arrangement in the name of 20 other States as well, or we might send out Winston to do it. (This last suggestion shows a certain lack of understanding of British politics).

M. thinks that Franco would, in fact, go. If not it would be necessary to speak also to the Generals, since the Army is the only force which could put him out. He thinks they would be glad to do so. He also thinks that the King is the only alternative. I did not feel that I had really learned much from this talk.

Drive with Tirana and his wife and the eldest of their three sons (all of whom have Albanian Christian names) along the very beautiful Driveway towards Mount Vernon. We have not time

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to go all the way but stop, and have tea at a Guest House looking out across the Potomac. There are most lovely spruces along this Driveway. We return by the Lincoln Memorial and I find, to my surprise, that in the famous *Mural* ~~Axis~~ Line from this to the Capitol, the Washington Memorial, a tall obelisk lit up at night, completely intervenes.

Gordon Munro gives a Party for me at a Club to all the notabilities. This goes very well. I brought the Tiranias along to it and find that no other women were present. She enjoyed this situation a good deal! They are still a very good looking and attractive couple. He is now with the Export Import Bank having had an interesting series of jobs after the League of Nations with the Federal Reserve Board, the State Department including a period in occupied Italy, and now his present quite live job.

With the Amb. to dine at the Australian Embassy. Norman Makin has also asked Berendson, ~~(N.Z.)~~ and, at my suggestion, J. B. Brigden - the post economist from Queensland and Canberra. The latter is now acting as Australian observer to the Fund and Bank and is most anxious that Australia should join both. They all think that my Interpretative Declaration will have a very good effect and N.M. is sending a special message to Chifley about my initiative on this, in addition to congratulations on the electoral victory. He will also send, in a separate telegram, the text of a statement I shall make next day.

The Amb. has a most frightful cough for which he is taking medical treatment. He comes home to bed early and leaves me to finish the talk on Full Employment with the Anzacs.

Wednesday, 2nd October.

Pay my first visit to the White House at a quarter to one to-day. I am accompanied by the Amb. and Catto, the latter has been most eager to see the President, I think for the support of his own prestige with other Governors of Central Banks. I fix with Snyder that "Lord Cato" shall, if I agree, come with me. We have exactly one quarter of an hour (all this is

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marked down with great exactness and each day the Press reports the list of the President's callers of the day before, with the times of their coming and going.)

Mr. Truman is alone in a not at all interesting office. He is not an interesting man. He has a slow amiable smile, but I doubt if he ever has very much to say. The conversation was completely platitudinous. We speak of the great goodwill prevailing between our two countries, the value of personal contacts as through these meetings, and Catto, whom I introduced to him as "Our No. 1 Banker", brought the proceedings to their brightest point by relating that three of his four children had been born in the U.S. and were, when in America, U.S. citizens and could get in without passports. The President smiled and said that this must be very convenient.

As we three went out at 1 o'clock prompt, we were met in an ante-room, by an impenetrable crowd of pressmen demanding to know what we had said to the President and he to us. I gather this is quite routine. I shake all the pressmen individually by the hand, asked them how they thought things were going, and told them that our interview with the President had been most friendly and agreeable, but that no matters of importance had been discussed. I also presented to them Catto who was trying to escape round the corner. I'm not sure what he told them.

We were then met by a dozen or more photographers who photographed us repeatedly in a group.

Before going to the White House I had been taken to the Press Club to meet a group of their overseas writers. Since I have to see the President I have a drink with them before lunch and then return from the White House to the same company. By this time most of them have finished, but I am brought some food. Before I have eaten more than a mouthful or two the Chairman rises and calls on me to speak. This I do without having prepared anything and it seems to go all right. I then sit down and try to eat some more, but they fire questions at me which interferes with the process. Snyder and Meyer are there at the beginning, but leave early. We have some jokes about an inflationary flush on the stock markets in our two countries, but I am careful to explain in reply to a question that over here the climate is quite different and this may account for a large difference in physical behaviour.

G. R.

33.

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Return for a second time to the White House this afternoon for a reception of Governors of the Fund and Bank etc. Not very interesting or impressive. Quite different, I hear, from Roosevelt's day when he used to sit in his chair and have people brought up to him in turn for short conversations. This President, having shaken hands with all on entry, seems to fade out unnoticed.

Si R /
After various confabs at the Embassy with the usual swarm of advisers, I keep making for a tête-a-tête. He is very intelligent - he was, after all, a Fellow of All Souls - but admits to being quite out of touch with events at home. He has been continuously abroad for 4½ years and is returning to the F.O. in a few months time. He has here the title of Minister for Economic Affairs, alongside Munro and McGowan, which all seems very complicated and over-manned at the higher levels, but this is probably inevitable at present. It should have been much worse some years ago when Washington was cluttered up with Missions of all kinds, some in the Embassy Annex and others in Hotels.

I am amused to observe M. exercising great discretion in all references to persons, whether political or official.

The Amb. tells me afterwards that, in his view, M. should not be kept long at the F.O. but should be sent abroad again. He thinks he would make a very good Amb. in an important post. This Amb. does not like life in the F.O. He has always much preferred to be abroad. He thinks the F.O. is hardly a man's job at all.

Henry
Gutt gives a dinner party this evening and I am sat between Madame Gutt whom I rather like, and the wife of Henry White, who whines at me about the Fulton speech etc., one of these - miserably ineffectual in their own country - pseudo-idealists.

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Thursday, 3rd October.

To-day the official business of the Bank and Fund finishes, a day ahead of schedule. We have a final sitting first of the Procedures Committee and then of all the Governors. At the former the Mexican, Monteros, proposes that next year's meeting should be in London and that I should be the Chairman from the end of this session. I suitably accept, for my country, my Government and myself. I would much have preferred Ottawa or Rio. It will, in fact, be a crashing bore if we have to spend most of September working through a series of official parties in London. At the next meeting of the Governors, these recommendations are put forward and accepted. I have to make another short speech and then am photographed with Snyder, taking over from him the Chairman's gavel, with Meyer and Gutt grinning away one on each side. This looks rather a good photograph and I am trying to get the original.

I send an indignant and rhetorical telegram to the Foreign Secretary, in reply to one from him proposing that we should pay more to the Americans for the keep of Germany. There is a bad pressure just now of claims on our "improvident good nature". This may mean a lot of supplementary estimates this year. The only gain would be if, by paying more this year, we paid less next. This might help towards that balanced Budget. Meanwhile, I telegraph to E.B. that "the stability of our finances, the standard of life of our people and the reputation of our Government will be put in peril unless we make a firm stand now against demands that we should foot every bill which any one presents to us".

To-night there is a final official Dinner Party at the Statler Hotel, with Snyder in the Chair, and hundreds of Governors, Executive Directors, Officials attendant upon all these and as many wives as can be collected. It is all rather long and slow, and an American lady singer goes on singing song after song for hours on end. At one stage I am required to make a speech as the new Chairman. I tell them that all those who want money from the Fund will have to come to Mrs. Gutt, and all who want loans from the Bank to Mrs. Meyer. This is thought to be extremely funny - it just hits the

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the right level of the general sense of humour. And so we come to the end of the last official day.

It is difficult to size up the value of these sessions. As usual, one is tempted to say that the chief value is in the formation of contacts, and a reasonable degree of personal confidence off stage. But this, I think, has done a little more than that. In this next year I think that both the Fund and Bank will begin genuine operations, even though with caution.

There is a good deal of vague apprehension here of an American "recession". I can't find any real reason for this. Grigg told me that the other day, asking an American business man what was "American business opinion" on this question, the man replied "American business opinion? There ain't no such thing. We're just a bunch of crooks".

Friday, 4th October.

Fly to New York for a speech to the N.Y. Chamber of Trade, followed by a lunch, and fly back to Washington for dinner. The flight takes just over an hour and it is fun to see the great La Guardia airfield at New York. Here planes come and go from all parts of the world at a rate approaching one a minute in the busiest hours of the day. Planes converge on this piece of reclaimed swamp from Los Angeles, Calcutta, Rio and even poor old Europe. We fly both ways in a Skymaster, carrying about fifty passengers. The movement is amazingly smooth; to Catto, who is only on the second flight of his life to-day and sitting beside me, I point out how absolutely steady a cup of coffee stands. This steadiness would not be found on board any ship at sea; on any train or any car running on any road. It is a most dramatic little demonstration of the superiority of the air.

I don't like New York. The sky-scrapers are remarkable at a distance, close up, I find the whole thing repulsive, including, particularly, the over-

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head railway which crashes along above one of their main streets. We are met by Evans, the Consul General and go to the premises of the Chamber of Commerce. Here I address several hundred of the leading New York business men. They are a dull and unresponsive audience. Then I have lunch, which is a bit better, and then meet the press, whose questions are much less well informed than those of the Washington press men. We drive over some of the many enormous bridges in New York. There are narrow side walks, but no one walking on them. Nothing but people in cars! We drive through a fish market which smells much stronger than Billingsgate, and see a place called "Bristol Park" along the river side, now laid out with trees and playgrounds, formed from the rubble of our own bombed Bristol, which was brought out in ballast on ships which took supplies and arms the other way (I saw a mass of similar rubble on the waterside at Quebec).

Dine at the Embassy - the Amb. being out - with Trend, Young, Bell and Anstruther. Bell, whom I had not talked to much before, has a sense of humour and the right political approach.

The Amb. returning after taking part in some sort of Quiz or Brains Trust for the United Nations, which he had found very tedious, relates how at Yalta, Winston had been making a speech - translated sentence by sentence into Russian - in honour of "Stalin the Great" as he used to call him and had said "I regret to inform you that in my country the people are beginning to turn rather pink", to which Stalin had instantly interjected "I am glad to hear they're getting a bit more healthy". This had pushed Winston entirely off his perch and he had not found any good rejoinder.

I am given at dinner a first note of the long-delayed Ministerial changes at home. Some of these are as expected - the overdue resignation of Lawson and Stansgate, but I am very sorry to find that George Hall, although he has been wanting to go, is still being kept on with a Peerage and moved to the Admiralty. Winster has, after all, accepted the Governorship of Cypress, as I strongly urged him to do on the eve of my departure. The list of junior ministers is not quite complete, but I am very delighted that Chris Mayhew and John Freeman are now definitely in at the F.O. and W.O. respectively.

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The first of these two appointments will make a lot of jealousy among others. But that can't be helped. Nathan, though not a popular figure, will make quite a competent Minister of Civil Aviation, but I doubt if Lindgren is really good enough to have the speaking part in the House of Commons. This looks to me like the weakest of the junior ministerial appointments, in which there is a gap, since no successor to L. at the Ministry of National Insurance is announced. It will be very stupid if this post is not filled by one of the young Trade Unionists. But I think, in fact, that it quite certainly will be.

Saturday, 5th October.

To-day I fly to Tennessee. But this morning I call, with Munro, on Clayton. Since it is a Saturday we have to enter the State Department through the back door and there is a general air of nobody being about. I have nearly an hour with Clayton, M. being with us most of the time. I take him over a number of European-financial points and, on the whole, his responses are good.

M. takes a careful note which I shall use in London. C. and I are agreed that U.N.R.R.A. must definitely stop, as arranged, in the next year and that, apart from the Germans, only Italy, Austria and Greece should rank for further doles from either the U.S. or U.K. He welcomes my suggestion that we should press neutrals and he thinks Brazil could pay up towards this work of relief. He agrees with me that Italy should be urged, with the backing of U.S. and U.K., to go direct to Argentina and ask for a gift. Brazil should give coffee, the Swiss should give money and the Swedes give either money or food. None of these should be loans, thus keeping clear of reparation entanglements. He further agrees that next year (U.S. fiscal year runs from June 1947 to June 1948) must be declared to be the last year of all such doles.

As to Germany, He has not heard of point on which E.B. wants to make concession to Byrnes, on which

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I have objected by telegram, regarding back payment to U.S. in respect of German exports. So I don't pursue this. But he doesn't take my suggestion that distribution of costs of merged U.S.- U.K. Zone should be the U.N.R.R.A. proportion, based on national incomes, which worked out at 4 - 1. He thinks a proportion has already been agreed. But he is firm that next year we must both pay much less to keep the Germans, and the year after nothing at all. If this is the starting point I shouldn't fight for the U.N.R.R.A. proportion. He wants German trade in all harmless things, like toys and textiles, to be completely freed as soon as possible and only an exchange control to be maintained by U.S.- U.K. Authorities. In this way he thinks German exports could soon be built up. It also occurred to me that they would be built up quicker if we made it plain in advance that the doles would stop as from a fixed date. He doesn't seem to think that, as I feared, the U.K. will be asked to make advanced payments between now and March owing to our greater facilities of getting Funds from our Parliament. He thinks the U.S. War Department has an "open-end appropriation", which means that they can over-spend to any extent they like and get this righted by Congress afterwards. This sounds almost too good to be true.

Leaving, I ask C., we two now being alone, whether there is anything else he would like to mention. He refers to our Long Term Contracts. The poor man has this badly on the brain. He says that they have just sent another communication to us about it all. I say he must realise our special position regarding food and refer again to our bread rationing. This always makes him look ashamed as well as worried, and I think we shall be able to stop much real further fuss about our arrangements. I urge him that we should "not rush to sharp propositions" on either, but discuss the thing in an easy going and leisurely fashion. He did not disagree.

The Digression.

The Amb. does not think the Russians are planning world domination, but they are trying all the

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time for more security as they conceive it. They are a very difficult and bad mannered people; like a pup which is not house trained, they bounce about and bark and knock things over and misbehave themselves generally and they next day are puzzled if one is still resentful. They still have a terrible sense of inferiority. They like, therefore, to be treated very nicely in public and it does nothing but harm to shout at them in public, on the other hand, shouting in private often does good.

The Amb. also thinks that Palestine is being badly mishandled by H.M.G. We must, he thinks, choose between friendship of world and all the Arab States. He is quite clear that we should prefer the former and thinks that if we partition Palestine, the Jews could thereafter negotiate some changes of boundaries with the Arabs. The U.K. could quite quickly recover all the ground lost with the Jews if we followed this line. But Sherbok should be let out at once.

We fly to Knoxville in a small, but most excellent, plane. With me are Young, Bill Lynch (U.S. Treasury, sent by Snyder, to look after everything; a bit of a tough, rather below our Treasury intellectual level, but quite a good chap in a crude sort of way, a R.C., and in the war a Radar operator who took part in many bombing missions), Van Court Hare (Engineer on staff of T.V.A.) and two regular Army pilots (most competent, polite and friendly). We take just 2½ hours to do 450 miles, mostly at 6,000 to 7,000 feet. We fly from Virginia down the Shenandoah Valley, which looked as fertile and well tilled from the air, as, in fact, it is. An overwhelming sense of elbow room, as always (except in New York) on this North American continent. "Men have plenty of room to live a good life here" said one of my companions.

Plenty of elbow room for a good life down there.

We fly over Roanoke, Pulaski and Bristol, here passing from Virginia into Tennessee. For some while now we have had the Appalachians on our right, ridge behind ridge, and nearly all ridges wooded over the crest as only the Carpathians are in Europe.

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This is because trees will grow higher the warmer the air and so the equivalent altitudes for tree line rise as you go South, just as they fall quite low in the Arctic and finally fade out altogether. We see the famous Skyline Drive running around the Blue Ridge and on approaching the Tennessee boundary the Smokies - the great Smoky Mountain Range - loom up along the horizon. Soon we are over the T.V.A. area, which is four-fifths of the area of Great Britain, with a population of four millions, an amazing sight flying over the wide waters held back by the Dams. From the air it looks like a vast unattended flood. I go up to the front of the aircraft and tell the Pilots I don't believe there are any Dams at all and defy them to show me one. So we turn right out of our direct course and come down low over the Cherokee Dam, one of the recent constructions.

We are met at the airfield at Knoxville by Lilienthal, an attractive quiet person, the principal inventor and presiding genius of T.V.A. (I hear that he now, in addition to what he does for T.V.A., has a good deal to do with the Oak Ridge Plant, the Atomic City, which lies within the area.) Stay at the Farragut Hotel, named after the great Union Admiral, who captured New Orleans from the Confederates and did some other notable naval action at Mobile. The other main hotel at Knoxville is the Andrew Johnson, where there is more space but less variety of food. This part of eastern Tennessee was right on the border line in the Brothers War and many families were divided. There was much bloody fighting around here.

We dine to-night with Lilienthal and his wife and have some preliminary talk about T.V.A. L. and all his principal helpers regard the thing most idealistically. In these next two days I saw quite a number of them. They gave me an impression of devoted efficiency.

T.V.A. is not Socialism as we understand it. Except for the Dams and the Power Stations, they seem to own very little and are actually selling off a lot of land to farmers. More than half the area is wooded, but mostly owned in relatively small private units, and

D I A R Y

Hayek

T.V.A. is not acquiring any more than its present quite low proportion. They sell their electric current at wholesale and aren't entering into retail supply. On the other hand, they have filled a tremendous gap which private enterprise had left wide open. I told L. next day, that T.V.A. ran counter to the pre-conceptions both of the Right and the Left. Hyak and Co. would strongly disapprove of it - and probably prove to their own satisfaction that it couldn't exist - while to me, and still more to some of my more inflexibly-minded political associates, it seemed to make very poor provision for public ownership and planning-with-tea-in-it. I was astonished to find they relied so completely on persuasion, education etc. and took no powers to give orders to any one to do, or not to do, anything - apart of course, from the actual waterworks and power stations. On the other hand, they got a good deal of money from the Federal Budget and were assisted in various ways by the Governments of the seven States which they served. L. was pleased at my general comment and said that what they were doing was as much as American opinion would stand. Also, he thought, it was all that they should do. L. and his boys claim that statistics show that in the last ten years there has been a more rapid improvement in wealth, health and standards of life in T.V.A. than in any other part of the U.S. The Hill-billies, as the inhabitants of this whole wide region are called, have made great advances, and their electrification, now carried to most of their small farms, has astonishingly transformed their way of life. The radio was unknown here before, along with the refrigerator and a host of other gadgets.

It is pretty warm to-night and Tennessee is a dry State. This means that no drink is served in public places or with meals. But bottles may be bought and taken up to bedrooms, and this is how these people drink!

Lynch, Young and I discuss a variety of matters in our shirt sleeves with the electric fan turning and all windows wide open. There is a fire somewhere at the time and a terrific shrieking of sirens.

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Sunday, 6th October.

Start at 9.30 a.m. and am driven with Young and Lynch (who has already been to Mass) to Fontana Dam, one of the most beautiful drives in my life, mostly along the Little Tennessee, with magnificent views of wooded mountain ranges and looking down on lakes held up by Dams. We pass two or three of these on the way up to Fontana. A Corkskrew takes us up over a thousand feet before reaching Calderwood Dam.

The early part of the drive from Knoxville goes past the Alloa Aluminium Plant, a vast affair laid down in the war and now continuing for peace-time production. They bring their workers in from a radius of 50 miles and many of these are sons and brothers of farmers and continue to live on the family farm, to which they bring their earnings.

Mimosa is used for road side planting and the first high ground outside Knoxville is called Mimosa Heights. The commonest of all trees here around, as in that part of Virginia through which I drove from Washington to the Planes is called "Virginian Cedar" though it is very like indeed to an Italian Cypress. The woods are mixed but mostly deciduous. Maples, Sumacs and Boxwoods are just turning. Here there are more Sumacs and less Maples than further North. Most of the forests on these mountain sides are the second growth, by natural regeneration, after the first falling of the Virginian forest, but it is admitted that many of them are very badly managed, and there are too many fires. I am sure our Forestry Commission is both much more Socialist and much more efficient.

Fontana Dam is the most amazing thing of its kind that I have ever seen. I won't describe its details or dimensions for these are all on record in the books and pamphlets, but I bring back a few photographs of its construction by the night shift. All the inside, including the most lovely and spacious offices looking down the Valley, are built with Tennessee marble, a beautiful grey stone which takes a high polish on the walls but is left dull on the floors. Six thousand men worked to build this Dam and only four are now required at any given time, to operate the Power House. Seven and a half million

G. R.

D I A R Y

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tons of rock were hewn out of the quarry rising some six hundred feet above the road. As someone put it, all that has happened here is that we have put some rock into the River. Having been shown round the Dam and Power House, we go to Fontana Village, where the staff now live, and for the rest, a summer holiday and tourist trade is developing. We see some most charming pre-fabs. but how infinitely superior to our own. Everything is built in and electrified and many of these are let by the week to Government servants and other visitors. A very important feature of this sort of "development" is that in the wake of the Dams and the great new artificial Lakes, comes a great tourist and holiday traffic - just as Collin Clark said was happening at the Somerset Dam on the Brisbane River in Queensland. We lunch at the Cafeteria in Fontana Village and then after having applied great pressure; and the whole thing being thought to be very extraordinary; we go for a hike up to the Appalachian Trail. (I should have mentioned that sometime before we reached Fontana we had crossed over into North Carolina, and at the Junction of the States is a notice relating that N.C. was settled in 1585 by the first European settlers anywhere in America.) The Appalachian Trail runs from Maine to Georgia. It has shelters every ten miles. I would have liked to walk great distances along it, but this afternoon most of our time is spent in climbing up to it. The views are quite superb and I have a great sweat. We hear in the Smokies that Bears often descend into Fontana village. They are, however, vegetarian and not aggressive unless frightened. A paddling pool for children near the school gave great pleasure, they say, to one black bear.

On our way down we found a girl from Oak Ridge camping and cooking. She knows the road up to the Trail better than Mr. Steedman, who purports to be our leader and gets quite lost in a cornfield in a clearing in the wood. This is one more proof that these chaps never walk, ~~in~~ ^{to} their whole proceeding this afternoon seems to them to be mid-way between a revelation and an inexplicable joke.

I ask the girl from Oak Ridge whether she knows what they are doing there. She winks and says "Oh yeah". She was quite good looking.

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Here again I get a vivid perception of the nonsense of crowding 45 million people into our little British Island, both because they have so little elbow room in peace and because they would be such a target in an atomic war. The Amb. said the other night that millions of D.P's. from the continent just wouldn't be noticed in the North Western States.

Drive back to Knoxville and dine with Dr. Morgan, an old boy who is mystical about phosphates, and Agar, the Finance Manager of T.V.A. and his wife. Fire sirens again as last night.

General talk on multi-purpose dams - power, flood control and storage and navigation. The Mississippi floods, followed by the Ohio floods, can now be checked by flood control on the Tennessee. They deliberately run down the water level in all the lakes between now and December. (It doesn't really look very unsightly, though there are large exposed strips. Our faddists in the U.K. should be brought to see this.) Now they can shut off all water from the Tennessee system for a fortnight and this would provide a tidal storage south of the Kentucky, their lowest down stream from the Ohio. I am told that I should read "The Raven" the life story of Houston of Maryville, Tennessee, who left his wife and went off with the Cherokee Indians and later liberated Texas from the Mexicans. He taught school as a young man and ended up by having several places called after him, including Houston, Texas.

Monday, 7th October.

Start at 9 and drive with Burnett, a T.V.A. agricultural expert to what is called a Demonstration Farm. In fact it is a piece of rather poor land farmed by a widow, a Mrs. Campbell, assisted only by her son and one hired man. They keep a lot of poultry and some bees. They have 150 acres, some under rough woodland but mostly pasture for twenty four dairy cattle. They get \$400. a week for their milk which is picked up each day by a man who comes round with a truck (i.e. a lorry) with his radio turned on and running incessantly. This land, being on a hillside was much eroded and the

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gullies can still be seen. But they have been planted up with various wildthorns and are now "healed". In the spring and summer they have quite good pasture here. They also grow some corn and tobacco - not cotton, for the cotton belt does not begin for 120 miles further South. Mrs. Campbell seems to be a remarkable woman, and I think does more work in the House and on the farm than the son and the hired man put together. The farm house is not a modern structure, but since 1941 has been electrified for all purposes. She has an enormous refrigerator filled with milk, chickens, eggs, fruit etc. Clearly they live very well. We bring away a lot of honey, for which we pay \$2. We walk up to the top of the hill and looking around see quantities of uncultivated land, under rough scrub which, at any rate, prevents erosion.

This afternoon we drive to Norris Dam and the little township of Norris which has grown up around it. This was Dam No. 1 on the Clinch River. Here too, even more than at Fontana since it is older, has come a great sequel of boating, fishing and hunting facilities. Part of the town of Norris is now definitely a tourist centre, not, however, with large hotels, but with little houses which people can take for a week at a time.

I have asked to hear and see something of their forestry, but this is definitely disappointing. They have done some rough planting, chiefly of pines, against erosion, and have experimented with planting various types of trees to see whether they will grow or not, but this is one of the weaker sides of their work. We do this much better in the U.K.

We had planned to sleep one more night at Knoxville and fly back to-morrow, but we are told there is a hurricane knocking about off the Virginian coast, so had better fly to-night. We take off against a terrific sunset, and, with a slight headwind, get back in 2½ hours reaching Washington at 9 p.m. It is amusing to hear us flying in on the beam to Washington, with morse warnings whenever we deviate a little either side.

I find that Laski and Frankfurter are dining

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at the Embassy and join them with the Amb. The talk is mostly of Palestine, along anticipated lines. Both the Jews say that Truman isn't just electioneering in his endless repetition of the one hundred thousand, but that this is part of the general outlook of Americans of both parties.

Some talk of Stalin, who, Laski says (but one can never be sure whether it isn't all lies!) told him that what was troubling the Russians was the doubt whether the British Labour Government would be durable, or whether the Tories would not come back and gang up against the Soviet Union. Stalin, L. says, told him that he himself believes that an Agreement with the West is possible, but that Molotov is inclined not to believe this. He said that it would help if, once in a while, E.B. would say a kind word to Molotov. Polit Buro is said to be divided into three sections, (i) pro Western, with Stalin (ii) anti-western, with a third section uncertain and holding the balance.

Tuesday, 8th October.

Prepare to leave for New York this evening.
Go shopping with Miss Wagstaff.

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Wednesday, 9th October.

We spend a sleepless night in an American train, violent bangs and crashes whenever, after a stop, we start up again. Their trains are as bad as their planes are good.

Arrive tired and weary in New York and spend the morning in the flat which Catto and his wife and Secretary are occupying. Very unsatisfactory arrangements at the airfield. The B.O.A.C. Constellation coming in from Montreal is $1\frac{1}{2}$ hours late and the pressmen ask me whether I am a Conservative. New York is a city of half-wits! The facilities for waiting at the airfield are much inferior to those at Washington.

Finally we get off and find the Constellation very smooth and comfortable.

Thursday, 10th October.

We arrive in the dark of the small hours at Gander in Newfoundland. It is very cold, but we get a meal in a wooden restaurant and fly on through the dark to the Shannon Airport. Here we have the choice of breakfast or lunch. Time has been violently changed, and I can keep no track of it. Enormous quantities of bacon, sausages, tomato and eggs.

Arrive in LONDON after an excellent flight in the afternoon.

So ends this journey.

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[H. p. 47]

G. R.

Dalton I 34 (99)

DIARY

Wednesday, 23rd October. 1946

I have now been back in England just under a fortnight and have slipped quickly into the absorptions of the home front.

I still feel a bit tired after the excited movements on the other side, and the much better and more electric air, and the much more beautiful Autumn tints (our own are a very poor pretence, with hardly anywhere a really blood red leaf about to fall).

Most Ministers seem better for the break, though E.B., when I first met him on return, seemed to me pretty feeble, with a very weak voice and a sense of being generally baffled. On later occasions he has picked up a bit, but is still not at all the man he was. Some think Anglo-Russian relations can never go right until he disappears. I can't be sure that anyone else would do better, but some other lines of approach might well be tried. Meanwhile it is no good for me to fidget him over small points.

Our M.P's. still seem to like me very much and I get a remarkable cheer when first rising to reply to a Question after my return, and I have fun, which our chaps enjoy, with the Tories at Question time.

The first big event for me is the decision to call 3% Local Loans and put on tap a 2½% Treasury stock 1975 or after. There was faint hesitation in taking this decision and I had a great confab with Catto, Cobbold, Bridges, Hopkins, Bamford and Compton. The last named has not hitherto come to these talks but, as I told the rest in front of him, I want to bring the next generation along.

The general view of my advisers was that there would be not much point in postponing the call in the hope that things would get better. Rather might they get worse. Nor was there very much doubt that if we called now we should issue a new Irredeemable stock. "The market" had given strong expert advice in this sense. It would be unsound

G. R.

Darwin I 34 (100)

DIARY

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they said, to replace an Irredeemable stock by a Redeemable. Only Catto had slight hesitations on this point, and I finally refused to act on the advice of the rest, unless he could assure me that he would lose no sleep that night if I did.

Hoppy was the most definite and courageous of them all. He said we must be resolute and speak as though we were quite sure we could carry the thing through.

I deliberately chose the afternoon of the day on which I was due to speak to the Bankers and Merchants at the Mansion House, to make the announcement in the House of Commons. Here it went well and no supplementaries were asked. The Tories, I think, were a bit bamboozled.

My speech in the evening was well taken by many and the parallel with Goschen, which I owed to Compton, made a good passage. The City critics were more or less silenced in the next days; but were evidently vexed with me. I had told the City that a rise in the rate of interest on the National Debt would be the surest road to inflation and some of my critics were put out at their favourite argument being turned the other way round.

Meanwhile, we seem to have no fewer committees than way back in the summer, though the P.M. has sent out an excellent directive urging economy of time and speech at committees.

We are spending a good deal of attention here on the King's Speech, and on the question of compulsory military service. I shall have much less legislation this session than last and, indeed, nothing big except my Finance Bill and the Exchange Control Bill. I press for the Electricity Nationalisation Bill, about which there has been some slowness at M.F.P. and some doubts as to whether it could be ready in time to be given a good place along with the Transport Bill. We must have at least two good socialisation measures every session.

A special Conference of all No. 1 Ministers was held to consider the House of Lords and tactics

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towards them. The general view was that we should not attack them unless they first badly mauled one of our Bills, but that they might easily do this in the near future, e.g. the Compensation and Betterment Bill and that, in that case, we should be ready with a short and drastic Bill to prune their powers under the Parliament Act.

The view of Ministers - with no dissentient so far - is that we must continue compulsory military service for an indefinite period and that 1½ years is an inescapable minimum. On the other hand, this will be a big drain on man-power and finance.

Recent changes in the Government have, no doubt, caused a good deal of jealousy among our many talented M.P's not yet promoted. Joe Binns, whom I asked what he thought was the general view about them said that people were saying that if you wanted to get on in this Government you must have been at Eton, at ~~Windsor~~ ^{Windsor} or in the Guards or in the R.C.A. I said that this was easy. If the promotions had gone to three other obviously strong candidates, chaps could have said that you must either have been in the Navy, or been an organiser for E.B's. Union, or been on the staff of the L.S.E. with H.D. Soon, however, I expect there will be a few more and this will ease things a bit. John Freeman has made a most excellent Front Bench beginning, both answering Questions and speaking on Adjournments.

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D I A R Y

29.11.46.

We have now had about three weeks of the new session. There was a great rumpus on the Address when about one hundred Labour Members abstained on a Motion put down by a number of them, in effect criticizing the Government's foreign policy. Crossman moved this Amendment in an able speech which, however, contained, as I told Edelman, a false symmetry. It truly emphasized a malaise in our relations with Russia, but assumed altogether too much co-operation with, or rather subservience to, the U.S.A. in a common anti-Russian policy.

There is no doubt that there is deep concern in a wide and sensible section of the Party - in addition to a few professional grumblers, or real cryptos, or disappointed office-seekers - about what E.B. seems to be doing and how he is doing it. On the other hand, the thing was very stupidly done, since the performers laid themselves open to the charge of "not having gone through the proper channels". They had never asked for "a Party meeting on Foreign Policy"; they had asked to be seen by the Prime Minister and, when he had expressed willingness to see them if they still desired to see him after having seen McNeil, they had not followed this up, but had given a copy of their letter to him to the Press.

None-the-less, one hundred is too many to be disciplined and after the usual excitement and jaw in National Executive and Party meeting, it is decided to do nothing, save to express regret.

"The Daily Worker" says that H.M. and I, and Bevan, have been encouraging the rebels behind the scenes. I am not guilty of this, though I am not at all unsympathetic to part of their case, but I

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have had to conceal this fact.

Meanwhile, the Treasury is well ahead with its legislative programme. We have read the Exchange Control Bill a Second Time and it has caused much less commotion and opposition than my colleagues had expected. We have the second reading of the Trafalgar Estates Bill next week, and the Committee stage of the Exchange Control Bill on the Floor - since other Ministers' Bills have been so slow in coming forward there is plenty of space down here, and this will be a great saving of time as compared with sending it to a Committee upstairs. Finally we have the rather dreary Pensions (Increase) Bill which Willie Hall will look after.

The other major Bills of the Session are slowly moving into action and the Transport Bill has just been published. There has been some excited criticism of the terms of purchase, and gradually our opponents are, perhaps, beginning to see some connection between the cheap money drive and the terms of nationalisation. The railway shareholders will now, indeed, get a Government guarantee, but their income will be reduced by nearly 50 per cent and this will give Alf Barnes £18. million a year surplus to start off with on his accounts. The euthanasia of the *Redentia* is proceeding apace. It seems as though we had already been at it for a long time and there are already some sensations of fatigue, but I think that Christmas will turn out to be a real break and R. and I are planning to have a holiday of a fortnight in the South of France.

West Leaze has been wet and windy these last week-ends, but next week-end I go to Cambridge

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and Oxford for the King's Dinner, and to stay with the Pakenhams.

I keep on prodding the P.M. to promote more of our bright young men and push out some of the older ones. He says that people don't realise that there are already twenty-two members of the Government who were elected for the first time at the last General Election. We are a good Government and we don't seem able to lose a by-election! North Paddington took a little holding last week, but I like the look of Field who held it with a majority of 2,900. On the day of the Poll I said that my hunch was that the Labour majority would lie between 2,500 and 3,000!

The external world is full of trouble - U.N. Peace Treaties, cost of Germany to British taxpayer and general economic collapse in the British Zone, India, Palestine, Greece, Egypt, etc.

The two lots of Indians seem deeply set on civil war, each blaming us. As an emergency measure Wavel is to fly over here bringing four or five of them in one plane. Meanwhile I, concentrating more upon finance, am engaged in resisting efforts by the Americans, which E.B. has not been fighting very stoutly, to make us pay in dollars £125. million over the next three years for the Germans. (I am also resisting suggestions from the F.O. to spend large sums on Greece, the Turks and Afghans. I sent a Minute to the P.M. saying that we have not got the money for this sort of thing and that, even if we had, we should not spend it on these people, and proposing that the whole policy

G. R.

Dalton I 34 (105)

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shall be looked at in the Cabinet and the Defence Committee when E.B. gets back.) Alarm and despondency over the prospects likely to arise at the end of two years, unless our supply of dollars can somehow be built up, is well based. Cripps is making the public running on this, and I am trying to frighten my colleagues about it. This is much the most serious of my Departmental headaches. Home finance is, relatively speaking, fairly easy going.

D I A R Y

Friday, 20.12.46.

To-morrow I hope to disappear "without trace" for a fortnight to the South of France. Just as after the Election I felt "tired but triumphant", so again now. The Treasury has been very busy in the House. Last night we finished the Report Stage and Third Reading of the Exchange Control Bill. It will be interesting to see how much the Lords dare to try to change it. We took the Committee Stage on the Floor, which saved time - this Stage took three days; upstairs it would have taken at least a fortnight - and the reason was that other Ministers had been so slow in getting their Bills ready that the Whips were short of business. But it is a most confoundedly dull and technical measure and I left most of the detail to the faithful, but still too prolix, Solicitor General, and the equally faithful, though not quite so learned, Financial Secretary. It is amazing how little real passion has been roused by this Bill. Many of my Colleagues in the Cabinet had thought that it was much too "hot" to get through without a first-class row. The Lord Chancellor solemnly declared in Cab., that this Bill took more drastic and far-reaching powers than any other Bill ever presented to Parliament in time of peace. It could only be justified, he thought, by the most serious situation regarding our balance of overseas trade in the next few years. The Solicitor General, who wasted literally weeks of the time of my officials and the draughtsmen trying to tone down the powers in the Bill, finally put in a paper of his own to the Cabinet drawing attention to the Bill's unprecedented character. He did his best to frighten my very timid colleagues out of their wits.

And yet, now that the Bill is through, we can see that it had quite an easy passage. I gave a Press Conference on the day that it was printed, in which I told them it was a conservative and consolidating measure, and some sections of the Tory Press reproduce this phrase, or others very like it.

D I A R Y

Much more excitement has been aroused by our Transport Bill, including its Compensation terms. We had a three-days Debate on the Second Reading, opened by Alf Barnes, whom I have been defending for some time against his critics, and who is doing a solid sensible job of work, though with an occasional inclination to rigidity. I speak on the Second day and have just over an hour defending the compensation arrangements. My speech gave great delight to the Party and had a very flattering press, though naturally the argument was not acceptable to the Tories. I have also had the Nelson Pension Bill, on which I made a different kind of speech, also well received. I am now trying to get the Admiralty to take over the house and grounds and use them for some suitable naval purpose. The Admirals are very slow about this, but the politicians, particularly John Dugdale, are now in favour.

It does not seem that, apart from the Budget and Finance Bill, I shall have any fresh legislation this Session. But I have recently been so constantly in action in the House - and, it seems, so successfully - that I am once more a bit embarrassed, as well as a bit moved, by my popularity with the Parliamentary Party. The Foreign Office still hangs, *Evans* someone said, over my head like the sword of "Damocles". E.B., after a long period in New York, is back to-day, but I don't expect - or much want - to see him until the New Year, when he will have had a rest. Some say his health is pretty poor, but that has been said for some time past. The atmosphere *in person* seems - though it is difficult to judge it at a distance, - to have moved lately, and the Russians to have made a number of concessions. In March they are due to meet in Moscow to settle the German Peace Treaty. That will be the hell of a job. Meanwhile I think that I must give more personal thought in the New Year to arrangements in Germany. There is a lot of gossip and grumbling going on, and a lot of attacks too. There are many problems to be worked out arising from the fusion of the British and U.S. Zones.

Other issues taking up a good deal of ones time are India - Wavell wants to name a date, e.g.

G. R.

Dalton I 34 (108)

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Laliffon (Lri)*

DIARY

March, 1948, which we should say will be the date when we shall leave them to it, and meanwhile make preparations within this time-table. I am clear that we can't think of holding the wretched place by force, and that means we must let them have their freedom to run their own show - even if this should unhappily include a Hindu-Moslem Civil War. A last attempt was made to approach the gabs within the monkey house by getting Nehru and Jinnah over here just before the Constituent Assembly. It failed. I have always kept well out of Indian detail, but am brought in now to the Cabinet Committee on India and Burma.

There is a steady run of varied trouble about food, and the constant prospect of a shortage of fuel. "Starve with Strachey and shiver with Shinwell" is one of the Tory slogans which is going around. On the other hand, one has, I hope, an occasional feeling that in twelve or eighteen months time we should be through the worst of most of these shortages. But, as I constantly tell my colleagues, we shall be on the rocks in two years time, if we have exhausted the Canadian and U.S. Loans unless we have severely cut down our overseas expenditure (military and other) and built up our exports to a much higher level than now.

The more difficult troubles there are about, the less any particular one should rob one of one's sleep or peace. I have slept well, though short, having been up pretty late recently, including two 3 a.m.'s. in the last two days following Parliamentary activity.

This afternoon I sat in again at one of these endless India Committees. The P.M. in the Chair, is obviously very tired. So are a number of other Ministers. The result is that the conversation wanders round and round and nothing is focused. Why don't my colleagues realise, as clearly as I do, the sharp distinction between working and not working, or rather, when they are tired, of trying-to-go-on-working and deciding to stop. There have been five or six

between

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of these meetings in the last few days, each lasting several hours, and the same arguments have been raised and chased round and round. Wavell has been with us, not a very quick mind, but quite clear that we cannot stay much longer in India, and anxious to get out with dignity as soon as possible. Cripps is the best of this bunch, and alone seems to keep his mind fresh and keen and constantly on the essential points. We finally take a draft of his for the statement, on which a Parliamentary resolution might be based, giving Wavell reasonable discretion to take any steps he likes, by way of partial withdrawal from parts of India, subject always to our decision to be out by March 31st, 1948.

"Squabble"
This afternoon the P.M. makes a statement in the House about Burma to the effect that we are inviting their leaders to come to London to discuss how to quicken up the process of Burmese independence either inside or outside the Empire. Churchill of course, attacks this and uses the familiar old word "squabble", but I don't think this will cut much ice with many. It is quite clear that we can't go on holding people down against their will, however incompetent they are to govern themselves, for the whole pace, as determined in the East, has quickened in the war years, and it would be a waste both of British men and money to try to hold down any of this crowd against their will. They must be allowed to find their own way, even through blood and corruption and incompetence of all kinds, to what they regard as "freedom".

CHANCELLOR'S VISIT TO CAMBRIDGE AND OXFORD
6th - 8th December, 1946.

Friday, 6th December.

4.30 p.m. Leave by car for Cambridge.
Stay night with Provost.

7.30 for Founder's Day Dinner.
7.45 p.m. (Evening Dress)

Saturday, 7th December.

Visit Lady Keynes at
17a, St. Edward's Passage,

11. 0 a.m. Visit Mrs. Rackham at
or thereabouts 9, Park Terrace.

Afternoon Leave for Oxford, and stay with
Lord Pakenham at 8, Chadlington
Road, Oxford.

Dine Christ Church with Lord
Pakenham and return to a small
party.

Sunday, 8th December.

Breakfast in bed.

Lunch to be arranged, and a
walk.

Return to London in time for
supper at 8 p.m.