

Papers of Hugh Dalton:
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DIARY

SATURDAY, 4.1.47.

Return to No. 11 from Grasse where R. and I have spent a most happy fortnight. We stayed at the Parc Palace Hotel, which had only a few other guests, none of them English. We had good, though not excessive, food, good service and a glorious view from our bedrooms to the South and the sun, which shone a lot. All around were cypresses, olives, orange trees and gums. And there were some admirable walks up rising roads with beautiful views, especially one towards St. Vallier, and another to Cabris with which I quite fell in love, and once we scrambled above the sun among the veritable Maquis.

We met some quite nice French people via the Vienots and English people only once at a rather frightful party on New Year's Eve at Monte Carlo, to which Ethel Donald invited us. R. spent several days in Paris both coming and going, but I flew both ways to Nice. My return flight was in daylight and, for the first hour, I was flying over the Alps. Quite a magnificent spectacle and one felt that one could almost touch Mont Blanc, just on the starboard side of the plane. Air France runs a very good service.

At Grasse I slept a lot, walked a bit and read a little, including Feiling's feeble and tendentious "Life of Neville Chamberlain"; Francois Panset's record of his days in Berlin, and the first half of Bertie Russells "History of Civilization". I return very fit and full of bright ideas to greet my colleagues, some of whom have had a very poor break over Christmas and New Year.

We plunge at once into a continual round of Cabinet and Committee meetings touching on our proposed departure from India, the Coal shortage, Economic Planning, and other varied topics.

No Parliament for another fortnight, and I am now beginning to see the shadow shape of my next Budget.

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Friday, 17.1.47.

In the last fortnight I have spent most of my time attending innumerable meetings of Cab. and Cabinet Committees. There have never been so many of these before in so short a time! Fortunately I am sufficiently fit, physically and mentally, to bear this corvee without undue bitterness. Next week they will just damned well have to stop it as the House of Commons will be meeting.

Some little Burmese are here arguing about their independence. But not, of course, as regards finance. They want us to give large sums, to be wasted at their own sweet will. India has receded a little from the front of the picture. The usual time wasting has been resumed out there, and all our long discussions on a public statement to bring them up to the mark by fixing a retiring date have, for the moment, run into the sand. There have been long and rambling discussions on Foreign Affairs and on Palestine. E.B. looks well while he is with us, but is now out of action for a week with "tummy trouble". I was delighted to hear him say in Cab. the other day - and emphasized my pleasure - that he thought the Germans were much more dangerous than the Russians, and that before long everybody would be courting them.

Blum came over for a quick visit, looking surprisingly fit and fresh and we have put out a communique in favour of an Anglo-French Alliance and further economic discussions. Blum is having a great success at present, but what will happen now in France is doubtful.

On Palestine a number of us have been shouting for partition - Creech Jones is very good on this and much more decisive than his predecessor. E.B. and the P.M. try to tangle up the merits of various solutions with hypothetical conclusions of who would vote for this or that at U.N.O. I have been trying to keep these disentangled and have been urging that partition is the least objectionable of all policies and that, if we decide on this, we should then go on to consider how the local and political obstacles can be

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overcome. The present state of things cannot be allowed to drag on. There must be a Jewish State - it is no good boggling at this - and even if it is quite small, at least they will be able to let lots of jews into it - which is what they madly and murderously want.

We are now having a great row over the Economic Survey with various proposals put up by the Ministerial Committee on Economic Planning - H.M., Cripps, Isaacs and myself - in order to "close the gap" in the manpower budget now assumed to be some 630,000. Last night we had a very bad and rowdy Cab. in which a lump of them gang up against Cripps and myself - H.M. is ill with thrombosis and this, for to-night's meeting, was most unfortunate - against every practical proposal. Easy-going, middle-headed irresponsibility! And the P.M. is one of the worst of these, saying that this gap is only 2½% of the total Labour Force and should easily be able to be removed by "greater productivity".

To-day we continue this and so have a first-class row on the number of men required by the Minister of Defence. I have already had a brush with him on the Defence Committee about his estimates and have put in a pungent paper. This battle is continuing.

H.M. being away, I have been landed with the Chairmanship of several of his committees - Lord President's; Socialisation of Industry; Economic Planning - not to speak of a large number of Committees over which I am already Chairman. I am the only Cab. Minister who, when he is in the Chair, thinks his first duty is to push the business through and abbreviate discussion. Most of the rest seem to think that talk is a good thing in committees. So it might be if we had more time for it, instead of the present shocking congestion.

None-the-less, we are moving forward, somehow, through an immediate situation which is not too bad, though with an ugly prospect looming for 1949 when the American and Canadian Credits will be exhausted.

G. R.

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→ So they letter to CAB had had some effect.

MONDAY, 27.1.47.

To-day in Cabinet one phase of a great battle ended. I had demanded last time a cut of 10% in Defence expenditure, other than terminals. This would have saved £80. millions next year. I had been met by a most obstinate response from A.V.A. and to-day he produced a doleful story of how such a cut would render all the Armed Forces quite useless, even though we should still be spending on them next year £740. millions plus £118. millions of terminals. After a rather inconclusive skirmish, in which I took little part, over details, he passed me a note saying he would not say more till I had spoken and that he was prepared to make me an offer though he would not mention it. I then recited the case, avoiding all mention of manpower (for a reason to be given in a moment) and declining to be drawn into any technical detail. I said that we just could not afford to spend all this money this year and that I wanted them to give the Budget the benefit of the doubt. I would run the risk that they might come back later in the year and ask for supplementaries and I would promise to consider these sympathetically. Meanwhile they should have all reasonable "virement" as between each item. I also mentioned the paper of the C.I.G's. (Monty's, circulated only to members of the Cabinet) in which he had stated that the Russians would be incapable of fighting a major war for from ten to fifteen years. After this King Albert offered a cut, of 5% or £40. millions which I at once accepted. → Shinwell who, up to now, had not come *any help* then made a long speech saying he thought I should have pressed for more, but the rest of the Cabinet, rather depleted to-day by sickness, thought a good compromise had been reached. I reserve mentally the right to return to the question of manpower in a few months' time and press for further cuts there on production grounds.

on account

I threw a bouquet to King Albert across the table, saying that I knew well, no other member of the Government had a clearer view than he of the needs of sound finance and that he, for his part,

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would remember that I had always shared his view, when many others had differed from us, before the war, when we two saw Hitler coming as many others did not, in favour of strong National Defence. And so it ended, leaving a faint trail of antagonism, I think, between me and the P.M.

For this is only the end of one chapter in a story. The week-end before last I went to W.L. very angry indeed owing to the rejection, with the P.M.'s support, of all the principal proposals of the Economic Planning Committee - H.M., Cripps, Isaacs and I - to close the manpower gap. I had not much minded that the Cabinet had declined to postpone the raising of the school leaving age for five months. I had never been very keen on this. Nor did I much care that they made difficulties over the proposal to conscript young women for national service. But I was very angry when, on top of this, they rejected our suggestion to cut the manpower in the Services and Supply. Indeed, at the Cabinet which so decided (H.M. and E.B. both being absent through illness) I said that if my views were to be brushed aside in this fashion I should have to "reconsider my position". This is the first time that I have used this famous formula, or that any other Cab. Minister in this Government has used it. During the week-end I composed a note on "A difference of Opinion" and sent a copy to the P.M. with a ~~very~~ harsh short covering note. I deliberately did not mark it personal or secret and in the covering note said that I had "gone on record against future possibilities", thus making it clear that I reserved the right to quote and use it if I did resign. I hear that, on receiving this, he ran away upstairs with it, and he sent no written reply. To me, in an aside, as the Cabinet were assembling next morning he said "I got your letter. I wrote an argumentative reply, but then I thought it was better not to send it but to discuss". I said "All right". But he has not so far initiated any discussion and I doubt if he will.

H.M. has been told that he must stay in hospital another fortnight and then take three weeks'

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complete convalescence. Otherwise he may be finished. If he takes this medical advice, he should have reasonable prospects of continuing for some time to come. I hope, and think, that he will take this advice, even though mulishly and unwillingly. He should not really be back till after Easter.

E.B., on the other hand, is coming in to Cabinets, but is obviously not fit. He surprised and disturbed us all by saying casually in Cabinet the other day that he might have to have an operation. All that is normally admitted is that he has "tummy trouble" and occasional "flatulence". The effect the P.M. told me was that often he comes round to talk and sits in his chair gasping for some minutes. Moscow will be very heavy going in March and E.B. has been told by his Doctor that he ought to go away and rest for some weeks between now and then, but again he offers resistance. His Egyptian Treaty has all come to nothing and his Palestine talks with the Arabs - a great geographical mistake in my view in any case - are making no progress, and the Jews ~~want~~ want to join in. I have tried several times in Cab. to get them all to agree to Partition as the best solution on merits. I have urged that, instead of trying to make a synthetic glue of all the Arab States, including Egypt, we should try to split them and, in particular, should try to make Transjordan want Partition and take over (a large) part of Arab Palestine. Creech Jones is getting much stronger and firmer on all this, but can't make much headway with E.B.

In the House I still find myself quite alarmingly popular and small embarrassing contrasts in more than one direction are being drawn.

I lunched two days ago with Bellenger who is doing quite well at the W.O., and Monty. The latter is a great egomaniac, ~~but~~ very intelligent and liable to be quite useful. He says he got on very well with Stalin on his recent visit to Moscow, though Molotov is not a very nice character. Not the sort of man that you could trust. Stalin was

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delighted that Marshall has succeeded Byrnes, and said to Monty "I always prefer soldiers. Marshall will be much better than Byrnes. Why don't you go into politics?" This I thought was a little obvious, particularly when Monty added that he thought we had mishandled our relations with Russia since the end of the war and had shown ourselves unsympathetic towards their sufferings and devastation. He went on "My visit was a great success. Now I have done this preliminary work Bevin - I thought I noted a slight tone of disdain - can get his extension of the Anglo-Soviet Treaty." Monty also insisted on autographing, at his own suggestion, my copy of "Poems from the Desert" which I took with me to lunch as a gambit, and sent me next day a copy of his "Messages and Speeches" which are published in "Forward to Victory". He also signs himself, even on the outside of an official envelope as :

"Montgomery of Alamein,
Field Marshal."

G. R.

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D I A R Y

WEDNESDAY, 5.2.47.

There is a strange uncertainty about the personal future of many Ministers. Rumour that I shall soon move to the Foreign Office continues to circulate. H.M. is still in Hammersmith Hospital. I am going to see him to-morrow. He has, it seems, been pretty dangerously ill and, if he comes back too soon, he won't last much longer. On the other hand, I hear from Somerville Hastings, who has been making enquiry from the hospital, that, if he stays there another fortnight and then takes three weeks complete rest he might be fit to return to duty after Easter. He is said to be itching to come back sooner. He has got thrombosis and part of the blood clot went up into one of his lungs and gave him pleurisy. He is very bad at leaving things alone and stopping work. (So are practically all of them. I believe myself to be a shining exception in this respect. The others keep fidgeting on and seem to think that, if they let things alone for a week, everything will go to pot. None of them take a fortnight off - like I did at Grasse over Christmas and the New Year. The poor little P.M. has never taken a holiday, though invited, e.g. to go to a most delightful place in Scotland belonging to the parents of Lady Soskice. I suspect Mrs. A. is one of the troubles. Chequers is no rest at all. The result of this is that he is slower, more timid and less decisive than he used to be. E.B. is just as bad, in a different way. He has been told he ought to go off and take three weeks complete rest before going to Moscow, but he too clings about the place, ineffectually muddling things up. His officials complain that he turns up at the office on Saturday mornings and prevents them finishing off the week's work. His great gift, as it once was, of seeing apparently separate problems as part of a wider whole, has now degenerated, with weariness and ill-health and ill-success, into the vice of not being able to see things separately, or to settle, or make up his mind, on one problem at a time. This is painfully clear over Palestine. Some of us have been striving, as already noted, to get a firm

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decision first in favour of Partition and then to discuss how to bring it about. But E.B. goes doddering round and round with the Arabs and the Jews and nothing ever happens except a long and rising series of outrages in Palestine which are rapidly producing anti-Semites all through the British Army and administration.) E

My own popularity is still very high - higher than ever probably - with the Parliamentary party and large sections of our supporters in the country. And with all these casualties and near casualties among my colleagues, my personal position is becoming what is called "very strong". On Thursday of last week I had another marked Parliamentary success in winding up the Second Reading of the Town and Country Planning Bill. All the points just fitted and there was great enthusiasm on the Labour Benches. Several said they had never heard me speak better.

(Last week-end I was in B.A. for a private delegate meeting; at Gateshead for a public delegate conference and at Newcastle for a public meeting in the City Hall. All quite successful.)

Yesterday Hugh Gaitskell made quite a good finish to the Second Reading Debate on the Electricity Bill. Afterwards in the smoking room Aneurin Bevan came to me and said that Ellen Wilkinson was dying in St. Mary's Hospital, she was in a torpor and was not expected to come out of it. I fear that she is very ill, but he may be exaggerating. Next he said that he was going to resign over Palestine unless Partition was at once proclaimed. I advised him not to be too quick off the mark. He then proceeded to count out both H.M. and E.B. on grounds of health, told me that my position was most unchallengeable. He said that he and I generally agreed in Cabinet and that we must work closely together. What was coming next I don't know - perhaps a suggestion that he might go to the Foreign Office - for King Albert then came across and joined us. A.B. had just been pointing in the latter's direction and speaking of him with much contempt. He left soon after and King Albert and I were alone. A.B. had also spoken to me very contemptuously

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of C.R.A., but King A. began by praising the Prime Minister. He then spoke of the bad health of H.M. and E.B. and said that this would leave very few of us who really had experience and we few must stand together. He was much against the idea of promoting young men too quickly. If the Foreign Secretaryship became vacant he thought that Phil would be quite impossible because his judgment was so bad and Hector McNeil because he was so young. He thought that I was quite irreplaceable at the Treasury. It would be madness, he said, to swop horses in mid stream, I was doing well as Chancellor of the Exchequer and it would be a terrible thing if I had to leave the home front. He then criticized Cripps. A very clever man, but always inclined to rush his fences. He had seen this in India, and at one time King A. has threatened to take a battle ship and come home and leave them to it. He did not, therefore, rate Cripps very highly. Poor old Pethick was not sleeping at night and he thought that he should now retire. King A. gradually made it clear that he himself would like to be Foreign Secretary and recited his many qualifications, beginning with his activities before the war in the National Institute for Pacific Relations and ending up with all the work he had done in Paris when E.B. was ill. It was too late at night or rather early in the morning for me to make any comment on this. I merely told him, rather deliberately at length, ~~the~~ famous story of the first day of the formation of this new Government. I said that it had been remarked that he had been rather slow to arrive from his constituency on that occasion. He said that that was because his car had broken down half way between Sheffield and London.

It is not very easy to guess what will happen next and it is less easy still to make up one's mind as to what one thinks ought to happen.

THURSDAY, 6.2.47.

Ellen Wilkinson died this morning. She was a brave and combative little person and I liked her a lot. I wrote to the P.M. that it was strange

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that she was the first casualty among Labour Ministers in spite of the hot pace since 1940. I also made some suggestions, which the P.M. discussed with me at length later in the evening.

In the afternoon I went to see Herbert Morrison in hospital. He did not look at all well and as I am glad to see resigned to going off for some weeks' holiday in the sunshine. He is inclined still to take too much interest in the details of Government and Cab. Committees. He ought to cut right loose and forget all about it.

6/2/47
We are having an exceptionally bad run of weather and the coal and electricity supplies are in a pretty poor way. It will be a great relief to get through March and into the period when more coal is being produced, and then we shall have to make plans for stocking up well in advance of next Winter.

Shinwell is the most mercurial of Ministers and according to all accounts a very bad administrator. His officials are in despair at his failure to settle down to a close and objective study of the facts, or to follow a steady line in regard to many of the very tricky issues arising in his Department.

DIARYWest Hill

FRIDAY, 7.2.47.

To-day, at this morning's Cabinet, Shinbad suddenly asks for permission to tell the House of Commons this afternoon that all electricity must be cut off from industry in London, South-East England, the Midlands and the North-West, and from all domestic consumers between 9 and 12 and 2 and 4 each day. This is a complete thunder clap, following on the usual rather hopeful tales we have had from this man during the past week. Only two days ago he was saying that he supposed we ought to give a priority to keeping all the generating stations well supplied, even if this meant cutting off some other people. It is true that the weather has been bad, but the root cause of all this trouble is the insufficient stocks with which we started the winter.

This afternoon, I hear, he made a most deplorable performance, with a lot of the usual Party polemics, ending with a very rapid gabbled announcement of the proposed cuts. No one really understood what he was saying and neither the press or the public had had any warning.

We thus enter a fuel crisis which continues from day to day. There is plenty of snow and frost, of course, and burst pipes everywhere, including West Leaze. We, therefore, are not going there for the present, and in any case it would be unpatriotic to burn electric current as we should have to do.

MONDAY, 10.2.47.

After a week-end at No. 11, during which I have slept a good deal, and we have seen the film "School for Danger", representing the deeds of S.O.E. in France, with Robin Brook shown in charge of operations, we are landed in a political as well as a fuel jam. The week-end press has been full of panic and this has been fanned by stupid speeches by Shinbad talking of "complete disaster" and Shawcross, who always gets his words wrong, prophesying, unless we

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take great care, "the fall of the Labour Government and the end of Socialism in our time"!

The Tories ask, at the end of Questions, for a Debate on Coal to-day which we wisely concede. Nothing has been pre-arranged and the P.M. asks me, sitting four or five down the Bench, to come and speak to him. He asks "Will I speak?" I say "Yes, if he wants me to". He asks "Will I follow Hudson at once?" I say "That would not be easy as I shall want to go out and look up some facts and figures, but would be willing to wind up". He says "Perhaps Cripps would follow Hudson". I say "But shouldn't Shinwell speak?" He says "~~He~~ suppose he must". So it is fixed quite hurriedly that Shinwell should follow Hudson and I wind up. This is infuriating, since I had planned a really useful day at No. 11 seeing pundits about the Budget. It is a hateful speech to have to make, the case being a bad one, the responsibility only slightly mine and no excuses really sounding to me convincing. However, [after a little helpful heat with the Tories] I end up by saying that we have all been warned and this must never happen again. Whatever steps are necessary we must take in order to go into next Winter with sufficient stocks. I then declared that this Government "undivided, undefeated and ~~undivided~~" - thus, following Winston's early declaration of "No Coalition", we destroy this latest silly rumour which has been circulating in the enemy press for weeks - will go forward supported by its great majority to deal with this question. I succeeded in cheering up the Party a bit (and several afterwards thought that I meant to indicate that Shinwell must go.)

I return home very tired and dissatisfied. I wish that I had had a better brief to speak from.

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No keen spirit.

D. Minin in Cab case last week met.

The next few days are full of fuel. And I become more and more angry with Shinbad. He is by far the least attractive member of the Government, always looking round for someone to whom to pass the blame. He is always trying to pretend that it is Alf Barnes's fault for not moving the coal. Barnes, on the other hand, has done not at all badly. A widely held opinion among Labour M.P.'s. is that he should be moved. He is a bad administrator. He will not face facts squarely. He is reported by Douglas Jay, who was present at the time when the P.M. put before him in the late summer certain figures about stocks, to have said "You mustn't let yourself be led up the garden by all these statistics." He also said in the hearing of the same witness, way back in April "You only get Poles into the mines over my dead body".

You must consider the infundables.

FRIDAY, 24.2.47.

The frosts, snows and fogs - especially fogs - continue unabated, and whoever is trying to be funny in arranging all this is rather over doing the joke! We spend yet one more week-end at No. 11 - not having been to W.L. for more than a month, the poor place being snowed and frozen up, though visited occasionally by Mrs. Morgans. Yesterday I went out by myself in the snow for an hour and a half in the Parks, during part of which I broke into a jog! The night before we went to Sadlers Wells. One entertainment is always arranged for me each London week-end! The most satisfactory place, these days, is in bed!

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 Crisis Centre - week
 First heavy blow to
 Confidence. More
 had confidence
 moving out in
 office.

Meanwhile, we have announced our intention

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24/2/7 Meanwhile we have announced our intention

to leave India in June 1948. The immediate effects on India seem to be good, though many feared that there would be an immediate explosion, with outbreaks of communal violence, massacres of Europeans etc. This, we were warned in telegrams from the Viceroy, was the anticipation of at least two Governors - Bengal and Punjab. But I suspect that Burrows in Punjab had not been accurately informed of our intentions. He had been visited by the Viceroy's Private Secretary, I think in a last minute attempt to bring pressure to bear on us through a Labour Governor. Catto stayed specially in London last week-end in case anything went wrong in the financial field - another fear which had been expressed in some quarters. But, so far, nothing did.

Bengal

I have lately been sitting in at the India Committee - indeed, it is one of the present troubles that there is no important Cabinet Committee from which I am allowed to be absent. And I gave steady support, through the interminable succession of meetings, to an announcement of a fixed date now. Cripps was throughout very strong for this and so, after some long intervals of speechlessness in the Chair - a growing tendency I fear - was the P.M. King Albert always kept on making the same speech over and over again, saying that he objected most strongly to the whole thing, and would have much preferred that we should have stayed in India for another ten or fifteen years and maintained order, no matter the cost, but that he had more than a year ago realised, in view of the opinions of the competent Indian Authorities, that this was impossible. Therefore, though with much regret, and realising that this was a most historical decision, etc. Poor old Pethick, who makes up for not being able to sleep at night by going to sleep at these meetings, woke up to say that we could not guarantee in advance that it would really be possible to hand over on any given date. Addison was very long-winded and unusually tiresome, first wanting to wait until we had the views of the Dominions - only Smuts had replied expressing grave doubts about the whole thing and, as usual, accepting no responsibility except that of offering advice; the other Dominions

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obviously did not feel strongly about the fixed date, this being only the climax to a long series of discussions on which they had been kept fully informed. A. also wanted to put in something about "within two years" instead of the fixed date. In short, he was thoroughly obstructive and indecisive which, for him, was unusual. The point which could not be made public was that Mountbatten would only accept the task, in succession to Wavell, if there was a fixed date and if he was going out in order to wind up the show. Wavell has become more and more tired and mentally unresilient. In December, when he was over here, his great plea was for a fixed date and he kept on telling us that the whole machine, both military and civilian, was running down so fast that we could not possibly carry on beyond March 1948. Now in his last telegrams he has been fighting hard against a fixed date. I am quite sure that, in this case, it was right to be bold and definite. This was by far the best chance of making these wretched Indians work together, while letting us out of a situation which was rapidly becoming quite untenable. It you are in a place where you are not wanted and where you have not got the force to ~~thwart~~ those who don't want you, the only thing to do is to come out. This very simple truth will, I think, have to be applied to other places too, e.g. Palestine. The Tories are making a good deal of hoot about India, but I don't believe that one person in a hundred thousand in the country cares tuppence about it, so long as British people are not being mauled about.

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in Palestine is a much less decisive story. It is impossible to deny, in one's heart, that Bevin has wasted more than a year - and in that year has wasted much goodwill and created quite intolerable conditions for British troops and others in Palestine - by waiting till now to send this wretched problem to the United Nations. As it is, it is doubtful whether it can be dealt with there before September. He has now discovered, as a result of this long drawn-out Conference with Arabs and Jews who never met face to face, that the Arabs want an Arab State and the Jews want a Jewish State. And that these two desires are irretrievably in conflict!

The whole of the eastern Mediterranean is

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a most frightful mess up. The Egyptian negotiations have broken down - here too there has been a most shocking delay in getting our troops out of Cairo and Alexandria into the Canal Zone - and the Egyptians are now proposing to take the whole thing, including the Sudan, to the U.N. I doubt if we have a legal leg to stand upon, if one must stand on such legs, in staying in Egypt. Cyprus is in such a seething state that Winster refuses to go out and govern it, and I am constantly being pressed to provide more money for the Greeks - military or civil, while we have still got a few troops in that most unhappy country. My mind turns more and more towards a consolidation in Africa, along with the French and the *Belgian* ~~Balkans~~, and in the Dominions. We are totally over-stretched at ~~at~~ present and just can't keep it up.

In the midst of all this fun(!) we have issued the White Paper entitled "Economic Survey for 1947". This is well written and will, I hope, do more good in stirring people up than harm in depressing them. But it is a valid criticism that there is jolly little policy in it. And that is not my fault nor the fault of one or two others. There is to be a three days Debate on this the week after next, but I have tried to contract out and I think have succeeded. The plan now is that Cripps shall open, King Albert speak on the Second Day in defence of his Defence programme, Isaacs on the Third Day and the P.M. wind up. I said I should be embarrassed by being asked questions about my Budget so near the time.

This last is to be introduced immediately after Easter, probably on the Opening Day. Perhaps, by then, there will have been a little sunshine and people will have begun to recover from the worst of these freeze ups. This Budget is landing me in much longer and later uncertainties than either of the other two, as must obviously be the case. But, so far it doesn't seem likely that next year 1947-8 will be affected much by the fuel trouble. There is obviously some immediate loss at the tail end of this year in P.A.Y.E. due to unemployment and there will be some in 1948-9 due to loss of profits now.

G. R.

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D I A R Y

But, as usual, the scribes are getting it all wrong and expecting terrible effects next year! It is great fun scoring off the scribes. .

H.M. is now not expected to be back for a month or two, though, very foolishly, the other day they put forth a communique from the Hospital saying that "He is making very good progress". I am not at all sure what sort of physical and mental come-back he will be able to achieve. E.B. is in no fit condition to go much longer. This afternoon he was in a state of total exhaustion, as a result of having to walk up two flights of steps at Great George Street. Just how he will fare at Moscow is anybody's guess. It is quite on the cards, I fear, that he may not come back. But it is terribly difficult to know what to do, since he won't think of giving up yet and at any rate he has a Doctor always with him. He said to-day after the meeting that it was his heart that was wrong.

Meanwhile, we are in the chronic condition of having more and more difficult things to do than usual and fewer people to do them! This state of things has now been going on much too long, particularly in combination with the month-long blizzard.

and

? Tim
Doctor

D I A R Y

WEDNESDAY, 12.3.47.

The bad weather continued, breaking all records, and wearing down all our morale until two days ago when the thaw really set in. Last weekend R. and I spent with the Catts near Dorking. He is a dear little man and a very nice, thoughtful, unfussing host, but he hasn't a great deal to say outside his shop, still he gave me some extremely good claret and we went for a walk up Holmbury Hill in the snow, which, however, only thinly coated the ice beneath. And so the little man fell down four times and I fell down twice, but we felt much better afterwards!

We have now switched back electric current to industry and, for the moment, the worst of the "Fuel shortage" is over. But I am convinced and have so told the P.M. that Shinbad must move somewhere else well before next Autumn. He is, without exception, much the worst administrator - in addition to all his other personal defects - in the Government.

The last two days and to-day are being spent on the Debate on our Economic Survey for 1947. Little did poor old Herbert (who is really not making much progress, I am sorry to say, at Hammersmith Hospital and does not look like being back here for several months longer) and the rest of us think that this document would coincide with this "crisis". Cripps made a two hours Opening Speech on Monday, just like a very efficient sausage machine but, as I remarked to J.W. who was sitting behind me on the Bench "with never a phrase that flashes". He combines a machine-like mental capacity with an extremelack of any sense of style, charm or elegance. I made a deliberately brief intervention on the first day - if I had not the Tories would have pressed for me to come in later - in which I talked about inflation and deflation now and after World War I, and a little about Cheap Money. I was bored at having to speak and apart from collecting a few figures had not much prepared what I was going to say. But the Comrades seem to have thought it we

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very good.

I have been having a number of Budget conferences with my officials which are producing some most surprising results. When people try to draw me about the Budget prospects all I say is "You will be very surprised when you hear my Budget speech" and perhaps even this is too much to say!

In the last minor Ministerial reshuffle, Marquand has been made Paymaster General to help "Senior Ministers" generally and has been succeeded at D.O.T. by Harold Wilson who, in turn, has been succeeded by Evan Durbin. I pressed very strongly for this last promotion and am very glad it has come off. E.D. is grinning all over his face and not unnaturally much enjoying himself. He had begun to feel that he was being kept waiting too long, though one and a half years from first election to Parliament is not really very long as the precedents go. I have liked having him as P.P.S. on personal grounds though, quite frankly, he has not been very assiduous in the normal P.P.S. duties as he has so many other irons in the fire and particularly the L.S.E. But he has been largely responsible for keeping the Finance Group of Labour members in such good relations with me. I am having George Brown in his place and have arranged this transfer most amicably with the excellent George Isaacs, for whom G.B. has till now been P.P.S. He will be much more assiduous, being now a full-time politician and taking a very keen and eager interest in the detail (e.g. papers for Cabinet Committees and daily doings in the House) in which E.D. was blase. It is also good that I should now have a Trade Union P.P.S. He will keep me in touch with the thought of the T.U. Group in the House. Moreover, I have made it a condition with the P.M. that G.B. shall have the next suitable junior Ministerial vacancy and that his coming to me shall not hold him back from this. Nor will it do me much harm if it appears that being my P.P.S. is the Royal road to Ministerial office!

I am looking forward quite a lot to my Budr

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speech a little after Easter. The present plan is that I should make it on the very day of our Reassembly. I am planning, as usual, to take to the Woods for the immediately preceding week-end.

DIARY

FRIDAY, 14.3.47.

We heard this over the air at W.L. to-night. It was rather dramatic. I had for sometime been trying to put an end to our endless dribble of British taxpayers money to the Greeks. There had been great debate between the Treasury and the F.O. officials on the text of telegrams to be sent to Norton at Athens and to Inverchapel. I had firmly insisted that both should be told and instructed so to speak to the Governments to which they were accredited, that we should not pay any more after March 31st and that, if the Greeks still wanted an Army after that date, they must pay for it themselves. The F.O. officials had told E.B. that this would be disastrous and Norton had replied, arguing back on his instructions that the Greek Government would fall, and no substitute could be found, on even a whisper to this effect.

E.B., very short of breath because he had had to walk upstairs to a Committee in Great George Street since the lifts were not working, tackled me about this and wanted me to come round to the F.O. and pore over a lot of papers. I said that I did not think I need trouble him with all this detail. I wanted firm instructions sent both to Norton and to Lord I., but I was quite prepared to do a deal and was quite willing that N. should be allowed to hold his hand, provided we sent Lord I. into action at Washington. E.B. said, not perhaps quite realising what he was agreeing to, "Well, that's quite fair". The result of Lord I's. most effective intervention - on a stiff Treasury draft - was as recorded here. The Americans took fright lest Russia should overrun the whole of the Balkans and the Eastern Mediterranean. The Treasury officials told me afterwards that they never thought that the effect would be so quick and so volcanic. I had insisted on this line being taken and they now admitted that I had been right.

G. R.

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Saturday, 15.3.47.

Dalton I 35 (23)

Ystradgynlais
day

Next I started on-

A wild week-end in Wales. Fly off with George Young from Croydon at 10.15 aiming at Swansea. For forty minutes, half the scheduled time for the trip, all goes well, then we run into icing and a great storm and snow clouds in the sky and our plane is "forced down" - which sounds very dramatic but only means that the pilot thought we had better land - at Staverton between Gloucester and Cheltenham. The pilot decides that we can't even make Cardiff, only twenty minutes further on by air, so we are given a "staff car," which sounds all right, but turns out to be a frightful old broken-down war relic. G.Y. says that this will never do the 125 miles to Ystradgynlais. I say it is no good to stand arguing or waiting for another car, but we must make a start in this one. The Corporal driver doesn't know the way and we bump about furiously on what looks like a smooth road until a mile or two outside Gloucester. G.Y. spots a Police Car "waiting on the look out for suspected persons" as the Chief Constable afterwards explains to us, and this we pinch and in it we proceed. We ring up from the Gloucester Police Station and from this time forward all is wonderfully organised, except the weather; snowdrifts and blizzards sometimes almost - but not quite, - making the road impassible, beset us, but we have an admirable driver and at Cardiff eat a great quantity of chicken sandwiches in the Police Station. These have been sent over from the Park Hotel and, dipping into the fish ponds of memory, I said "Why, that's from my old friend Mr. Howell. How is he getting on?" And I got it right and sent a most warm personal greeting to this old boy who was at one time Master of the Drapers' Company and a frightful bigoted old Tory, but he keeps a good hotel.

We had thought that we could not possibly make Ystradgynlais this afternoon, but the Chief Constable at Cardiff assured us that we could in this fine Police Car and so sure enough we did. The new Anglo-Celtic Watch Factory is now complete in the middle of what, when I had last been here, was a green field, backed by a most pleasant wood, containing an old country gentleman's house now a guest house for the company, and away up on the right a mountain top some

G. R.

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1500 feet above us and we had already risen a good deal coming up from Swansea. They were all sitting around in the canteen, having finished their lunch sometime before and waiting for me. There were lots of empty bottles on the table and I think the chief result of my delay had been to clear out all the reserves in the company's cellars!

Jim Griffiths was there and had spoken, and so were D.J. Williams, M.P. for Neath and Tudor Watkins, M.P. for Brecon, in whose constituency this new factory lies. Also swarms of local Councillors, Directors from London, shop stewards etc. Copy of the advance here and of my speech at Swansea are attached. I then went round the factory and was very delighted with what I saw. They have a number of very good looking girls who are learning the work very quickly and a fair number of men. There are to be two more factories nearby. They have already built twelve key-workers' houses, simply by making sensible arrangements with the Local Authorities and, no doubt, getting a special pull with some of the suppliers of materials. How much better than just moaning to Whitehall about everything!

Here up at the top of the Valley a new community will grow and, when purchasing power has lubricated the whole place a bit, as G.Y. well puts it, there will be hotels and sports grounds, and lots of other joys to make this really a little Welsh Switzerland.

Then down the Valley to Swansea and to the Mayor's official residence where my old friend George Morris, the Butler,-who was a boy with me at the Gnoll and brought out again this time at my request, the copy of "WESTWARD HO" with an inscription from my Grandmother to show to the Mayor - receives me with a dignified smile. I had never spoken before in the Brangwyn Hall, but I have been in love with Swansea Civic Buildings since I first saw them. It was a good meeting, though all had paid to come in and it was a rough night outside. As up the Valley, I felt that I was using phrases which were like translation from the Welsh into English. I told them

*1 was very happy
w/ Mr Y and as
down the valley
with S. to
speaks to me
to the Mayor
official
residence.
to be
after the
meeting*

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that whenever I got west of Cardiff I could always feel in me a Welsh heart beating and I made a semi-religious joke about what the House of Lords might have thought ^{WKS} waiting for them in Eternity - this linking up with my having demanded "Eternity" as the period of operation of my Borrowing and Exchange Control Acts.

Next day we fly back from Fairwood, the Swansea Civil Airport lying towards the Gower Peninsular and did the trip in 65 minutes which was pretty quick. I had not wanted to go but I was very glad I did.

Monday, 17.3.47.

Futile meeting of the Battle of Fuel Committee with the P.M. in the Chair. Still not making up our minds about fuel rationing. Two hours of diffuseness and indecision.

Mountbatten goes to India. And I refused, as suggested by my officials, to make a great fight against taking over, in the last resort, some £20. million worth of compensation for Indian Civil Service and Military. This shift in India is vast, compared to such a sum.

I now spend most of my leisure with the Budget and the drafts and the Speech. Practically all the decisions have now been taken, but the question is how best to paint the picture.

Friday, 21.3.47.

R. and I go to W.L. for the first time for more than two months, I having prepared a short and scorching paper on the rate of exhaustion of the U.S. Credit to frighten my colleagues at next week's Cab.

At W.L. it is wet and windy, but the snow has gone. The Maidenhead road is impassible through floods and we go through water at Egham. Vast

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damage, worse than for centuries, is being done by the floods in the Fens and elsewhere. This following the snow and the freeze and the gales is about the limit.

Monday, 24.3.47.

Bill Jordan comes with a cheque for £10. million from New Zealand which he presents to me here at No. 11 with the photographer in attendance. He was very anxious to get in front of Walter Nash who has just arrived in England.

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Monday, 28.4.47.

A fortnight to-morrow, I opened, as the old phrase goes, my Third Budget. I spoke for just over three hours and had a surplus of nearly £300. millions (£270. millions to be exact at the end). It was said to be an "impressive" performance, but it was certainly too long for my immediate audience, though they sat it out extremely well until I had finished all the tax changes - and there was little left after that. But, perhaps, not too long for the other two audiences - the public of to-day and the students of hereafter. The size of the surplus was a great surprise to everybody and, of course, the opposition started to try to prove that it was phoney. So has every opposition argued of every Chancellor's surplus since debate began. It was very reminiscent of Asquith on Austin Chamberlain in 1920 and Snowden on Churchill in 1924 - 29.

Much the greatest commotion, not unnaturally, was caused by the steep increase in the tobacco duty. The detruide is that I am getting too much revenue and save too few dollars if people keep on smoking, but we will take this when we come to it. Meanwhile, when the Budget Resolutions were reached, after an interval in the constituencies, people seemed to concentrate mainly on the case of the old age pensioner - and I shall do my best to meet this.

I think the income tax reliefs were just about right. They were well received and so far there has been little grumbling about other items, though the Tories, of course, have made a bit of a song and dance on Profits Tax and Bonus Shares. The surprising thing is that the general effect of the Budget has been to lift Industrials and lower Gilt Edged - the exact opposite to what I expected. This is partly because they thought I might do worse to Industrials than, in fact, I did, and Gilt Edged is likely now to be a rather steady market, since they will think there is nothing much more to go off if, for the present, I am not aiming at still cheaper money, but

Mmch 28.4.47.

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only to hold the present level.

The week-end before the Budget, as usual, I "took to the woods". This time with Roy Robinson and Tom Williams in Kent. We spend two nights at a pleasant little hotel on the outskirts of Canterbury and see some very good young beech plantations, and some good Douglas.

The day after the Budget I was convicted of having a septic finger - it had been sore for some time and I fear that banging it for three hours on the despatch box did not help, and so I went through a further course of penicillin and M. & B., ending some days later by a minor operation on the finger. It was quite impressive to be walking about with one's arm in a sling and yet still dealing with one's business. No, however, I am taking a week off at W.L., having got through my parliamentary business for the moment. H. and E.B. are now returning and I had a talk this afternoon with the former who is quite convinced that he is going to be the great Ministerial Planner. Cripps had been thinking that perhaps E.B. should take this over and had made this suggestion to the P.M., but any such change will undoubtedly encounter great opposition.

This morning at the Cab., to which I came up specially from the country, we finally drive through the bridge for nationalising Iron and Steel, as the Heads of the Bill prepared by J.W. This has been a long fight with great reluctance in some parts of the Cab - particularly Jowitt, and to a lesser extent Addison and, of course, Shinwell - but Cripps and I (as revealed in yesterday's "Daily Express") have taken the lead in pressing for Iron and Steel. So we are assured of a jolly good Socialist scrap in the Autumn.

D I A R Y

FRIDAY, 2.5.47.

At W.L. I have been here since Monday. My finger is healing up nicely and I am feeling quite perky again. We go back on Sunday night. I am quite content to be here this week, not only for a rest, but also because I can now leave the Others to argue among themselves as to whether there should be any moves at the top of the Government. Now that E.B. and H.M. are both back in London - the latter took good care to get back a couple of days before the former, - C.R.A. will have to make up his mind how much to say to either of them. S.C., who came rushing into my office in a state of some excitement the day I left, is very strong for bringing E.B. back on to the Home Front. He wants him to take charge of planning and publicity. He says, quite truly, that E.B. is the only one Minister amongst us who can really talk to the Trade Unions like a Dutch Uncle. S.C. is convinced that H.M. is incapable of doing "Planning", even if his health is good enough, which has yet to be proved. (And so, for that matter, has E.B.'s.) S.C. has pressed on C.R.A. the desirability of this change and I also am in favour of it on balance, though not quite so hotly as S.C. I so informed C.R.A. who was very cautious. I added that this would, of course, raise the question of who should go to the F.O. For my part, I told him, I did not now seek a change, but I thought that I knew more about Foreign Affairs than any other of my colleagues. At the Treasury, I said, S.C. might replace me, or H.M. C.R.A. said, rather hurriedly, and obviously wishing to be complimentary, that I was now "so completely on top of everything at the Treasury that it would be serious if I moved". He also added, without my having to suggest this obvious thought, that it would be awkward to have E.B. and H.M. working on the same sector of the Front.

S.C. has now twice been to see me about this. I told him last Friday what I had told C.R.A. S.C. said that, "unless we can get our planning done right, we shall be sunk". He will certainly be very

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active in this matter during my absence. At our earlier conversation about a week ago he seemed to think that the ~~violation~~ of the Foreign Office mattered very little. He seemed to think that, anyhow, no-one could do very much. He wondered whether Hector McNeil might not take it on. I said that I thought very well of the latter, but that he was still a bit too young for this job - much though I believe in the rapid ~~of~~ promotion of young men in general! I had hinted to S.C. that, in any shift, he might either take the Treasury or the F.O. He made no response on the latter point and on the former said that it was not his line of country. I said that he would soon pick it all up. He said that no doubt he would.

Earlier on Friday I had seen H.M. for the first time since his return. He is fully taking for granted that he will be responsible for planning, but I must confess that I don't think he sees the problem very clearly. He was not, they all relate, much of a success at the Ministry of Supply in the first phase of Churchill's Government. It was said of him then that he suffered from knowing so little about industry. I doubt whether he is really focusing the problems at all. He spent too much time this afternoon talking about his staff. He wants to get the inevitable Leslie back from Industrial Design to do his publicity and he wants Master Nicholson to be promoted. He said he thought he ought to have the rank of Permanent Secretary but that he had found Bridges "a bit sticky about this". I should think so too! All this made rather a poor impression on me. He is just trying to collect a circle of familiar figures. He criticized the P.M.'s. recent Ministerial changes. He said he thought the P.M. "likes moving all these people round like pieces on a chess board", even if it is obvious that some of them are complete failures and should be got rid of altogether. I did not speak to him of possible moves - and least of all of the F.O. I suspect that he might be attracted by this office - and it is not clear whether he would make a mess of it or not. He would, I think, be very much in the hands of the officials - as he would if he came to the Treasury.

I am circulating this week to the other

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four of our Big Five, the Report of the Working Party on the Balance of Payments. This is a drastic and well written document. We must put something through the Cabinet within the next fortnight.

The howl about tobacco is dying down and people are getting used to paying the higher prices. In another few weeks there will be very little fuss about this, particularly if I have devised some plan - not too open to criticism - for those wretched old people, who are our most troublesome Pressure Group. All I fear is that people may still be smoking, in the total, practically as much as before.

I have been reading Ciano's Diary down here. It is quite fascinating. Many books about the war will have to be read if one is going to write about it at all in Parliament. I confess that I find C. not at all unattractive. He and I have the same views about the Germans, but it is sad to see how Mussolini had completely gone to seed by 1939 - and how such a decayed character still totally dominated Italy. Remembering my talk with him in 1932 I still think that if he had been handled very differently at an early stage, Italy's course would have been different.

I have just agreed to a most favourable financial and commercial settlement with the Italians. I also seem from the latest settlements to have made a nice settlement with the Burmese. But we are still wasting our substance and our dollars on those bloody Germans!

DIARY

THURSDAY, 15.5.47.

I have now been back, after my short break at W.L., for ten days. I find that there is no immediate prospect of E.B. leaving the F.O. He has come back from Moscow looking extremely fit. Moscow, indeed, seems to have been quite a rest cure and his Doctor laid down strict rules which E.B. was able to observe. He had regular meals and a special diet and no late sittings. Nor was he bothered, out there, with all the little odds and ends that fill up a Minister's day here. He is fascinated with, and not unhopeful about, the next phase in foreign policy and is taking a particular interest in Germany and getting on very well with Frank Pakenham. Moreover, he and Mrs. B. like their new official quarters and wouldn't want to move.

H.M., on the other hand, does not look to me too fit and Cripps is very much concerned about him, both as to health and as to capacity to tackle - or really to understand - this new Planning job.

R. and I spent last week-end with the Jebbs at their house in Suffolk, which we liked very much. The sun shone and I acquired a very good complexion, which helped me to put through the House some very technical rigmarole in aid of Silkin on the Town and Country Planning Bill - an abandonment of 1939 standards and the substitution of current value in restricted use, modified by a notional lease till 1954 in all cases where immediate or early vacant possession had inflated values. And a bit more about war damage, original and converted value payments etc.

There is still too much indecision about. George Isaacs is in trouble with his N.J.A.C. over the new cost of living index, of which they are now all frightened. There is also indecision about the import programme, on which an original Treasury paper seemed to my Inner Colleagues to be much too drastic.

DIARY

FRIDAY, 23.5.47.

Last week-end I was in my constituency. Will Davis is rather tired and looking rather frail, and I have arranged for him to come to London, after a week's holiday by the sea, and be seen by Urwick.

For the rest, everything seems quite peaceful, though there is some disappointment, particularly at Shildon, at the slow progress with factories and houses. There are the usual complaints against the N.E. Trading Estate and Methven. In fact, however, the two Advance Factories at West Auckland are further on than I expected - they were told a fortnight ago that I was coming and are said to have bucked up considerably since then. The steel frameworks are completed in both cases and there seemed to be plenty of bricks on the site. At Shildon two of the five factories are nearly completed, though there is little to show on the other three. Unemployment has been falling gently and is now not much above the national average.

I visited three housing schemes in the B.A. U.D.C. area :

- (i) At West Auckland, where good progress is being made.
- (ii) The pre-fabs, of which more than 100 are now in position near South Church, and
- (iii) The beginnings, in the form of roads and sewers, of the new Housing Estate at St. Helen's just across the road from Manor House.

All this was very encouraging. The Tobacco Duty has been very well taken by all.

Travelling back through the night, I had on Monday, rather drowsy towards evening, to reply to the Debate on the Second Reading of the Finance Bill. I was bored to extinction at the idea of having to do it at all and had made little preparation, and had

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been equally bored at having to sit through a lot of dreary speeches. But when I got up to speak the charm began to work and I seemed to have made a speech which greatly delighted our Back Benchers. I was said to be in "cracking good form". Thus does temperament shift and veer!

I am off to-morrow morning to Margate for the Annual Conference. I do not expect it to be very exciting. Meanwhile R. is in France and evidently, as usual, enjoying herself in that land.

To-day I went to a small and select lunch at the Mansion House where the P.M. was made a Freeman of the City of London. Only he and I and Albert Victorious represent the Government. The latter's stock is fallen very low. All the Back Benchers would like to see him go. He is pompous, unconvincing and incompetent in the handling of detail in his National Service Bill.

We had a grave discussion this morning at L.P. Committee about steel. There will be very little, it seems, this year and exports may be seriously hit. It was agreed that H.M. and I, with Hugh Gaitskill and Planner Flowden shall go into it all and settle it. I am also putting up, after Whitsun, my import programme paper. All this hangs together. If only we could see our way through the next three years on import-export account, all would be relatively easy.

I made a speech last week-end in my constituency on the New Deal for Local Authorities (copy attached). This had a first-class press, though some of my colleagues, including the P.M. and the L.P. seemed to be jealous and slightly hurt at my having unloaded so much good news, but as I told the P.M. over my declaration on Sterling Balances "There is nothing new in this". Only I happened to put it rather well and hit the headlines. I said to the L.P. "I look after my own publicity and don't need to avail myself of your new and expensive machine".

On Tuesday I went up to Manchester to get

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an Honorary Degree from the University. This was a very pleasant function. I stayed with Simon, whom it has at last been decided, after much palava, to invite to be Chairman of the B.B.C. I urge him to accept. Some had argued that his appointment would be criticized because he had so recently joined the Labour Party. It seems that if he had not joined the Labour Party at all this objection would not apply. I add that it was unfair to victimise a man for a political turn late in life, and finally this conclusion prevailed. At Manchester I saw no undergraduates - rather a stupid omission - but an excellent plan for the extension of the University in future to include Halls of Residence on a large site near the centre of the city. I was inducted by Woolton, the Chancellor, and told the audience, in an improvised impromptu of Winston's famous speech in the first week of the Coalition - "Choking in our own blood upon the ground". It all seemed to go pretty well. (Copy of discreet Advance attached.)

G. R.

2nd May -

1947

Dalton I 35 (36)

DIARY

1 recorded

" SATURDAY, 24.5.47. to
THURSDAY, 29.5.47.

At Margate for Labour Party Annual Conference. A wonderfully sunny week. I liked Margate much better than I had remembered. It is an excellent place for our party conference, which becomes ever more difficult to accommodate in a hall large enough to hold, in addition to delegates, great numbers of visitors and pressmen from all over the world.

I made only two speeches of any importance, the first at a Demonstration on the Sunday night and the second winding up a Debate in the Conference on Man-power and production. A very fine spirit in the great majority of delegates, with the sense of solid satisfaction at the achievements of the Government and of steady support of the leadership on all major issues. The Executive, indeed, suffered two defeats both on resolutions demanding "immediate" action; first on the abolition of the Tied Cottage and the second on Equal Pay. But neither of these are to be taken very seriously. A very conservative vote for the Executive, no old member being unseated; the only new-comers are Mark Hewitson in replacement of Tom Williamson who goes to the General Council and Miss Jones - daughter of Tom Jones and the only woman Lobby Correspondent¹ - in replacement of Jennie Adamson who did not stand again. I had a very good vote, second only to Aneurin Bevan, and in front of Morrison, Laski, Jim Griffiths, Shinwell and Phil². The latter was not a good Chairman, ~~was~~ too hesitant and indecisive. Crossman, who spoke three or four times, and shows increasing signs of disgruntlement and impatience, was the runner up.

In the
Constitutional
Party Section

Moel-Baker

¹ Later Mrs EIRENE WHITE

² Votes, in thousands: Bevan 646, Dalton 624, Morrison 592, Laski 571, Griffiths 539, Shinwell 475, Moel-Baker 460. Then Crossman 334, followed by Drifley, Miranda, Zilliox and Silverman trailing^{immediately} down to 113

DIARY 24.5.47 to
29.5.47

MARGATE CONFERENCE (cont'd.)

Quite a flutter over "Cards on the Table". This very brightly written pamphlet by Denis Healey has caused a stir among our anti-Americans, though, in fact, it criticises the U.S. nearly as much as the S.U. The history of this publication is that, about a month ago D.H. sent me - as Chairman of the International Sub - a draft. I was full of other work and read this quickly and thought it bright and interesting. He said that it was to be looked at by H. McNeil to make sure there was no political objection to it. I replied that, on this basis, I was quite content that it should forthwith be published. No other member of the E.C. saw it, nor any Sub-Committee!

When, therefore, I was suddenly asked at Margate whether the National E.C. was in agreement with it, I had to hedge. To have said "Yes" would have been a plain untruth, since they had not seen it; to have said "No" would have quite discredited the pamphlet and its author. Therefore I adopted a challenging tone and said that, as this question had been put I would most gladly let them have a definite answer before the Conference closed. Then we had a long jaw in the National E.C., several members taking great objection to the pamphlet. I had to keep rather quiet as to my own individual role in the matter which was not, I think, known to all my colleagues. Finally, I got them to agree to my telling the Conference that - as I had already said two days before - this pamphlet had been issued as part of the regular activities of the Head Office in circulating information and stimulating discussion; that it was not a declaration of policy, but "a contribution to its interpretation," that its issue had been duly authorised and that the E.C. "while not necessarily agreeing with every statement in it, considered that it had been rightly published as etc., etc." This little incident was submerged in the tidal wave of the Bevin speech on Thursday. He scored a very great personal success and swept away all opposition. He has a most astonishing - and unique -

G. R.

May - June

1947

~~Crossna~~ was
stimulated, humiliated and deeply
wounded. (Slabards)

(3)

DIARY

Dalton I 35 (38)

conference personality. There was no come-back. ←

New York

" From Margate I went by car to John and Elsa Wilmot at Berwick, near Lewes. Here I spent three admirable days in the continuing heat wave which had already blessed Margate. [They have a very pleasant old Queen Anne farmhouse; the only trouble is that it seems to be falling apart owing to a fly-bomb and floods in the cellars. They have it on a 50-year lease at a small rent from Lord Gage. I made a bonfire which burned for 2½ days and at the end distributed the ashes over a newly prepared bed.] We inspected some forestry plantations on the Downs - largely Scots pine, about 15 years old, now under-planted a year or two ago with beech. This enables me to score a point against J.W. who had said how shameful it was to plant pines and not beech on the Downs. He had never before been inside one of these plantations!

June 3rd

(at the Union)

In high spirits after all this I went to Cambridge on 3.6.47, to speak at the Presidential Debate at the Union in opposition to a motion expressing no confidence in H.M.G. There is supposed to be a Tory majority now, but I scored the first Labour victory of the term by 180 to 170 odd, which was very gratifying. Two points which I think turned votes were :

University Boat Club

- (i) my declaration that we were spending, and would continue to spend, substantial sums on the Universities, and
- (ii) a new declaration of Government policy which I made on the Olympics. I said that I had been informed by the President of the ~~C.I.B.C.~~ C., who had the good sense to belong to my old college, that in the Olympics the British crews would have to row in old British boats with old British oars against foreign crews in new British-built boats with new British-built oars. Thus, I said, we should meet the export drive coming back again along our own rivers. This would, indeed, be most

Marshall Aid. Chronology - 1947.

Marshall's speech at Harvard. June 5th 1947.

Invited Europe to prepare a joint programme
The initiative must come from Europe. U.S. can give
friendly aid in drawing up a European programme of
recovery and try to support it

Boix & Bidault, after extensive negotiations for participation
of Russia & European countries. Called a Conference
which met in Paris on July 12th. Paris Conf to set up
a Committee of European Economic Cooperation, under chairmanship
of Jean Monnet. which in September 1947 produced a
report on economic state & prospects of participating countries

O.E.E.C.

E.P.U. set up on 15th Sept 1950.

Latter merged with
Banks. & N.A.T.O.

Withdrawal Marshall Aid

was to have been impossible.

Korean War. | Defence

recovery fund for
recovery

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cont'd.

- (ii) unfair discrimination - Imperial Preference in reverse etc. I was, however, very glad to inform them that that very day, before leaving London, I had been in touch with the Admiralty as well as with the Secretary of State for Air who was not only an old King's man and an old President of the Union, but also an old Olympic Captain, and I was able now to say that the Admiralty would give special consideration to providing, as a most exceptional case, suitable boats and oars for the British crews in the Olympics. "After that declaration of Government policy" I cried "I am confident that no rowing man will vote for this ridiculous resolution. Indeed, we may say again 'Labour gets things done'" and, as somebody put it to me afterwards "You owed your victory to turning over the votes on one eight."

FRIDAY, 13.6.47.

This week I have been taking my Finance Bill through Committee and we have had one late sitting - up to 5.30 a.m. It went, on the whole, quite smoothly, with never a closure motion. We shall have two more days next week.

Much more troublesome remains the Dollar Drain. This is rapidly getting worse, not only in the U.K. but for all the world. We have drifted a bit waiting for the arrival of Clayton who was supposed to call in here on his way back from Washington to Geneva, but this morning our Big Five met, with officials, and agreed that we must at once send some communications to Washington and that we must settle the import programme next week. The rush of the Gadarene Swine towards the precipice is quickening and I am anxious that we should not lead the charge. The timing of negotiations is troublesome, since the U.S.A. enters early next year into its political Silly Season. Marshall gives the impression of wanting to do something big, but

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the Congress are completely illiterate in these matters.

I made, on Wednesday, a Parliamentary Statement about "Equal Pay", accepting the principle but refusing to apply it now or to give any future date when it could be applied. This was taken surprisingly well in the House as, indeed, it had been at a Party Meeting held earlier the same day. I don't think there is much political steam behind the Equal Pay agitation, and people are becoming better educated to the dangers of inflation.

DIARY

FRIDAY, 27.6.47.

There has been too many foreigners in London lately. Mr. Clayton - Doctrinaire Willie, and slightly nervous in manner - with Mr. Douglas, for whom I have an increasing affection and respect, have spent quite a lot of hours with the P.M., Foreign Secretary, myself and P.B.T. It is surprising how many hours one can spend with people and yet reach no sharply outlined conclusions. C. has no plan, but we have tried to help him both by giving him large quantities of statistics on our, and other peoples, dollar shortages, and by impressing on him that we are something more than just a bit of Europe. Now he wanders on to Geneva, Paris and Rome, in which last the Americans are much more interested than any other capital.

The Italian vote, particularly in New York city, is the biggest foreign factor now in their politics. This administration, particularly in the Presidential year, would like to seem to be doing everything for Italy, even if nothing for others. We try to fix that C. should look in here again on his way back to Washington so that we can recondition him a bit after his European travels. On Monday, when he arrived, I was at Lords to see the Test Match with the South Africans. We thought it would have been a good press par. - "Mr. Clayton has arrived in London but the Chancellor of the Exchequer has gone to Lords."

The Egyptians have also continued their negotiations here. On Tuesday we gave them a good dinner at Lancaster House and I thought, right up to the eve of this gathering, that we had reached agreement on the basis that they would agree to a voluntary blocking of their account - thus leaving the Sterling Area by agreement - while we would find them sufficient funds to keep them going till the end of the year when we would look at everything again. I had offered them, for the credit of their unblocked account (the rest being blocked) not only all their

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Dalton I 85

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current earnings of sterling, but £25. millions for a "working balance" and to meet commitments already incurred to British manufacturers of railway material etc., plus a further £5. million for "releases". This seemed to me to err on the generous side and we had reason to think - from information obtained through channels unnamed - that Nokrashy had told Darwish to accept our terms. Evidently, however, there was a further intervention from Cairo instructing them to try to get a better offer from us, and even then not to undertake to clinch. But I will not have us treated as if we were in some Levantine Bazaar. To my great satisfaction ~~E.B.~~ and his officials are exercising no pressure at all in favour of treating them kindly. Quite the reverse! E.B. said "I ~~won't~~ give them another penny! That damned King is probably putting his oar in again". On the other hand, it would be popular to announce that we had blocked them. They are much the most unpopular of all our would-be creditors, and did least to help to win the war. I find some nervousness at the Bank of England about the wider effects of a unilateral blocking. They are afraid that this may lead, not only to a run on the Egyptian Banks - I don't much care if this does happen - but also to attempts by others of the sterling balance holders to withdraw their funds faster than we would wish. Last night the P.M. and I dined at the Bank of England with the Governor of the Court and, after a meal, I had a short conference with Catto, Cobbold, Bridges and Eady about what next to do.

Born

Ward

The Egyptian delegation were due to fly off at 8 a.m. to-day and this will leave the Ambassador in a state of terror lest he should be drawn into any further technical discussions, since he knows nothing about these niceties. Cobbold is looking into the details of how we can make the blocking effective at the shortest notice, and I am to send for the Egyptian Ambassador this afternoon and to hold in my hand an order already made for this purpose. It is, I think, almost out of the question that they will have any further reasonable offer to make. Two mornings ago a frightened Treasury official, ^(Darwish) (Rowe-Dutton), came to

MAHMOUD EL DARWISH, the principal Egyptian negotiator, was a personal friend and an old pupil of mine at the London School of Economics. He was an ~~very~~ charming and an excellent personality.

G. R.

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see me in my bedroom to express the fear that unless we were very fly we should find that the Egyptians had transferred all their £400. million. to some bank in South Africa, where it would be beyond our reach. This would, indeed, be highly melodramatic, but it has not happened yet.

A point on which I have obstinately insisted in these discussions is that we should limit to £5.million for the next six months their "releases", for this is the figure on which argument will develop with other sterling balance holders as to the proportions they should have. I would not so much mind adding something to the Egyptian's "working balance" in order to give them something which could be called "a cushion", for we might argue later that these were exceptional in the Egyptian case. I rather hope the creatures don't have any last minute thoughts which would stop me from announcing to a delighted Parliament and public that we have taken the necessary action to deal with them!

G. R.

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FRIDAY. 4.7.47.

June 30th

On my return on Monday morning, I heard that the Egyptians had surrendered on Saturday afternoon and had accepted my last terms and ultimatum. "This" said one of my Advisers "is a lesson to Ernie as to how these people should be treated!"

On the Monday, the Ambassador and I signed the agreement and had a drink at the Treasury. On Thursday, the agreement was published and I made a statement in the House (enclosed). I hear that half an hour after the Ambassador left me last Friday he asked Eady to go and see him and went carefully through the terms of the agreement. E. thinks that he telegraphed it to his Government with a strong request for acceptance. Emotionally I was rather sorry that we were not going to block them without consent but, no doubt, my cautious advisers are right who much prefer an agreed blocking. Some critics will say that we have let them have too much, but I think there is a reasonably good answer to this.

draft of my statement

to Ga
draft

~~On Thursday also I circulated a short statistical statement on the Import Programme (enclosed). The first information, on lines which I had suggested, would have given away much too much and would have been terrific dynamite. It included particulars of the run-away of the U.S. loan by months and quarters. George Brown deserves credit for having pointed out how explosive this would be with the press able to comment on it for three or four days before next Tuesday's Debate.~~

Born

E.B. is just back from Paris and is, as always, full of hope, resource and courage. He plans going to Washington at the beginning of August, nominally to discuss Germany and to try to get the Americans over here at the beginning of September. He asked whether I would like to go with him to Washington. I said that I thought this was unnecessary. It will be time enough for me to

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weigh in in September. He thinks it will make it easier to get the Americans to produce the dollars now that the Russians have behaved so unreasonably.

R. and I had a wonderful dinner with the Iraqi's last night and admired the drawings and paintings of the Princess, the wife of the Ambassador. This afternoon they followed up by sending Djemali and his chief adviser to see me and to ask for the most tremendous terms. I had to be friendly, but firm, with them. These are much nicer people than the Egyptians and their sterling balance is much smaller and they are always emphasizing their strategic importance to us. But they must not open their mouths too wide.

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THURSDAY, 10.7.47.

Last week-end I went to Lancashire and addressed a magnificent meeting of 7,000 drawn from all over the North-West Region at Belle Vue, Manchester. (Copy of Advance attached.) I got a great kick out of this and my regard for Wallis and his organising powers is further increased. I spent Saturday night at Heyes Farm, just behind Clitheroe in view of Pendlehill and the Moors. This belongs to Percy Davis, the old Pacifist Quaker who unsuccessfully fought Skipton several times and is now Lord Darwen. Very pleasant atmosphere - to which George Tomlinson contributed much. Forty or Fifty youngish people forming a Labour Party School to last a week.

On Sunday we drove round the outskirts of Manchester, where the developments seem quite good and caught the mid-night train.

On Tuesday in the House we debated the Import Programme. H.M. began and I would up. Not a very successful debate I thought. H.M. read, without much animation and, at some points, without too deep an understanding, a long typewritten essay. It was evident, I fear to all, that he has not yet regained his mental or physical figure. It was his first speech in the House since his return. My wind-up ended in a good shindy with the Opposition, which is all right in its way but is to be distinguished from a carefully prepared Policy Statement! The back-chat prevented me, since I had to stop at 10 p.m. sharp, from saying quite all I wanted, but I told them that we were now getting not multilateral trade but multilateral paralysis, that (and I got this from Tomlinson at the week-end) the nations were like a lot of kids playing marbles, and one kid had got nearly all the marbles. That meant the game would soon have to stop unless the marbles were redistributed among the other kids; that we were drawing in the first six months of this year at the rate of £800 million on the U.S. and Canadian Lines of Credit and that the Import Programme was highly provisional and might have to be

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revised within a few months. One of the papers said next day that I had "breezed my way through". A number of comrades thought it was a very good speech. I didn't. But it is always difficult to defend a policy which falls a good deal short of what one has wanted. The Tories, however, are in an odd position. They can't easily say the Import Programme should be cut more now, in view of all their complaints about austerity at the Board of Trade, and insufficient food.

Answer
 Next day (Wednesday) my predecessor, Honest John, came to lunch here. His wife was to have come with him but is ill. He is very heavy on his feet and lacking in the social graces. On the other hand, he appreciates food and drink and we looked after him reasonably well. He spoke much of low production (coal etc.) and wondered whether people would work if they had social security. He also thought that wages in many industries were too high and that there was a danger of a serious reduction in the purchasing power of the £. We agreed that we must close the gap between exports and imports in quite a few years. He wondered whether the P.M. fully realized how serious everything was. He spoke very warmly of H.M. He also told us at great length about his official career.

I got no food, and only one quick drink between this lunch and nearly 10 p.m., having to sit through hours of boredom and repetition in the House on the Finance Bill (Report Stage).

Films and cars are two subjects on which everybody thinks themselves expert, and the talk was endless. I was trying for several hours to reach the clause on old folks smokes, which, at last, went through with great ease. This is a remarkable success I think. No doubt there will be a good deal of abuse, but it is cheap at the price of getting the higher tobacco duty accepted, with no nonsense about rationing.

To-morrow I go to W.L. for the only week-end I have there this month.

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FRIDAY, 18.7.47.

This week I have finished with the Finance Bill. We ended the Report Stage in quite good time on Wednesday and to-day have got the Third Reading without a Division. It has been, as always, much too long a business, with a mass of repetition, but not once have we had to use the closure and I have put in quite a number of amendments proposed from all parts of the House. As I told them to-day, the contrast between our own home financial forces and the necessities of the overseas deficit is astonishing and extreme. We have done a thing never done before in the first quarter of the financial year, namely got a substantial realized Budget surplus, even after deducting any debatable elements.

Bosh!

Last night I went to a dinner of the Special Forces Club and made a speech which was well received. I sat between Selborne, the President, and the famous Sir William Stephenson. The latter gave me some interesting views and information on the U.S. scene. Marshall, he thinks, might run for the Vice-President as Truman's mate and this might bring the Democrats back, both to the White House and to control of the Congress. Every American, he says, really wants to run for President - except Marshall. Ike would like to be asked and might be willing to run for either side. MacArthur would like very much to run, but this can't be, as there are some serious scandals about his private life which would at once be disclosed by his opponents. Marshall has been talking very frankly to colonists and asking them how long, if the worst happened, it would take them to rally American opinion behind the Government. The answer he got was "two to three weeks". He asked whether this period would be modified if the rallying had to begin after some dramatic incident had already occurred, without warning. They said the period would be much the same. Marshall seems to be speaking with great frankness behind the scenes to many people. The American fear of Russia is quite hysterical. They never felt as badly before the war about the Germans as they feel about the Russians now.

/Yesterday

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Yesterday I lunched with Leslie Nicholls, now fully installed at Electra House, and John Innes. This is a nice little socialized undertaking, and doing very well with a small board. Leslie Nicholls who has been visiting their stations all over the world said that no director had ever visited any of these people before - though Wilshaw used to have a board of about sixteen. L.M. had been to Japan and seen MacArthur who had been very friendly. The amount of destruction in all the Japanese cities is immense. This was due to fire; they were almost inflammable being built of wood and paper. For the moment the Japanese are completely tame and all their war leaders have completely lost face. The Americans are doing what they like with them, and MacArthur thinks they will be incapable of making a war of their own again for fifty years.

Great waste of my time and of all other Ministers' owing to muddles and conflicting evidence - to put it mildly - regarding trade talks in Moscow, cost of wheat, Canadians' reactions etc. A meeting was held late last night at which neither the Foreign Secretary nor I were present. This morning the Foreign Secretary seats himself heavily on the bench in the House of Commons beside me, when I am trying to listen to some Tory making a fool of himself, and said, in a loud voice, that he would have to resign if this thing goes through. Also he is late starting for Morpeth where he is due to address Northumberland Miners. He complains that he has been unable to see the P.M.; that all this will be the "end of the Marshall Plan", and that we shall be completely shot to pieces in Parliament about it. All this is a bit in excess! I tell him that he is not the only one who often thinks he would like to resign, but somehow none of us ever do it. I undertake to have a word with the P.M. and even have to go to a lot of small bother in order to clear a further exchange of views at a meeting of Ministers. In the result, H. Wilson will get another telegram, but I doubt if it will make much practical difference as compared with the two he has already had.

G. R.

Alvarez - U VIII

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FRIDAY, 25.7.47.

Before leaving to-day for Durham for the Miners' Gala, I redictate a paper from a quite unsuitable official draft, for a meeting of the Big Five on Monday on the Balance of Payments. I try to make them face the facts of life and realise that, if we are not to be completely defenceless against all American ~~payments~~, we must not run far into our final reserves.

demands L

G.B. tells me that the boys all talked, during the all-night sitting this week on the Transport Bill, about the lack of Leadership. Most were in favour of substituting E.B. for C.R.A.; they seemed to think that these two could just swap jobs. Failing this, I was the only name mentioned as a possible new Leader! They thought that I was the Minister who, until now, had shown himself most obviously "on top of the job". Failing me there were no other strong candidates. It was generally felt that H.M. was now not at all fit and could not do it. No one else - e.g. Cripps or Bevan - was mentioned. I said to G.B. "That is all right, but let them come and talk freely and kick up a row, if they feel like it, at the party meeting next Wednesday."

(but I had a bad reaction with a fortnight)

After lunch to-day I brought in Edelman who had been lunching with me and others at No. 10 with the French Parliamentary Delegation and said to him "It's no use sending ~~minority~~ messages to Ministers. You must all come to the party meeting and say what you think." I had in mind a rude message sent to me from Crossman, via Kenneth Younger yesterday evening, to the effect that I and others "had no guts".

Winston L

On the way up to Durham in the train I am pondering shock tactics and the possibilities of threatening to resign unless the chaps will face the facts. It is not easy to see how this would work.

At Durham this evening E.B. and I had a short talk. He is all for "fighting it out" and can't believe that the miners won't work harder and produce more coal. He will make a great appeal to

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them to-morrow. I am rung up to-night by Cripps who hasn't yet given up hope of fixing something with the Russians in spite of H. Wilson's failure to get an agreement. He hopes that none of us will say, publicly, that the talks have broken down. (I hear from various quarters - E.B. the next day and Sir W. Stephenson on Monday - that Cripps is intriguing to keep open a door towards co-operation with the Russians rather than the U.S.A. E.B. says that Makins was asked to lunch with Cripps, who was talking in this sense, and that M., very shocked, reported this to E.B. Sir W. Stephenson says that in the U.S. Cripps is regarded as a dangerous half-communist for this same sort of reason.)

SATURDAY, 26.7.47.

It is raining this morning and this diminishes the crowd for the Gala. The bands and banners come, undaunted, but there are fewer marching behind them than last year. None-the-less it is, as always, a deeply moving performance. E.B., as the Chief Speaker, speaks on one platform and H.M. on another. I sit on the former. Sam Watson is in the Chair and in presenting Horner says "Our General Secretary has never spoken at a Durham Gala before. He used to be a Welsh miner's agent but you will see that he speaks to you with an Oxford accent. When he spoke on the air a little while ago his parents, who had not seen him for some years said, when they heard him, 'This isn't our Arthur, this is a gentleman.'" Quite a cunning introduction I thought, for this not wholly liked communist!

E.B. made a magnificent address, speaking to the miners as only he can and appealing to them, in effect, to work an extra half hour. He makes several friendly references to me, which are well received by the crowd. Then back to lunch at the County Hotel. I sit next to H.M., whom I find a little distant and difficult. I wonder how far he suspects that moves are going on? He is still fidgeting about the

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organisation of his office, and bothering to have Plowden and his Planners inside this office rather than in the Cabinet Secretariat.

I have arranged to drive back to London with E.B. who never goes by train if he can help it. I am alone in the same car with him, and Bob Dixon and some policemen in a second car. We have another detective sitting in front of us beside the driver. These Jews have made all this fuss necessary.

E.B. is very long-winded and very vain. These are his two most obvious failings, though G.B. says he is also very unfaithful to his friends. (I took G.B. down to Dorchester and Tolpuddle the week before for the Agricultural Workers' celebrations and we had much talk about the matter in the car.) E.B. and I talk about all sorts of things and he seems to be most friendly. I think that, at least, it may be said that he is more friendly to me than to C.R.A., H.M. or S.C. He complains about all three of them - but I doubt whether he complains to any one of them about me! He says that C.R.A. is very weak, he can't get him to make up his mind. He has made an awful hash of some of his appointments, especially Inman. Why not Charlie Dukes? I said that I had suggested the latter to C.R.A. who had replied that (a) he had very little Parliamentary experience, and (b) perhaps E.B. wouldn't like him being put into the Cabinet, since he might regard him as a Trade Union rival. E.B., who was in Moscow when this decision was taken, is very snorty and says that he is always trying to get C.R.A. to appoint more Trade Unionists and would have liked very much to have Dukes in the Cabinet. Of H.M. he simply says that obviously he is a sick man and not much more good. of S.C. he complains that he is more than half way to Moscow, and that he and Lady Cripps have been intriguing to get jobs for their friends in the Foreign Service which E.B. has had to refuse. I tell him that G.B., - whom I go out of my way to praise - has been telling me that a large number of members want E.B. to become P.M. He says that Percy Wells has

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told him the same thing, but that he doesn't want to do anyone out of his job. I say that he has a gift which none of the rest of us have, that he can speak very frankly to the Trade Unionists everywhere and that, in this crisis of our fate, it may well be thought by many that he is the predestined Leader. We then leave this subject, and return to it some hours later. In the interval we talk of many things including his own staff at the F.O. He does not think much of Sargent who is soon retiring. He proposes to put Strang in his place with Makins as No. 2. Dixon is going as Ambassador to Prague - the office had wanted to send him to Mexico, but E.B. had said no to this. He will have, in his place, Frank Roberts, who he thinks has done very well in Moscow. He is keeping on Duff Cooper for a little longer, but intends to replace him in a few months by Oliver Harvey. He thinks G.J. is "too impetuous" and that "his judgement is not always good". He thinks that he might succeed Cadogan at U.N.O. I praise G.J., but am conscious that many in the F.O. have been trying to fix E.B.'s mind against him.

Near the end of the journey I return to the earlier question. I urge him not to put out of his mind the possibility of becoming P.M. and so we part.

It is a very hot night and I go to bed reflecting on these two major political events; the replacement of C.R.A. by E.B. and the possibility of my own resignation if they won't come into line. The time is short, both before we exhaust the U.S. credit and before Parliament gets up. There is a great campaign being run against us in the Tory Press and I hear on

MONDAY, 28.7.47.

that suggestions are being put to Barney Baruch and others on the transatlantic telephone that the Americans should insist on their being a change of Government here. This would be quite intolerable;

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hence my inclination to dig my feet in on the Balance of Payments.

This morning we have an inconclusive talk of the Big Five, to be resumed this evening on the basis of my paper. E.B. is set against cuts and makes a number of quite useful positive proposals, but we don't really get down to my statistics. It would be a great bore if I were to be threatening to resign on some point on which I don't see eye to eye with him, while, at the same time, I were, even remotely, connected with some move to make him P.M.!

Sir W. Stephenson to lunch alone. He says that the Americans are very frightened of communism here and of Horner and Cripps in particular. On the other hand, he says, I have quite a good press on the other side. He is bringing Bill Donovan to see me to-morrow.

One of the advantages of E.B. becoming P.M. would be that he could shift Shinwell into the outer darkness.

E.B. has been sending some very good telegrams to Washington including some explosions to Ambassador Douglas. The latter has been dining a lot at the House of Commons with various groups of M.P.'s. and telling them all that there is no chance of Congress doing anything at all before March and no chance then of their doing anything special for the U.K. as distinct from Western Europe.

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MONDAY, 28.7.47.

10.30 p.m. The hot weather continues and I prefer it to the cold. But to-night I am very hot, very tired and very angry, after a long discursive indecisive meeting of the Big Five. George Brown tells me that the movement to make E.B., P.M. has petered out. It is not now thought that there is any pressure left in this pipe. It is one of the ever recurrent Parliamentary miracles how great waves of opinion disperse themselves in broken spray! To-night, in view of the seeming importance of getting my colleagues down to decisions, I am once more pondering the thought of resigning - or at least of threatening to resign in order to try to get things moving. After this a thought comes to me, purely of presentation, to speak not of "cuts", around which there is an aura of distaste and timidity, but that we should "stop buying dollar foods". The effect of this would be to emphasize that we are being rooked, and thus to raise a positive indignation against the Americans and also to leave the thing a bit indefinite so as to minimize the resistance here.

TUESDAY, 29.7.47.

Cabinet this morning, without papers, to discuss Balance of Payments generally. C.R.A. opens briefly and then I speak. H.M. has now more or less come round to my side and S.C. is on my side, though playing no leading part at all in the discussion. I emphasize the urgency of it all and the need to take big, bold measures and I put over the "stop buying" slogan. To my surprise Strachey takes this very well (I see him after the Cabinet alone and tell him that his career and mine, of which his should last a bit longer than mine, will be totally ruined if we do not act boldly. It is agreed that our officials should look into the possibilities of dollar savings through "stop buying" for a period and I take the precaution of dictating, in his presence, a note on what we are agreed. This, in view of his previous slippery conduct.) We have, as usual, full length orations from Shinwell and A.B. The former is

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exceptionally rattled, suspicious, irrelevant and discourteous. He demands information on our gold and dollar reserves as though I had deliberately withheld it from him. He has by now wholly antagonised all our colleagues. The most severe criticism that any person with real knowledge could make of the P.M. is that he has allowed this man to continue for so many months of failure to be Minister of Fuel and Power.

It was agreed at this morning's Cab. that I should prepare a paper with definite proposals for Friday's Cab. I do a first cock-shy this afternoon.

Shinwell
After dinner I have a considerable talk with the P.M. He has been dining with S. - apparently a long distance date and not a short-term intrigue by the latter - and tells me that S. is quite reasonable. We go through the heads of his speech for to-morrow's Party meeting. He seems stronger and less rattled now that he too, no doubt, has heard that any immediate threats to his position have evaporated. I again press him to get rid of Shinwell. I tell him that this afternoon Catto came to see me and was, as always, most reassuring and helpful. (C. tells me that he has been buying several million pounds worth of Government securities each day this week and not the undated stocks. He has been buying in the 3%'s which we are due to pay off next March and the 2½% Savings Bonds 1967. None of the financial scribes think that there is any "support" since they have been focusing on the undated stock. This shows once more how little the scribes know of what is really going on and how essential it is that I should not be drawn into making any public statements on these matters. He asked the bankers a day or two ago whether they were worried at all and they said "No". He said that he supposed they held very little of the undated stocks. They confirmed this. He said that he supposed they would be worried if we put up the Bill rates etc. They said "Yes". He said he had no intention of so advising the Chancellor, nor did he think that the Chancellor had this in mind. C. told me that he was very glad that Industrials were

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falling. They had gone much too high and there was an unhealthy boom atmosphere. He advised no immediate action on the undated stocks, but thought that when we got through to the Autumn it would be generally assumed that I would not allow anything to happen to prevent a 2½% Transport Stock at par, even though we might have to shorten the term of it, as compared with what we had hoped to do some months ago. Therefore, he thought, there would be an inclination to buy the undated and long-term stocks in the belief that I should intervene to raise them. January 1st, 1948 is the date for Transport Stocks. My great strength is that ~~now~~ I do not have to convert or repay anything between now and then. He is paying particular attention to the gilt edged market and will keep me constantly informed. We spoke also of a new reserve line in the R.F.C. Dollar Loan of 1943. There is collateral in the form of dollar securities owned by us to the value of £500. millions and the original loan is being rapidly repaid. We could certainly borrow up to the difference between the outstanding loan and the collateral if we wished. We could also, no doubt, borrow from U.S. Banks, provided HMG. would give a guarantee. This might be awkward. Sadd has seen Catto who has discouraged any trip to the U.S. at present.)

Catto arriving meets Bill Donovan departing with Stephenson. This is the final act put on to impress Donovan! He and I had a very good talk in the course of which I told him a series of ancient stories about miners, their character, the record of the private mine owners, the personalities of the N.C.B., the total political weakness of our Communists, their relative weakness industrially - with an excursus on Horner, who seems a bit of a boggy-man in the U.S., and Sam Watson's introduction of him at the Gala last Saturday. I told D. that the one thing we wouldn't stand was any attempt by the U.S. to tell us how to run our politics. I praised our Labour majority and depricated the Tories. I added that we knew that Transatlantic talks took place between some Tories and Barney Baruch as to what sort of Government we ought to have. He scoffed at B.B. saying "That old

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boy still thinks he's a King-maker." Then D. asked whether there was any truth in what was often being said in the U.S. now by some of our political opponents that, if only Winston was out of the way, the road to Coalition would be clear. I said this was total rubbish and he might repeat this as widely as he liked. He spoke about Russia and said that they regarded the U.K. and West Europe as more and more a bastion of liberty. I said that, in this case, they would have to give it some substantial support in the next few years. The only danger of the growth of Communism here - and I did not rate it high anyway - was if, through total withdrawal of dollars, we were forced into a descending spiral.

Masky!

The P.M. to-night told me that he was getting many reports of the conversations of Ambassador Douglas with groups of M.P's. The P.M. was increasingly displeased with the many dinners which the Ambassador was taking at the House of Commons. This was quite contrary to the best traditions and he recalled what a row the Tories had made when Macdonald, some years ago, had dined with some members of the opposition at the House. It was quite a different thing for the Ambassador to entertain M.P's. of any Party at his Embassy, or to meet him at a meal on neutral ground, e.g. in some hotel or private house. But Eric Fletcher and other M.P's. had told the P.M. that at one recent dinner Douglas had said, when asked about the socialization of the Ruhr Mines, that there was nothing in this because we should be bankrupt in two months and should be handing it all over to the U.S. E.F. further reported that next morning Douglas had rung up his host at the previous night's meeting and said "I hope I didn't go too far last night". The P.M. thought that perhaps Douglas had had a bit too much to drink. "In vino veritas" he said! E.B. was getting increasingly vexed at these dinners. It was gradually undermining the confidence which, at the beginning, most of us had felt in Douglas.

The P.M. had been profoundly disturbed by Shinwell's conduct at this morning's Cab. I once more urged him to take a risk and sack him. We must

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return to this incessantly.

WEDNESDAY, 30.7.47.

The much heralded and long awaited meeting of the Parliamentary Labour Party happened this morning. Committee Room No. 14 was packed. There must have been at least three hundred persons sitting and standing. The P.M. made, of his characteristic kind, quite a good speech. He told them most of the facts, flicked a lot of cherry stones at our opponents, declared against a Coalition, an Early Election or a May Committee. He also put forth, in broad detail, our proposals to increase the production of coal, steel, teel, textiles, export goods generally and home grown food. He spoke also of import reductions, though not with great precision. He had a good reception. There is no doubt that this sort of speech - which included, at the beginning, some figures about the U.S. Loan, our gold and dollar reserves etc. - will have had a good effect upon the morale of our supporters.

Then followed a long series of rather good speeches, with a large number of proposals, many of which are very familiar and then I wound up. E.B. had arrived late and the P.M. opening had said that E.B. was arriving later and that he mentioned this because so many rumours ran about and E.B. would not wish it to be thought he was deliberately staying away from the meeting. E.B. passed me a slip saying "I think it will be a pity if they are left under the impression that I led anyone to believe that the Marshall Plan was a solution." I duly used this, with acknowledgments, in replying, and told them that, as Leah Manning had said in a bright little speech this morning, "This was a totally different situation from 1931, now we had a majority and a five years Mandate." I repeated, with greater emphasis the P.M.'s declaration against a Coalition, an Election or a May Committee. I said that, on the latter point, I was disgusted to hear that a Member of our Party who ought to know better had been saying

G. R.

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half

only two days ago, that he believed that we might very soon have a May Committee. I said that this was a disgraceful and ignorant thing to say. It would never happen, so long as I was Chancellor of the Exchequer. Ministers would take their own responsibilities and we might have to rephrase some of our building programmes etc. but we had done a wonderful job in the last two years and there would be no going back upon this. The trouble we were in had practically no relation to our internal programme. If we had Tories in office, pursuing quite a different domestic programme, the trouble would have come just the same, and probably a good deal sooner because the miners would certainly have been producing less, rather than more, coal if the mines had not been nationalized, and there would probably have been a good few strikes as well. Thus, having briefly recapitulated the P.M.'s principal statements and having emphasized that we could not let our "Final Reserves" - which I took credit for having increased since the American Loan was granted - be run down much, I said that some lazy-minded people sometimes said to me "Why shouldn't we dip into these reserves?" I said that this was quite unthinkable because we should thus be putting ourselves at the mercy of the U.S. to dictate to us what sort of a Government and what sort of a policy we should have. This was much applauded. Therefore, since the whole thing was extremely simple, and here I had a flick at those who try to complicate very simple situations by asking for more detail and more papers - and, I said, "when any of you get into the charmed circle of the Cabinet, you will find that not only do you have to spend a terrible amount of time sitting on Committees, but that when you want to take decisions you are constantly asked, instead of decisions, for more papers and more information". I then said that Socialism did best when it marched in step with the rules of arithmetic, and that Socialist projects did worst when they were based on the proposition that one and one make ten. We could do, and would do, a number of symbolical cuts - I then spoke of films, foreign travel, etc. - but said that it was quite impossible to close the gap in time unless we made large reductions quickly in dollar food imports. We were being rooked, I

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not really!
but it is!

said, by the Americans and we had proved, in the case of tobacco, that the way to deal with them was to stop buying. Our tobacco buyers had been shrugging their shoulders at recent markets and going off for a holiday, leaving no address or telephone number. The result had been that tobacco prices of the sorts we bought had fallen heavily and all the farmers had gone squealing to Washington. (This was enjoyed by the Comrades). We must do the same thing with other dollar foods. We should tell them that we were going to stop buying and keep them guessing for how long. I was pretty sure that the result of this would be to bring prices down and also contribute to what - and it was not my phrase - had been called, "the education of America about England".

I assured them that their valuable suggestions would be fully considered by the Cabinet at their next meeting on Wednesday, when we would make statements in detail in the Parliamentary Debate. Meanwhile, we had given them clear indications as to the lines on which we were moving.

In some ways this was a disappointing meeting. I had been promised a denunciation of Shinwell by some of the Members. This didn't happen. I had been told, in particular, that Jack Jones would denounce him by name. Therefore, when, after the P.M.'s. speech, a crowd of Members rose, of whom Jack Jones was one, I passed to the Chairman a note suggesting that "Jack Jones would, I am sure, make a constructive and interesting speech. I hope you will call him." The Chairman did, but J.J. never mentioned Shinwell! The latter sat, looking sourer than any milk could ever be and at one stage it seemed as though he might be stung into rising to speak when one Member said that he would like to hear from the M.F.P. whether there was sufficient transport to move the coal. We, however, evaded this, the Chairman shaking his head at the member and saying that this was not a time for questions to particular Ministers.

G.B. was disappointed at the whole thing and at the P.M.'s. speech in particular. He will scout about to-day and find out what they feel now.

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Big Five meeting at 10 p.m., with Bridges and Eady. A most shocking performance! I put before them my draft of the paper for to-morrow's Cabinet proposing a variety of actions. E.B., who had obviously had a very good dinner - he said next day that he had been entertaining the Afghanistan Minister - was at his worst. H.M., after an hour of this, left the room in indignation, declaring almost audibly that he had "had enough of this drunken monologue." The P.M., Cripps and I - and, of course, both the eminent officials - showed infinite patience and good manners. Very late in the proceedings we got to the more important parts but discussion was, I thought, most inconclusive. C.R.A. showed no power of gripping or guiding the talk. We adjourn at half an hour past midnight, E.B. enquiring as he lurched toward the door (he always walks with a lurch whether drunk or sober) "Where do we sleep to-night - in 'ere?" I brought B. and E. with me to my room and commiserated with them. "Anyhow it was often worse with Winston" I said. But this is not the way "to ride the storm" or even to conduct a serious Government at any time.

THURSDAY, 31.7.47.

I was, indeed, so angry that I slept very little. It is generally anger rather than any other condition which keeps me awake! I practically made up my mind that I would resign unless I got my way on a group of essential points, including :

- (i) food cuts, substantially on the scale set out in my paper,
- (ii) no more dollars for German civil supplies,
- (iii) suitably large cuts in overseas military expenditure and in manpower in the Forces.

I went at 9.45 to see the P.M. and told him

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how I felt. He seemed startled and said that he thought that, though E.B. had been terribly long-winded, we had got on rather well last night and reached agreement on most things. I said I was not so sure!

At the Cabinet this morning we had another long discussion on Iron and Steel. We all repeated what we said last time, except that A.B. threatened to resign if we did not have the Big Bill next Session. Then, after a little further talk, he proposed that we should postpone decision for a month - nor is this unreasonable, since no Bill will be brought in before the end of October - adding that we were all too tired to size up all the points. The predominant opinion in the Cab. was against any Iron and Steel legislation next Session and certainly against H.M.'s hybrid plan.

I get S.C. along to see me after Cab. and tell him what I thought about last night and what I had told the P.M. S.C. said that if I resigned on that sort of ground he would do the same, but urged me to consider carefully what the consequences would be. He thought, if both of us resigned, this Government could not go on, nor be effectively reformed from within the Parliamentary Labour Party. Therefore, there would either have to be a Coalition, or a Tory Government ~~at~~ an Election. It was not at all clear how things would go. He thought one should not threaten resignation openly in the Cab. ~~as~~ this caused others also to harden their positions. He thought A.B. had made a mistake this morning, ~~but~~ though clearly he felt very deeply about Iron and Steel and that it would be wise if we could carry him with us in a Cabinet crisis. He then flew off to Paris to see Clayton. He will fly back in time for to-morrow's Cab. He has great physical, as well as mental, endurance. Later this afternoon, E.B., now quite sober and benevolent, and C.R.A. and I have a general talk on the Americans. Our latest telegrams seem to have thoroughly frightened the U.S. Cab who are petulantly complaining that we ought to have told them this before and that (they always say this) they thought "our crisis" was a bit of a fake

G. R.

Dalton

I 35

(64)

10.

DIARY

which we were working up deliberately.

Later this evening I see Strachey who is fairly amenable on my proposals for "stop buying".

I am amazed how we all keep going somehow.

DIARY

FRIDAY, 8.8.47.

any/

We have been running at terrific pressure for the past week. It gets fiercer and fiercer - and it is largely unnecessary, only the Prime Minister in particular and certain others are so afflicted, some with indecision, some with infinite powers of loquacity and repetition, and nearly all with so complete a lack of ~~common~~ sense of the value of time - so that what astonishes me most is that a substantial number of my colleagues do not simply drop in their tracks. What a good thing it would be if some of them did! We are, indeed, all very tired. Some of us have, as one of our Tory critics said, "been clamped to the Treasury Bench since 1940". We have had two immensely strenuous sessions and this heavy National Emergency quickly growing to gigantic stature within the last few weeks. But I have seen it coming, and said so, publicly and privately on innumerable occasions. I am asking Trend to collect together into one folder all my successive warnings. The trouble is that so many have not heeded until now.

here/

Yesterday and the day before we had the Debate on The State of the Nation. The P.M. spoke for over an hour on the first day. It was, judged by its manner, a most disappointing speech. It had a good deal of substance in it - oh! and how painfully built up from a multitude of confused and ambiguous and imprecise Cabinet decisions! - but much of this was not recognized at the moment. On the second day, I opened with an immensely long speech lasting some two hours. It lasted so long partly because I deliberately went so slow in order to get a number of figures across. These at least were, as I can always claim to be, extremely clear. I tried further to put a sharper edge on what the P.M. had said the day before, and in particular had a long passage on the strength of the Armed Forces - overseas and at home. It is clear that the greatest difficulties arise in our own Party. Not only the "Keep Left Group" - who have been in a state of perpetual hysteria during these last few days holding two or three meetings each day or night - but also a wide section of the Party

9/8/47

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feel that we should run down our Armed Forces much faster. And they are certainly right. And I said so to the P.M. as long ago as last February and wrote it in a letter, almost threatening to resign then. And I have said it again in these last days, but have been met with mulish resistance from E.B. and A.V.A. who have been half backed up by the P.M. himself. The simple point is, not so much the money, as the number of people kept in uniform and out of production. I made the best play I could yesterday with all the cards in my hand and moved a number of chaps a bit, but the effort of getting these totals down is monumental, though I think we shall, with ever continuing pressure, have increasing success. But why the hell all this struggle to get something done which sticks out a mile? The truth is that we are all in this, as in other things, exhausting each other and wasting each other's time by stupid failures to give ground early which clearly must be given later.

Cripps made a very fine winding-up speech yesterday. I have never heard him better. He showed great vigour and energy and restored to our own ranks a much greater sense of confidence. Though my speech lasted over two hours and it had a mass of statistics and difficult argument in it I never felt for one moment in the least tired. This is due to some truly remarkable pills which I have been taking for the last two days. Urwick has been giving me various things to drink and swallow, the net effect of which on my moral and efficiency has been tremendous! But one can't go on living for ever like this on pills and potions.

Am. Benzedrine tablets, also very in search of other opinion

The Tories think, quite naturally, that they are on a good thing just now. It is very easy to say: "Why didn't you tell us about this before? Why didn't you begin doing something about this before? Why aren't you more definite about what you are doing now?" And "We are quite sure that what you are doing now is not enough". All this is fair game enough and Eden made a very good speech on these lines yesterday.

*Benzedrine
with me
some soldiers
took before going
to table*

D I A R Y

We still can't get rid, a week after August Bank Holiday, of this wretched House of Commons. To-day we are fighting through the Second Reading of our new Emergency Powers Bill; the later stages of this must be settled next week and the present hope is to disperse on Wednesday. Meanwhile, there is clamour for a Party meeting which is called for Monday morning. As usual, there are the rumours before hand that there will be some dramatic challenge to the P.M.'s position. Personalities apart, the two broad issues on which there is most concentration in the Party are :

- (i) the strength of the Armed Forces, and
- (ii) Iron and Steel.

As to (i), my own position is that, up to a point, I welcome further pressures. As to (ii), we have had prolonged discussion in the Cabinet on a whole series of occasions lately. There was a Cabinet decision months ago to proceed next Session with a Bill nationalizing the whole Iron and Steel Industry by acquiring the shares of the companies. A Bill to this effect was being drafted. This decision was only reached by a majority in the Cabinet. H.M. was away ill at the time. The opponents who were voting for a Gas Nationalization Bill rather than an Iron and Steel Bill next Session included our various Peers - particularly Jowitt and Addison, Greenwood, Shinwell and a few more, with the P.M. obviously on their side. I was against, as were Cripps, Bevan (most vociferously) Alexander, Tomlinson and Creech Jones.

The next phase, following an agitated approach by the P.M. to H.M. on the latter's return, saying that he was quite sure we had made a mistake, was that H.M. got agreement from the Cabinet to undertake with J.W. (who has been most embarrassed over this whole affair and a little afraid lest early nationalization should diminish the steel output) further discussions with Ellis Hunter and Andrew Duncan who had already, at their own request, seen

D I A R Y

the P.M. Following these discussions a hybrid scheme was presented by H.M. and J.W. to the Cabinet, which it was thought the steel masters would agree to. This covered :

- (i) the transfer of Steel House, with its team of technicians, to the Iron and Steel Board,
- (ii) greater powers to this Board to control and direct the industry, and
- (iii) power to the Government to take over, subject to affirmative resolution to be accepted by both Houses, any particular unit of the industry.

But this power under (iii) was ^(c) to be exercised by the Minister of Supply only on recommendation by the Iron and Steel Board and it was pretty clear that, in practice, this would mean only when the units concerned were noticeably inefficient or recalcitrant. It was admitted by H.M. that under such a Bill, if passed, there would be very little, if any, nationalization; also that if such a Bill were passed there would be no major Bill in this Parliament on Nationalization. All we should do would be to ease the path for the next Parliament! I myself never liked this half-way house at all, either on its merits or on its political chances. Indeed, I was quite sure throughout that the Party would not accept it. I did, however, take the view in these last weeks that we should have our hands so full, under so dark a sky, in the Autumn that probably we should not try nationalization next Session. I, therefore, proposed that we should so decide, while keeping the major Bill in our programme and hoping and intending still to introduce it during this Parliament if it ran its normal length. A.B. has, however, been playing a very individual hand on this. He went so far in Cabinet the other day as to threaten to resign unless we proceeded with the Bill next Session. He has also been making speeches, nailing his trousers to the mast.

DIARY

I also, in these last weeks, have had serious thoughts on resigning if I could not get my colleagues to move further on cuts in imports and on forces. When I conveyed these thoughts to Cripps, as I did the day after the Cabinet when A.B. had made his resignation threat, Cripps clearly was thinking in terms of some new combination in which he and I and A.B. would be together. Personal manoeuvres apart - and these don't much interest me at present - I think the sensible decision now, in the first week of August, is to refuse to be bound as to what we shall put into the King's Speech in the third week in October. Much will have changed by then. At Yesterday's Cabinet, which went on and on all through the morning when I was struggling to get away to finish preparing my speech for the afternoon, we went all over the weary old ground again and the conclusion finally reached was that we should definitely put aside H.M's. hybrid scheme, re-affirm our intention to introduce the major Bill in the course of this Parliament, but express ourselves doubtful, at this stage, whether it could be done next Session. This was to be said to the Party meeting on Monday. A.B. has been exceedingly fluent, and so have all his stooges, in the Lobbies and Smoking Room of the House on this subject in these last few days. On the other hand, Gordon Walker, H.M's. P.P.S., was emphasizing to G.B. two nights ago that it was all due to me and my insistence on the National Executive and its Policy Committee, that Iron and Steel was in the programme at all at the last election.

*This was
a reproval
from HM*

Catto has spoken to me about this twice and says that it is known in the city that I am one of the principal supporters of this measure. He has also been having a few words with Duncan. He suggested to me the other day that one way to help to revive the Stock Exchange would be if we were to make a definite statement that we did not intend to nationalize this industry. But that is politically impossible! The

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Stock Exchange has been having a thin time during the past three weeks, but this is largely emotion with bad news coming in from everywhere. On the other hand, my purely Budgetary Returns are amazingly good and, even after leaving out all the debatable items, I still have a surplus of over £20. million on the first four months of the financial year. I am told that this has never been known before - at least for a very long time. There is now a lot of loose talk about an Autumn Budget, but it is very vague as to what it is thought should be put into it. The two chief ideas seem to be :

- (i) that we should increase taxes so as to reduce inflationary pressure, and
- (ii) that we should increase taxes in order to establish equality of sacrifice between different sections and, in particular, that there should be increased taxation of profits.

I have refused to say yes or no to any of this for the moment.

The whole outlook is most confused and disturbing. I fear that I shall have to do a good deal of moving around, including probably a visit to Washington in September. If Ministers have to go I think it should be E.B., Cripps and I. But first it is necessary that there should be discussions at the official level and plans for this already have been put in hand. The series of decisions on productivity, controls, import cuts etc., must now be vigorously pressed forward by an effective administrative machine. My fear is that this machine too is much run down through weariness. But this is the chief task for the next few weeks. All flesh is as grass. So I reminded my officials sitting around after midnight the night before last discussing the lay-out of my speech of yesterday. We are all very tired, but definitely most of us are also very tough. We have quick powers of recuperation. But it is absolutely indispensable that M.P's. and Ministers should scatter now.

G. R.

TUESDAY, AUGUST 12TH

1947

*There is no lack of ability
Many Ministers now, in individual
do they lack the quality of
decision. Their trouble is inability to decide
jointly.*

I hope I have now - at long last - finished all my immediate labours. They have been very heavy and prolonged and anxious, and I am pretty tired. Tomorrow afternoon I hope to escape to W.L. and next Monday to Scotland, to be among the trees, until September 4th. The P.M. is also going away. He, too, seems quite wearied out. And so are most of the rest of us.

The Parliamentary Labour Party has been in a very hysterical and super-heated condition and on Monday we had a rather troublesome special Party Meeting. On the general situation C.R.A. and E.B. spoke, the latter on European trade matters. There had been a series of "strong speeches" from the floor, and C.R.A.'s reply from the platform was, like his broadcast on Sunday, rather flat. We then had a Resolution moved demanding that the full socialisation of the iron and steel industry should take place next Session. H.M. replied to this very ably, though he pretended he couldn't read some writing on a piece of paper handed to him by the P.M. saying what the decision of the Government was. Some thought this was a bit malicious! The decision was that the public ownership of "appropriate sections" of the industry remained in our programme, but that we were doubtful whether it would be possible to introduce this Bill next Session. We had to take the line that the timing of our programme was a matter for the Cabinet and not for the Party Meeting. Evidently great agitation had been worked up outside about this and it was thought that A.B. - and J.S. - would make a dramatic resignation if the motion were defeated. On the other hand, if it were carried, an awkward situation would confront the Government. It was decided just before one o'clock that the vote should now be taken, but, just as the Chairman was about to put the vote, someone moved the previous question. This was carried by 81 to 77, several Cabinet Ministers on the platform giving a lead by voting in favour. There was, in fact, a good deal of cross voting on this and H.G., who voted for the previous question was loudly rebuked by one or two "loyalists" surrounding him /for

G. R.

for running away from support of the Government's policy. None the less this was a fortunate ending.

I had a further word with the P.M. later in the day and put in several final minutes to him, including one on Palestine and another on the strength of the Armed Forces in the U.K. On this last point great passion had been shown at the Party Meeting earlier in the day.

We also decided at a meeting attended by C.R.A., E.B. and myself (H.M. being held in the House and S.C. having gone off on holiday already) to send an official Mission to Washington on Friday next, with orders to return within a week, but in the meantime to put very bluntly to the Americans the various possibilities before us. Eady will lead this Mission.

Left on Wednesday afternoon (13th) after having
 got Eady, very easily & understanding & clever.
 Got on

Friday, 15th just when I was beginning
 to feel a bit rested, with long sleeps &
 wonderful sunshine. Bridger & Treas make
 down to W.L. with very bad news about the
 Dollar Drain. Eady is to get off by air
 tonight. There (after a good deal of telephoning
 betⁿ me & H.M.; asking P.M. at No 11, &
 betⁿ H.M. & later on London betⁿ
 Bridger & P.M. & heart of Wales) it is
 fixed that there shall be a Cab on Sunday
 afternoon; N 2 1 will get up on Sunday morning
 to arrive in time of lunch. All holidays
 are laywire! Maybe I'll fly to Washington;
 maybe I'll resign! Maybe I'll just get
 up his front! It has been a wonderful
 Summer - So even 1940!

DIARYSunday, 17th August. 1947

Quick return of Ministers to London by rail, car and plane. The Sunday ^{Express} ~~Times~~ got wind of this, but no other Sunday papers. Gradually a large crowd gathers in Downing Street, friendly sight-seers inclined to cheer anyone they know by sight. I arrange a series of interviews. S.C. to see me at 2.45. He is always very quick off the mark, and thinks that we Ministers should at once fly to Washington. We cannot leave discussions, he thinks, in the hands of officials. He also says that, unless the Cab. will face the consequences, in ration cuts etc., of our latest move, he will leave the Govt. He thinks now that we should bring in the Iron and Steel Bill next Session. He is, in any case, firmly in favour of what I want the Cabinet to decide tonight. I am going on to see E.B. at 2.45, and suggest that ^{S.C.} he should come too. He thinks E.B. has "an inhibition" about him, but consents. My own personal movements were wonderfully cloaked throughout the day. We had driven up this morning from W.L. through the Horse Guards Parade to the foot of the steps leading up to Downing Street. The two ladies accompanying me went up first, carrying some parcels, and I followed a few minutes later when they had the door of No. 11 open. A certain crowd further down Downing street did not notice ^{me.} ~~much~~. Later, when crossing to the Foreign Office, we rang across and arranged for the side door on Horse Guards Parade to be opened, and I went out through the gate in the garden wall of the garden of No. 10. Carter produced this. ^{the key of} It is very rarely that it is used!

E.B. was against a sudden flight to Washington. He had been working to a programme by which he - and others if necessary - went over about the middle of September, when the European plan and all the others were equally ready. S.C. made a tentative approach to him to "take over". ^{from A.H. Lee} He resisted this. He also was in favour of what I proposed to decide tonight. I left them and went across to see the P.M., just hurried back from his holiday in North Wales, still looking very tired. He also

/seemed

seemed in favour. Since the news of the Ministers' meeting was out, and the press and photographers were already all around Downing Street, in which there was now a thick crowd, it was decided to bring the Ministers across from Great George Street, where it had been originally intended to hold the meeting for greater secrecy, and have it at No. 10 after all. The P.M., H.M. and I had a few minutes together before the meeting. H.M., as usual, was inclined to be critical of the Treasury and the Bank, on the basis of a brief supplied by N.

Practically the whole Cabinet turned up, along, as usual, with J.S., who was mentioned in the communique as having "also attended". This put the press on some wrong clues, e.g., that we had met to discuss ration cuts. The meeting was long but surprisingly good. E.S. said practically nothing, and that little attacking something which A.B. had not said. The latter was friendly and helpful, and I passed a note to him after he had spoken to say so. None were against what I proposed. Some were in favour of quickening things up, ^{2 ~~times~~ ~~working~~ ~~on~~ ~~Monday~~} Bridges, who was there, ^{twice} at ~~once~~ intervened most usefully and persuasively.

I am to broadcast on Tuesday, after the 9 o'clock news. We hope ^{on} the news will be held till then, but I am very doubtful, particularly after Eady opens the ^{ball} ~~draw~~ in Washington on Monday. On Wednesday I am to go with H.M. to his Press Conference. The P.M., H.M., E.B. and I are staying in London for the moment. Most of the others will go off again, though prepared to be recalled at short notice. Much now turns on how the Americans will react to E's statement. The ^{atmosphere} ~~atmosphere~~ in Washington is said to be 110!

After dinner, fix with Bridges, Makins, etc., the text of the telegram to E. This will come as a bit of a shock to some of them. I do not feel that the statistics are being sufficiently quickly produced to show what is happening. This has for some time been the Treasury view. The Bank have not been very good at this. It is a new sort of demand on their staff. Catto saw me today, and thought we were inclined to move too fast. We are getting no very useful guidance from this nice little man in this critical hour.

DIARY

MONDAY, 25.8.47.

After another eventually wearysome Cabinet meeting at which a number of small decisions were taken, e.g. to stop the basic petrol ration and all holidays abroad, I leave by car with Nicholas Davenport for Hinton. Ever in my mind, as I escape from my colleagues, is the story of Clemenceau in his wood in the Vendee after the long ordeal of Versailles. "What I like about this wood is that here there is absolutely no chance of meeting either Mr. Lloyd George or President Wilson; only the squirrels." A large crowd gathered in Downing Street cheers loudly as we leave. I say to N.D. they are cheering because they see that the National Investment Council has been in action. Nicholas and Olga are perfect hosts at such a time. I stay with them till Friday, 29th and celebrate, if that is the right word, on the day after my arrival my 60th Birthday. I am, indeed, now an elder Statesman.

I sleep a great deal and we visit one or two places of interest, including Kelmscott. Master Tony Crosland who happens to be in Oxford is brought across one evening to dinner. He is an attractive and promising young man and in a year or two should be sufficiently experienced to begin to be useful as a Socialist Economist. He is to become a Fellow of Trinity, Oxford, in October for three years and it is understood by the College that he is likely to stand for Parliament at the next Election.

From Hinton Manor I drive to the State Forests of East Anglia and stay till Thursday, 4th September at Lynford Hall, near Thetford. I spend each day in the woods, starting out by car just after 10 a.m. and getting back in the late afternoon. Taylor, Robinson's No. 2 whom I have never met before, makes all the arrangements quite admirably. He is a quiet, slightly sad, man but I should think has done a very good job in his time. He is now practically at retiring age. Lynford Hall is a hideous Victorian edifice now being used as a Training School for foresters. It is quite suitable for this and I

DIARY

have an informal talk with forty to fifty men, practically all ex-Service, whose ages range from 22 to 36. A very good lot, I thought, and I was delighted to hear that men are coming forward in such numbers as trainees in forestry. These men have already had a year in the woods and are now having a further course of a year and a half, at the end of which they will be appointed Foresters with the prospect that a number of them will be promoted, in due course, to District Officers and above.

I also inspected the building operations at Santon Downham which, after long delays, are now going forward pretty well. It would be quite foolish to cut down any housing operations for forest workers. The wood is now beginning to come out of the Thetford area in a considerable stream. It is already saving quite a lot of imports and will save more and more each year. The Commission are also rapidly approaching the figure of 1,500,000 acres.

THURSDAY, 4.9.47.

I have, therefore, had just ten days' break and am much better able to cope with crises and with colleagues than when I left!

FRIDAY, 5.9.47.

S.C. to see me this morning. He has some very striking ideas, including a pilgrimage by three of us, on behalf of a fourth to a fifth. I said I would be willing to play provided he could get the rest fixed up. He was going to try to-night but late in the evening returns to tell me that the thing won't work. I had feared that this would be so.

SATURDAY, 6.9.47.

Follow up S.C.'s. talks of yesterday with others.

Diary

Wed

Dalton I 35 (77)

Friday, 5/9/47.

S.C. to see me, at his own request, at 9.45. He says he must shift CRA and replace him by E.B. Otherwise the Govt, the Party & the Country are all sunk. There is no leadership, no grip, no decision. He says H.M. is quite out of his depth and doesn't understand planning, nor how it should be handled. He feeds, quite practically, out of the hand of Max Nicholson. He has seen S.C. & told him he is in despair, and is thinking of resigning. S.C. thinks H.M. now realises that he can't do the job. In addition his health is not good.

S.C. proposes that he & I & H.M. should go together to CRA. & tell him that he ought to resign in favour of E.B. CRA would then have to agree and at a Party meeting, H.M. could make & I could second E.B. & that would settle it.

I said that I would be willing to join ⁱⁿ such a pilgrimage, if H.M. agreed, but that I greatly doubted whether he would. S.C. thought he would, & was dining alone with him tonight. He would come & tell me at 10 pm. how it had gone.

S.C. was toying with the idea of resigning alone, if on ~~the~~ the ground that CRA. was no use as PM. in this crisis. He would tell him this, & it would be recorded in a published exchange of letters. I said that I was very doubtful of the utility of this. I thought a resignation should be based on an issue of policy, not of persons. I had become very restive over the failure to reduce the Armed Forces Quicks, had mentioned ⁱⁿ the possibility of resigning

on the last January,
 I had written very
 bluntly to C.R.A. at that time. I had again pressed him
 on it a few weeks ago. S.C. thought he might take
 to resign if his Edey's paper wasn't accepted in
 Cab next week.

He had his new Govt all ready. E.P. would be
 P.M. and ^{in effect} Minister of Production, & S.C. would be his Chief
 of Staff, an Lord President. I would go to the K.O.; "no one
 else could do it." I could, if needed, shout at Molotov
 & bang the table. C.R.A. couldn't. C.R.A. might be
 Chancellor of the Exchequer. He had no money of his own, &
 to move from one official house to another would not
 be too hard a feat. H.M. should be Deputy P.M., Leader
 of the House & Lord Privy Seal. Greenwood should be;
 he should get Isaac, E.P. to name his successor.
 [I smiled at this; after all, if P.M. he would name the lot,
 though he might consult a bit.] Nye would be Supply
 & Nationalize Iron & Steel. A.V.A. might stay Minister
 of Defence, but go to the Lords. There should be 3 new
 Service Ministers - including Skirwell & John Wilton. Phil
 N.H. would be Health. ~~and~~ ~~quit~~ Harold
 Wilson Board of Trade, Staff Saitzkell Fuel & Power,
 etc.

10 pm

I come back from dining with Korda and Nicholas
 Davanport under the open sky on the former's Penthouse
 on the roof of Claridge's. S.C. entered briskly
 and announced failure. ^{in Wilson's opinion} with H.M. fully agreed
 about C.R.A. but not about E.P. He thought he
 should be P.M. Anyhow leading the House would
 a full time job. He wouldn't serve under E.P.
 as he had charged S.C. with plotting a pistol at his

head.

in the counter

I said I would see H.M. tomorrow, arising up S.C. & tell him what happened, & S.C. & I would meet again on Monday morning at 9.45.

Saturday 6/9/47.

See H.M. at noon. He greets me very smoothly, almost in tears. Gradually, as we talk, he recovers his composure. But he has been very much shaken, both physically and in his pride. He says he couldn't sleep last night & wants more time to think things over. He speaks very bitterly about C.R.A. He is no good now, & he never led the Party, & he doesn't know how to say thank you to those who do their best to help him. ^{of S.C.} He speaks much less bitterly, but with deep distrust. He is a strange mixture of genius and stupidity. H.M. can only suppose that S.C. is jealous of him, though he surely need not be. I said that surely none of us, sitting so high up near the top of the tree, need be jealous of each other, ^{though those} sitting lower down might be jealous of us.

As we talked on, he said, "it's much easier talking to you than to Stafford. You do listen. He never seems to want to hear the other side."

H.M. said he wanted to be P.M., not for any reason of vanity, but simply because he felt he could do the job better than anybody else could. I thought this was rather engaging!

I said I had never wanted the job, & didn't now. As I had told him at H.L. just before the 1935 election, I had always wanted ~~to be~~ either the Treasurer or the

- statements to the contrary (by
in the Press were inspired.
It was a farcical remark for discussion
now written to stay at it

F.O., & had not much
preference. I was prepared

to Treasury or go to the F.O., though both were very
awkward posts, at the moment.

He said his health was quite good again now, but
he wanted his month's holiday very badly & was
due to go off on Wednesday. This was another

reason why he ^{didn't} want this thing rushed, as S.C.
wanted to rush it. And the Parliamentary Party

must be treated fairly. They must not be faced
with a fait accompli. It must be possible for

nominations to be made at the decisive meeting, &
a fair vote taken. He would abide by the

result of his vote, & would be willing to serve
under anyone, including E.B., who might be chosen.

But E.B., he thought, wanted the thing served
up to him on a plate, without a proper vote.

He sometimes thought he would like to
go back to the L.C.C. That was a quiet, decent,

useful life. He didn't want E.B.'s sort of
knife him if he was ~~to~~ E.B.'s No 2. And he

didn't accept my view, L.S.C.'s, that of the 5 of us
E.B. had the best approach to, & the biggest

influence with the Trade Unions. He thought
he could do it just as well.

In the evening I rang up S.C. on the scrambler
& told him of this talk. I said we had both

better think a bit, but I urged that for him to
leave the Govt. & for everything else to remain

the same, would be very bad. He said "it
wouldn't last long anyhow."

D I A R Y

MONDAY, 8.9.47.

but very drunk!

To Southampton by car to meet Snyder arriving by the Queen Elizabeth. He is extremely friendly, and we both face the photographers, the press and the picturemen on the Sun Deck. But no serious conversation can begin under these conditions. I asked him to dine alone with me at No. 11 the next evening, but this turned out to be impossible as he had to say farewell to some of his American friends returning to the U.S. He came in to see me, however, on Wednesday morning and I deliberately begin the conversations rather slowly, not rushing at once to any question concerning the remains of the American Line of Credit or other forms of assistance. We shall have him with us for ten days or more and there will be plenty of opportunities of following up these first points. He said, somewhat to my surprise, that he thought it would be helpful, both to us and to him - in answering questions in the U.S. as to whether the U.K. had no other sources of finance than the U.S. - if we were to draw our first year's quota from the I.M.F. I have looked into this and find, to my surprise, that the rates of interest are not as onerous as I had supposed. I am inclined, therefore, to do this.

This week is full of official lunches at some of which I am the official host and at others one of the guests. The Bank of England are also entertaining Snyder and me to dinner on Friday, 12th. The formal public business of the Fund and Bank will not be of very great significance. The important conversations will take place off stage.

I begin on Wednesday, as Chairman, with the Procedures Committee. This went very smoothly. On Thursday I deliver an inaugural harangue (copy attached) at the first full meeting of the Governors. This too passed off most smoothly. It is, I am sure, a very great advantage that only English is the official language at these meetings. Most of those present speak English so badly that they are

G. R.

Dalton E 35 (82)

2.

D I A R Y

too shy to speak at all.

On Wednesday evening I had a long talk with the P.M. after dinner. We spoke of much reconstruction in the Government and re-arrangements, not only of chaps in jobs, but of our whole procedure. I said that I was quite utterly disgusted by the way in which, in recent months, I had never been able to spend enough time in the Treasury to do my work properly because I had to spend hour after hour, sitting with large numbers of persons, Ministers and officials, at Fuel Committees, Lord President's Committees, and other Cabinet Committees in addition to the Cabinet Committees, listening to dreary discussions of perambulatory detail which should all be settled outside, and too long tedious speeches by ignorant, ~~ideological~~ and jealous men - notably E.S. I said that there were many matters on which I should like to consult a limited number of my colleagues, but that I simply refused to bring them before Cabinet, either by papers or orally, first because I was quite sure that the information would be leaked to the "Observer" or other papers and, second, because, quite literally, I would not tolerate having these things discussed at great length by ignorant fools, such as E.S. and others. I told the P.M. that his own reputation would soon suffer most seriously unless he shifted E.S. from the Ministry of Fuel and Power and, indeed, from the Cabinet altogether. Provided that he offered him another job and - we mentioned one such - he refused it, the P.M. would have a clear answer to any grumbles which this wretched creature might afterwards make. On other individual transfers I gave him my views as H.M. and S.C. and - no doubt - E.B. had already done, and he gave me some of his. He said that his mind was not yet finally made up on some of these matters, but I urged him to get moving quickly. I speak also, once more, of the need to cut down vigorously the Armed Forces. He said, rather indignantly and defensively, that hardly a day had passed during the past few weeks that he had not been pressing this forward. We were in agreement with each other - and with S.C. - regarding H.M. He is not a fit

egotistical

DIARY

man in health, and he cannot handle these planning problems anyhow. He eats out of the hand of his twittering little bird-watcher, and, as C.R.A. said, he reads out briefs in Cabinet without really understanding them.

I speak also of the need, in making new junior appointments, to have a good proportion both of P.P.S's. and of young Trade Unionists, and to get rid of elderly and unpromotable junior Ministers. If he does all he has in mind, there will be quite a long list of present Ministers, both senior and junior, who will be Ministers no more. This, I am sure, will greatly invigorate the country!

[Xerox copy - 1965]

DIARY, 8.9.47.

Dallas I 85 (83)

Chairman's Opening Speech at Joint Meeting
of Governors of the International Monetary Fund
and the International Bank for Reconstruction and
Development

I am very happy to welcome to London the Governors,
Directors and staff of the International Monetary Fund
and the International Bank for Reconstruction and
Development. I trust that your stay in our capital,
which still shows many marks of the damage it suffered
during the war, will be interesting and pleasant, and
that you will also find time to visit some other parts
of our country.

This is the second Annual Meeting of these two
important Institutions. I have many vivid memories
of the first Annual Meeting, held 12 months ago at
Washington, and of the most friendly welcome which we
all received in the United States. Since that meeting
six new members have joined our number - Australia,
Italy, The Lebanon, Syria, Turkey and Venezuela. We
are very glad to see their representatives here to-day,
and we are sure that they will bring each his own
characteristic contribution of strength and wisdom to
our gatherings. Even so, our ranks are still far from
complete, and I hope that, before long, a number of

John

other countries will also decide to take up membership of these two Institutions.

Since the first Annual Meeting, and particularly in the last few months, there has been a very marked and rapid worsening in the economic position and prospects of almost all the countries represented here. This deterioration has been most frankly and clearly set forth in the two admirable Annual Reports, of the Fund and Bank respectively, which we shall be considering during the next few days.

In the words of the Fund Report, "Now, more than a year after the establishment of the Fund, the world is confronted with seriously unbalanced trade, with an urgent problem of financing international payments, and with severe shortages of goods for reconstruction and even for maintaining minimum consumption standards in many countries..... The consumption of food and other goods is being severely restricted and in general held considerably below the pre-war level. In most of Europe and the Far East deficiencies in consumption and housing have already endangered the

/health

health of the people and impaired the efficiency of labor."

"The present position is that certain countries of key importance in the world economy are rapidly running out of exchange resources. The magnitude of the reconstruction task is far greater than was foreseen in 1945 and 1946 when most of the credits were made available. Moreover, the sharp rise in prices has reduced the value of the credits in acquiring imports. Reconstruction is far from complete and there is grave danger that the reconstruction effort of a number of countries will soon receive a serious setback because of the lack of means to continue essential imports. This will not only delay the completion of reconstruction and endanger the progress already made, but will also postpone indefinitely the achievement of a strong and healthy world economy".

"The monetary reserves of the rest of the world are obviously inadequate to meet a sustained balance of payments deficit with the United States of the present magnitude."

/Aguin

Again, in the words of the Bank Report "We now know that the problem is deeper and more difficult than was envisaged at Bretton Woods. The deadening effects of the utter and prolonged disruptions of trade have been more serious than was anticipated in 1944, delays in satisfying the most elemental needs for food and fuel have been greater, and the dislocations of the industrial mechanism, of governmental organizations and patterns, and of human resources, have been of more profound significance. Unforeseen political conflicts have accentuated the economic difficulties. As a result, the requirements of recovery today are not limited to the rebuilding of individual productive facilities. They include rehabilitation and reconstruction of entire national economies."

"There has also been, as a result of unsettled political conditions, an uneconomic diversion of labour to the continued maintenance of large armed forces and to the military production necessary to supply them."

"Confidence in international investment was severely shaken by the depression of the 1930's. It is

/the

the Bank's hope that, by its activities in the fields of reconstruction and development, it can help to restore that confidence."

The situation thus disclosed in these two Annual Reports means that these two Institutions now face a grave new challenge. Events have overrun all our calculations, and these present meetings are being held under the shadow of the international economic emergency which now prevails.

Both the Fund and the Bank have, during the past twelve months, begun operations. Their first transactions are recorded in the Reports. The Fund has already sold exchange, both dollars and sterling, to France, the Netherlands and Mexico. The Bank has already made loans to France, the Netherlands, Denmark and Luxembourg, and has successfully made its first public issue of its own Bonds. The Fund has now fixed par values for the currencies of nearly all its members, and has issued a timely warning against sales of gold at premium prices, a practice which might

/easily

easily undermine exchange stability and transfer gold from Central holdings into private hoards. These beginnings are good, and give grounds for future confidence and for our congratulations to M. Cutt and Mr. McCloy. But I feel sure that you will wish to consider all possible ways by which both the Fund and the Bank may make, within the next few months, an even larger contribution towards solving the urgent problems which confront us all, and towards helping to stave off the economic disasters which threaten so many of our members.

As regards Europe, the first necessity is a great increase in production and in international trade. This, within a framework of co-operation between the Governments, is the key to recovery. Each nation can, and must, go a great way along the road to recovery through its own efforts. But, unaided, most can't go all the way. Such aid can come, in part, from the Fund and the Bank. In this critical interval necessary for recovery, there are grave dangers, in many countries, of economic collapse and social /dissolution.

Diary.

Dalton I 35 (89)

Mon. 8/9/47

S.C. came to see me at 9.45. We had a long talk. I said I thought it was no good talking any more to H.M. He agreed, subject to telling him, before he himself saw C.K.A. I said I would much prefer a resignation on policy than on personal. If it was a good policy point, the Party would rally much better; if it was on personal, they might rally the other way, now C.K.A. I spoke of the Armed Forces, & said I was inclined to force the issue on this score. He said he thought I might very likely get what I wanted on this, but his trouble was that, at present, decisions on policy, particularly on economic questions, ~~didn't~~ weren't effectively carried out. They were whittled away, or refused to implement official lines. There was no drive at the centre. With E.S. in charge, it would be quite different. He would send for individual ministers, & settle things there & then, & everyone would much prefer it so.

He intended, therefore, tomorrow evening, after dinner, to see C.K.A. & tell him that he thought he should give way, in P.M., to E.S. If C.K.A. took this reasonably well, & said the suggestion was so important that he must consult his colleagues, S.C. would be willing to wait, pending such consultations, for a few days. If C.K.A. was "rampant" & brushed it aside, S.C. would say that he must resign. If he resigned - in addition to the usual exchange of letters, in which he would speak in general terms, of the need for a "major reconstruction of the Govt" - he would hold a Press conference, or address a meeting, & say that he thought E.S. should be P.M. This would start a great commotion in the country, in the Press & in the Party. A Party Mtg would probably have to be summoned at once. There was a danger that E.S. wouldn't stand, unless he felt some of his wings. On the other hand, he might be greatly encouraged to stand by a just Press. If H.M. won at the Party Mtg, S.C. doubted whether he would be able to form a Govt. Neither E.S. nor he would serve under H.M. If C.K.A. was maintained in office as P.M. by the Party Mtg, the Govt would stagger on for a few months longer & then collapse. He would tell E.S. & H.M., before he saw C.K.A., what he was going to say to him. He would tell me afterwards, & before any formal resignation, was or had passed.

8/9/47. (continued)

Dutton I 35 (85) (2)

S.C. at least has
courage and clarity.

In the afternoon I drove down to Southampton to meet
Snyder, disembarking from the Queen Elizabeth.
I went to his cabin and found him very effusive but
quite drunk. His staff were much embarrassed. They
were afraid he might say something frightful to the Press,
who, with the picture men, were thronging outside. They
wanted to send them all away. But Snyder ^{thought} he
would like to see them. So he went up ^{to the sub-deck,} ~~to the deck,~~
pulling himself together a bit, and we shook hands
in front of them all, I said only, I hope, a few
harmless platitudes. I had intended to propose to bring
him back in my car. But ~~only~~ - & I agreed! - ~~thought~~ it
best not. So he is dining with me alone tomorrow night.

All this was quite a new view of John Wesley Snyder. But
as he tried to embrace me this afternoon, I thought "What personal
link I've forged so patiently is still holding."
Maude, who was, I think, an ambulant witness, said he had
seen a lot of flesh lying about in the cabin and that "after
all, there isn't much to do on a liner"!

Diary.

Darton I 55 (86) C

9/9/47. Tuesday.

Cab ~~at~~ from 10 to 1.30. Saw ^{colleagues, especially A.B.,} ~~revery~~ talkative. We get through, at long last, S.C.'s export plan, which is due to be exposed to a large gathering of BSE sides of industry next Friday.

He comes to see me after cab. He says his acceptance of his export plan has now made it very difficult to resign, at least before Friday! That might seem to be "letting the side down". He proposes still to go to see C.A. tonight after dinner, but not to threaten ^{immediate} resignation; rather to try to persuade the little man. He says he has had a correspondence with HM, was kind to him, obviously intending to publish, but he understood S.C. was in favour of some sort of a dictatorship in the Party, & was not letting the Parliamentary Party choose the leader freely. S.C. had written back that HM had misunderstood him; that apparently they both agreed that there should be a change in P.M., but that they differed on to who the new P.M. should be, HM thinking it should be himself. ("So he'd have to publish that too," said S.C. HM had written a short reply thinking S.C. for ^{the} ~~the~~ misunderstanding.)

I saw HM, at his own request, at 5 pm. He was much steadier than on Friday, & hopes to get away on leave tomorrow & "not be brought back for any political crisis" for a month.

He says he thinks S.C. has quieted down a bit, & comments on his bad political judgment. He says that perhaps now he's got his export plan & could very well resign on that. I am generally friendly, but ^{deliberate} say little that is definite. It may be a good thing for HM to be away for a month!

S.C. comes in at 10.30, after a long talk with C.A. The latter has been most reasonable, ~~and~~ has taken no offence, & has discussed a wide range of ^{possible} ~~potential~~ appointments. S.C. had begun by saying that he thought ~~that~~ S.C. should be P.M. & then a Minister, & so

9/9/47 (cont)

to the P.O. & C.K.A. to the Treasury. C.K.A. said he had no lead for those financial questions. Eth. didn't want to leak the P.O., the Party wouldn't have him as leader and he & H.M. would never get on in close proximity in the same Cab. After some further talk, C.K.A. said to S.C. "Why don't you take on the job, & become Director of Production?" And he proposed further a small C.P. of Sec. in position - can present main Cab of 5 + C. Addison - to be publicly announced, & to take much detail out of Cab. ~~Other~~ other Cab changes were also discussed, but I don't list these here, as they are obviously still very provisional. S.C. said he had asked for time to think about this new proposal. He said that he had never thought of this particular change. But that he felt rather a dirty dog, vis-a-vis H.M. in effect, he was pinching money from H.M.'s job, & H.M. would think that this had been a deep laid plot from the start. I said that, for the time being, I thought it would be a very great improvement. Other shifts might come later, in the course of a few months, e.g. Eth. might feel quite different after the November Conf. of Foreign Mission. We left it that he would not reply without speaking to me again.

DIARY

THURSDAY, 18.9.47.

Yesterday we wound up the proceedings at the Second Annual Meeting of the Governors of the I.M.F. and I.B. for R. and D. It seems to be generally thought that I conducted the proceedings, from the Chair, with efficiency and despatch. In fact, it was quite an easy passage, most of the business was pretty formal and, as usual, the chief value of this gathering was in talks off-stage. Both the Bank and the Fund have begun operations and it seems likely that these will multiply fast in the next few months. Although neither the Fund nor the Bank can do anything very decisive towards solving the dollar crisis, both can help quite a bit. I have arranged for the U.K. to buy dollars from the Fund up to our annual quota of \$325. million before the end of 1947. We made a first purchase of \$60. million this week and the rest will follow. Gutt was very pleased, I think, that I approached him, both officially and personally, in support of this transaction which Snyder also favoured. The latter, of whom I have seen a good deal during the past week, is undoubtedly friendly and has, I think, been impressed by what he has seen and heard during his visit to London. He is going on to Paris on Saturday. He cannot make any commitment as to the remaining \$400. million of the Loan until he gets back to Washington, but I think he will do his best to enable drawings to be resumed in the near future.

He came down with his wife to Chequers for lunch on Sunday. He and I and the P.M., the only men present, had a useful talk and he made sensible suggestions for our publicity in the U.S. He thought, in particular, that it would be useful if we could put over some information as to future plans for our coal development, including prospects of new sinkings and information on our still untapped coal resources. He said that many Americans thought we were practically out of coal and had only "a few old pits with only a few years' life left in them". He

G. R.

Dalkon I 35 (89)

18947

2.

D I A R Y

also thought the Americans would be interested in the work of our I.C.F.C., with its financial help for smaller firms. He thought that he himself was "sitting on the hot seat", subject to criticism from Congressmen and others for being too friendly to us. He would try to win over key Congressmen on his return.

The French and the Dutch are in a worse jam than we are and, in relation to their U.S. balance, so are the Canadians. I have had several talks with Abbott, Canadian Finance Minister, who admits that they must soon introduce severe restrictions on U.S. imports. Meanwhile he doesn't think they can do better for us than a fifty-fifty arrangement regarding our Canadian purchases. I warned him that, if this was so, we might have to cut down our purchases from Canada, other than wheat. He quite recognised this.

This morning we had a Defence Committee to consider a paper by A.V.A. on the future of the armed forces. For the next financial year he wants £711. million, which I told them was too much. This has been adjourned for further study. As to the run-down of manpower between now and next March, he proposes a further reduction of 70,000, bringing down the total from 1,007,000 to 937,000. We agreed that this should be done, but that we would not agree that this was the limit of the cuts and that further studies should be made as to whether a quicker run-down could not at once be put in hand towards the total of 713,000 proposed for March 31st, 1949. The Chiefs-of-Staff have not been co-operating together, in spite of successive directives from A.V.A. I hear that Monty won't work with the other two. The Navy have been leaking to the press about the proposed cuts on them. The "Sunday Times" had a terrible tale of woe, with highly accurate details, which can only have come from one of the Sea Lords.

I am trying to get away for a fortnight to begin within the next few days. The difficulty

G. R.

Dalton I 85. (90)

18.9.47

3.

D I A R Y

is to find a moment when one can draw a line, and thereafter disengage oneself. We have been threatened with a Cabinet on Palestine, but this is being delayed because Creech Jones, now in the West Indies has been impeded by a hurricane which has been making hey of Palm Beach in Florida. Just possibly, therefore, I shall be able to escape on Friday night.

The reshuffling of the Government is proceeding much too slowly. The P.M. has been receiving lots of good advice, particularly from S.C. and me, but seems to be finding difficulty in acting on it, particularly because so many people are away. But it is high time the thing was pushed through. S.C. has been, in these last few days, in the North making speeches on the Export Drive. The P.M. has asked him to carry on with the co-ordination of our economic efforts at least until the end of the month when H.M. comes back. S.C. and I agreed that this was not good enough but he will not raise the matter forcibly until the P.M. has had an opportunity of surveying the rest of the field. Meanwhile, I find it quite impossible to meet anybody in the political world outside since they will all wish to ask me whether they are to be promoted or dismissed. Very embarrassing!

Diary.

20/9/47.

G. R.

1 wanted D. Jay to be...
in the Hall, moderate...
2 something of G. K...
1 has a reply, attached, for...
2 days later

[This follows a number of other sheets in red ink, now in No 11.
This movement, begun by S.C. with my support, to put E.B. in C.R.K.'s place
has now turned into a movement to put S.C. in H.M.'s place, or
the most important part of it.]

At this morning on Palestine. Decide that Creech Jones shall say
at U.N. that we will, as recommended, give up the Mandate; that
we will implement any plan on which Arabs & Jews agree; but that
we will not use force to impose on either any plan to which the
other objects. Later we must be prepared to name a date, or
write India, for withdrawal.

There was no opposition to this
General line, which was supported by C.R.K., G.B., myself, S.C. & A.B.
3 Service Ministers & Chiefs of Staff were waiting outside but, on my
suggestion, would not be asked in. Phil, I said, was positive & A.R.K. would
speak for the Service Min. Phil walked in by himself about 5 minutes
later. He had probably arrived late. He said the Air Staff wanted
to stay in Palestine, but he thought they were wrong. E.B. said
"Tell that, if they want to stay, they'll have to stay up in 'elicopters."

This, if he sticks to it, is a historic decision. We are drawing in our
horn in to E. Med. But we have been terribly slow in Palestine.
E.B. has no credit out of this. (My chance of resigning, one day, being
S.C. saw me before the Cab. He has kept in contact with me
the Cab. change. C.R.K. told him today that he has written a
very firm & decisive letter to H.M. & hoped to have it all
settled within a week. S.C. didn't feel he could complete this
I said that, before going off for a fortnight's break, I would
negotiate with C.R.K. & I did so after lunch. I strongly urged him
to resist, write H.M., on S.C. becoming Minister of Production, offering
my firm & harmonious cooperation with S.C. on this, repeated that H.M.
could do it. I always feared strength of Shazelle to leak with
M.P. & Cab; if he refuses he'd. S.C. will. If A.B. kept to S.C. by J.W.

Shazelle was a fine fellow in Parliament.

Diary

Dalton 5 35 (92)

2/10/47

I am having a final
- winter broken, week of "rest"
at W.L.

I went up on Monday - after a pleasant, but not
separatively good, breakfast - and with Robinson
in the R. Dean (Stanjard Symonds Yat), but I
prefer new foods to old, & beech & conifer
oak. - I & Defence Ctee. AVA has been
pushing the Chief of Staff hard, & has got them to
move a bit, but Monty would cooperate with the
rest. ~~we~~ we accept total fip - for uniform
manpower - of 937,000 for March 1948, & 713,000 for
March 1949. I said it was disappointing that we
couldn't get down to his last figure which, & I
restated my position on money. Looked for further
enquiries into static forces & civilians.

These conclusions were accepted at a Cab today - I was
up from W.L. in the morning & came down in the evening.
S.H. inclined to growl, but didn't resist. I always
seem to get just enough - here in Palestine - to
make it very difficult for me to threaten to resign!
Knew above now I always want to resign but the company
of my officials. I am a my colleagues, says my wife!

G. R.

Diary

Dalton J 85 (93)

6/10/47.

J.W., ~~was~~ in his talk with me after lunch, - immediately following his interview with C.K.A. this morning - said that, soon after my return from Durham with E.B. at the end of July, ~~he~~ E.B. said to J.W., with every appearance of indignation, that it was "a fine thing" that I had been suggesting to him that he should take C.K.A.'s place as P.M.

And Arthur Hoyle, C.K.A.'s P.P.S., had got the story a day or two later! "It looks" said J.W., "as though E.B. had double-crossed you!"

Calton I 85 (94) ^{some good but}
Diary. Pick out part to type ^{some materials}

Sunday 12/10/47.

It is finished - the Reconstruction of the Govt. It was announced on Wednesday, the 8th. I saw a final version of the list on Tuesday afternoon. I had a final word with the PM on Monday afternoon. He hadn't been able to fit with Hall with the Ministry of Pensions, as I had proposed. So he wanted to leave him in V.S.T. for the present. I told Gaitshell, whom I had asked for as V.S.T. if W.G.H. was promoted, or if he himself didn't - as I had recommended to C.A.T. - get a No 1 Office, was going to Fuel & Power. D.J., my last choice for V.S.T. minister, C.A.T. suggested, because my P.P.S. I said I agreed with this. He had finally moved Sherrill, out of the P. & out of the Cab - this I had insisted repeatedly, satisfactorily with the Ministry, who was much in things at the end, was essential. Having refused the No 1, with much trouble and many blackmailing threats, he had finally accepted it outside the Cab. He didn't, I think, want to lose the Ministerial setting. Towards the end of the Coalition, he had told ~~of~~ someone, who had repeated it to me, that he realized he had been a fool not to take office when Winston offered it to him, even as No 2 to Winston in May, 1940, and that he wanted a salary to save out of. But, having accepted, he came back twice in his indignation to C.A.T., once to protest against Michael Stewart on his No 2 at No 1 & demanding Wigg instead; and once to protest that, though he was

control it. The Cab was still so large, only reduced by one.
 He had understood a number of things were to be excluded
 too. In the Daily Mirror, 1st Dec 4th Dec 1945, was a
 furious attack, obviously his work speaking, on me. I
 had been wrong on the American loan, wrong on convertibility,
 and I had been responsible for last winter's fuel crisis,
 because I had been Chairman of a Cabinet sub-committee
 which never met. (I recall how he resented its
 meetings. 2 hours I helped him with Transport White
 Paper of his meeting equipment, so much so that on the
 latter, latter attacked successfully the Cab with one of
 my decisions in his interest by subject to Finland.) So,
 though Sturzell had been sacrificed, the Mirror went on, I
 remained in office, in spite of all these "massive
 mistakes." It might suit people like me, friends to
Mirren, not to take Sturzell any longer in the Cab, but
 - I forget just what frightful future was in store for his
 reconstructed Govt. F. Williams says Sydney Gillitt was
 probably responsible for this. wondered,
 For the rest, in addition to Greenwood, human, Bellamy,
John Wilton, Hynd & half a dozen elderly British Secretaries
Dept cont, J.W. rang me up on Thursday morning, and said
 "I'm out." I got him to come round. He had just seen C.K.A.
 with H.W. on a visit. C.K.A. had talked very comfortably, &
 had said that there he must make a change at the Ministry of

Supply, & that he was afraid he had nothing else to offer
J.W. "at present." J.W. said he was very surprised. C.K.T.
asked if he would like a piece. J.W. said "No." And
that was all!

This is the one chance which Griener - and myself - see.
To move J.W. from Supply was one thing; to put him out of
the Govt was another. I spoke to C.K.T. afterwards
about it. He said that, at the end, there had been the
possibility. It had lain between J.W. & Arthur Steadman,
& he thought the latter had done better than J.W.

It is clear that Griffith had asked to ~~take~~ J.W. to go - and,
then making it all the more bitter - for Strauss to succeed
him. It had been passed with C.K.T. that J.W. was large,

didn't concentrate, didn't follow things through, -
also that he was unpopular with the party in the House.
I think J.W. should find his future near in some Public
Ground field. He has been long with, and long close to me.
Thank I can help all my P.P.S. with office, I could
ensure they stay there.

Meanwhile George Brown is at Agriculture. I told him that
if he concentrates I had such, he might well be Minister
in the future. Tom Williams would not last for ever,
and ~~there~~ ^{he} had no one else to go to & hand over to
his subject. of new appointments to an Trade
University - Brown, Roberts, Jones, Callaghan, Robertson
& Holman - and 4 not - Gordon-Walker, Younger,
Rear Williams and King. ~~but~~ ^{the} Phil Jess, very helpful,
for Air to Commonwealth, & Bradburn to Scottish Office.

John Freeman goes to Suffolk, so just escaping Shrewsbury (4)
 & then he worked, at least getting away from men in uniform,
 after more than 8 long years.

It is a much better Govt, & a just deal younger in the
 rail, as it should be. It's a bit worse of those younger
 men do well, I would doubt.

HM has taken the change very well. Our main lab
 is now called the Economic Unit, the old 5 + Addition.

I am to take an Autumn Budget, now well advanced
 in its planning. Cripps & I have had some of useful
 talks already.

I have made 2 speeches this week, my Annual
 the Mansion House ^{and the Annual Meeting of the}
 National Trust. ^(Cripps' address) So have I broken a long silence, as
 with comments were beginning to be made. And I can
 come out of Pindar now, & more again message
 Prof.'s, & lunch at the House - now that the
 Govt is reformed.

I am still a bit below my optimum. But
 I hope it will all come back! I hate selling
 Govt. Our reserves are very thin for their work.
 And those sales work the wrong way on the felt
 edged market. I am haunted by the thought

of a people starving, unemployed & in revolt!
 But who can it be? Socialists experiment, & all our
 Dream!

DIARY

SATURDAY, 18.10.47.

Stayed in bed till 5 p.m. - making the most of the week-end! - but am visited by several Treasury pundits. Soon after 6 p.m. leave for Chequers by car for a special conference of the Big Five.

Chequers is a very cold and uncomfortable house in winter and the present occupants do not make the most of it in any respect. We leave over shop till to-morrow.

SUNDAY, 19.10.47.

Talk shop from 10 a.m. till lunch and with one short break, during which we walked up and down on the grass terrace outside, from lunch till tea, and after tea (very cold in the covered in courtyard!) from tea till 6 p.m., when E.B. and, soon after, S.C. and his wife leave. I stayed to dine and go off with H.M. and his wife after. The wives were asked but neither R. who has Madame Halevy staying with us, nor Mrs. B. who is ill in bed, could come.

This was a very useful week-end and all were both good humoured and sensible. I put over all the main points in my Autumn Budget and succeed in ~~convincing~~ *drawing* or otherwise disposing of various bright ideas from colleagues which, from an administrative point of view, were quite out of the question. It is odd how little sense of administrative possibility some even of my ablest colleagues seem to have.

As to food subsidies, which are not, of course, part of the Finance Bill though they may properly be referred to in the Budget Speech, it is clear that it would be very rash to try now for anything more than a little quiet chiselling and to holding the total for this financial year at, or a little below, my Budget estimate. S.C. who at first

DIARY

had been all out to abolish subsidies altogether - which I had told him was quite impossible - is now reconciled to the above attitude by finding that the G.C., in an interview he had with them last week, thought they would be quite unable to prevent their workers from asking for wage increases even if the new price index went up by only a few pounds. Nor could we hope to avoid troublesome amending legislation, to increase all the social security money benefits, and war pensions and, perhaps, other payments too, if we put prices up quickly and conspicuously. Nor could we hope, without a great political storm, to get far with an admittedly large subsidy reduction.

On the capital investment programme which is to be cut by £200. million everything has now been cleared except the housing programme. (On this at next morning's Cabinet, after long eloquent speeches by A.B., agreement was reached. A cut, less drastic and rigid than at first proposed will be accepted, based, in effect, on the quantity of timber available. Houses which have got all the timber in them but otherwise are not yet completed will be able to go on alright.)

On dollar imports, the chief difficulty is, as always, over food. We stopped buying all further U.S. tobacco last Friday until further notice. This removes one of J.S.'s. arguments against any food cuts. None of us are satisfied that the Ministry of Food does enough to buy food from non-dollar sources. We think they are served by men whose private interest and long established habits lead them to dollar-land. E.B. is always very difficult about food cuts and C.R.A. very nervous about them. Nor was H.M. very helpful in the summer. But to-day we get them all pretty well in line and decide on a united front at tomorrow's Cab.

We discuss also the financial consequences of the Royal Marriage. I tell the others that I am not at all satisfied at the proposals being made on the official plain by Alexander to Bridges. I think that anything like this would lead to a row in the House

DIARY 19.10.47

and in the country. I am delighted to find that all my four colleagues are strongly in agreement. It is, therefore, left that the P.M. and I shall see Lascelles and speak to him very frankly on the subject and on the possible adverse effects on the whole status and repute of Royalty in this country, as well as on the possible influences in the Dominions and the U.S.A. This will, I dare say, be rather tricky, but I hope we shall succeed in standing firm.

We also talked about dollars for Germany. I am strongly against letting them have any more, though the U.S. Authorities - particularly General Clay - are alleging that we are committed to this. I have taken the line that we cannot deal with this question in a separate compartment and that we must make the U.S. face up to our dollar shortage as a whole. This means that we should take together four points :

- (a) our immediate need to cut dollar imports,
- (b) the claim on us to find dollars to feed Germans when we have already had to stop spending dollars either to feed ourselves - apart from running long term contracts - or to buy smokes in the U.S.A.
- (c) the question of the remaining \$400. million of the Loan, and
- (d) our share under the Marshall Plan.

I am delighted to find E.B. now proposing that we should instruct Inverchapel to take all these four together to Marshall. As to Germany, I am quite sure that Marshall would be horrified at the prospect of our pulling out. E.B. is inclined to play this argument the other way and to say that if we refuse any more dollars, the Americans will expect us either to finance our own Zone, which we all agree is impossible, or else to clear out of Germany altogether. And this, he says with an air of indignant emotion, would reduce us to the level of a third rate power and open all the continent to the Communists and give us a far more serious defence problem than we have ever had before.

D I A R Y

I am inclined to regard all this as quite baseless. I feel sure that the Americans would be horrified if they thought that we were leaving and that, in the last resort, we can get them to pay for feeding the Germans - still a very dangerous and too numerous mass, as only a few years of freedom from our controls might prove - particularly if, as I persistently repeat, we undertake to keep not less of a garrison there than now and not only to pay for this but also some part of the sterling costs for a bit longer.

Though this trip to Chequers has been slightly uncomfortable and socially uninteresting, it has been quite good as a shop talk and I am afraid I must admit that it would do good to repeat it at reasonable intervals!

MONDAY, 20.10.47.

A long Cab which, on the whole, goes well. We decide on the form of the Bill to amend the Parliament Act. This intention has been shamefully leaked to the press and A.B. has made a most tiresome speech at Hull proclaiming it as our intention. C.R.A. reports that there was no trouble at all at B.P. over this. He had said that he thought it was quite reasonable to make the further reduction in the ~~Peers and the Lords~~ after thirty-six years, and the King had seemed to think that this was quite an ordinary and reasonable thing to do. Whether others will dissuade him later remains to be seen!

|| We get through the Investment programme and also, after a long wrangle of J.S. against most of the rest of us, the guts of the import programme. J.S. has now been warned by C.R.A., following suggestions from H.M. and myself, that he is not entitled always to stay at all items of the Cabinet, - as he had got into the habit of doing for some months - but only to come when food was involved. This is a bit of a setback for him. This morning he argued at great length and with much exaggeration against any reductions of dollar imports at all. In the end he irritated everyone, including C.R.A., E.B.,

*Peers
House of
Lords*

D I A R Y

and S.C., as well as myself. Several Ministers, who do not talk much as a rule, weighed in most sensibly, including Chuter Ede who said that people were definitely expecting disagreeable news and that we had far better give it to them now than later, so that they might have some hope of later improvements.

Go down to the House this afternoon for the Prorogation Ceremony. As I look across at the Tory Front Bench my confidence greatly revives! And, indeed, I feel a good deal happier after yesterday and this morning than for some time. As usual, I had been thinking that, if I could not get a good deal of my own way, I should have to resign but, as usual, this possibility has faded out again for the moment. And this is because I have, in fact, got a good deal of my own way. But it is very late in our day of destiny and there are still tremendous mountain ranges to be crossed full of perilous places and covered with thick clouds before we can say that this country, or this Government, or this Party of ours, is safe even for a little while.

G. R.

Diary

Dalton I 35 (103)

11

20/10/67. Monday.

At Cab this morning we put through the Dollar
Import Programme - including food cuts, with only
minor variations from what was agreed at Chequers.

Strachey was very obstinate & obstructive, & put
everyone (except his ally A.B.) against him.

He is no longer a habitual attendee.

22/10/47. Wed.

Dalton I 35 (104)

Wrote Chk met Lascelles & Alexander at 10
to discuss the question of a new Civil List Bill
and more money for Princess Elizabeth and
Prince Philip. We - mostly I - explained
the dangers & difficulties of a skin, & further
discussion now. It would raise doubts, &
many awkward questions, & would impair the
popularity of the Royal Family. Lascelles was
very sensible, & saw it all, adding the American
difficulty. Alexander stuck to his financial firm
& bit more. Finally Chk & I advised postponement

G. R.

Diary

Dalton I 35 (105)

(2)

of any new demand for the present, - 2 a public statement to this effect. I said it might, perhaps, mean a ^{involvement of \$500} delay of two years; if he were out of the wood then, it would all ~~seem~~ look very different. Especially, Sant Lascelles, if there was a baby by then.

Alexander admitted that he had a nest egg from sculptures on Civil List duty was paid, - due to small amount of ceremonial & entertaining - but had been hoping to use this to offset increased prices, wages, etc.

They both said that no one in the Household staff had had any role in Selkirk since before the war. Alexander tried to get me to say that, apart from timing, I thought amounts proposed reasonable. I tried to evade this. I want to see the King & explain on Monday.

I mentioned Lawson M.P.'s letter to Lord Wm. I added that nothing had yet come before the Cabinet. The talk went much better than I had expected.

23/10/47.

Cat. Strachey now brings up, for the first time, a detailed tale about potatoes, & wants to reopen all the decisions of Monday. A.B. - strongly primed beforehand - repeatedly comes to his support. That is fine!

Ciff's speech is to be delivered this afternoon. He must make his announcements. (He does very well, though a bit too much preparation.)

Strachey says - most improperly (I'm sure) - that he pulled him up, - that Liesching had explained to him how all the H.P. VPs in Northall held that the workers would only work harder if you starved them a bit, and that it was on

this evening that we were deciding food cuts. ^{the President against this.} I said that if he didn't make these cuts now, he should be the starving slave of the U.S. before long.

Eachia last morning a neat demonstration of Pundits, including Plevin, as well as my regulars, pressed on me the need to reduce food subsidies to at most £300m. They were very earnest about it. L

G. R.

23.10.47

Diary

Dalton I 35 (4)

(107)

did, in fact, argue that, only by raising the price of food,
 - while making clear that "this must not be used
 as an argument in favour of higher wages" - could
 workers be made to realize the seriousness of
 the situation. Also that, essential to our credit, national & international
 incorporating doubts, & questions here & there,
 & then, having to go to Cab. presents to tell
 my colleagues of their representations.
 (At the week-end I made a short note
 on alternative cuts & expenditure.)

This evening I put the finishing touches to
 my speech for tomorrow on Dollars, &
 where they want!
 (and the pink!)

24/10/47. Friday.

Deliver the speeches - with masses of
 figures & a little chit-chat. It was
 a crashing bore to make. It had 67
 minutes. I think it has cleared a good part of
 the field, though there will be a few consequentialists. ^{had}
 a spear it behind me! ^{TO W.L.}