

**Papers of Hugh Dalton:**  
**Original Manuscript Diary**

**Volume 33:**  
**July - December 1945**  
**(Folder of Loose Typescripts)**

**Reduction Ratio:**

**12 x**

D I A R Y.

25.7.45.

After a lazy fortnight at W.L. I go to B.A. for the count to-morrow. D. Hardman is staying with the Kalksteins.

Hopes have been rising since the Poll, but I have not been able to persuade myself that we can have won much more than 280 seats; probably, therefore, either a small Tory majority or a deadlock.

26.7.45.

The count is uneventful, but I am rather disappointed at my own result :

H.D.	..	..	..	..	20,100
Tily	..	..	..	..	<u>11,240</u>
Labour majority	..				<u>8,860</u>

*pre-1*

The majority is only up by 800, though the total vote is down a bit. I told them it would be a moral defeat if we did not get a majority of 10,000. On this result, I said, before I knew the others, that we clearly had not got a Labour majority in the country as a whole. Reasons are, in part, our own election inactivity, though this was true of the enemy too, and our relatively primitive organisation. There was not so much swing to the Left in S.W. Durham as in elsewhere. I think I lost some votes over clothing coupons, and also over my supposed partiality for the Jews on the Trading Estate. Both these were whispering points. One woman was heard to say, as she left our meeting "No, I shan't vote for him. He wouldn't let me have more coupons for the children." And another said "I don't believe his excuse that he couldn't get enough paper to print more coupons, look at all the paper they have given the newspapers."

But, while we were awaiting our result,

the news came through that we had won Stockton. After very decorous speeches by me and Tily and a public handshake on the balcony, I sit down to hear the results as they come through by telephone from Middlesborough to the representatives of the Gazette who are in a room in the Town Hall. Labour gains begin to pour through and the defeat of Bracken, coming early, gives me a tremendous thrill. By 1 p.m. it is established that we shall have a clear majority over all parties, and as the day goes, on the size of the majority grows. I go to two workers' meetings in B.A. and Sildon and then travel by night train with D.H., who has had a great win at Darlington. Not much sleep! We have made a clean sweep in Durham, our narrowest win being at the Hartlepoons where D.T. Jones has a majority of 275.

*That lifted hope  
high at once.*

*Final Results:*

*T. and W. U.*

27.7.45.

To the Lansdowne Club, arriving at 6 a.m. Then to 14, Stanhope Gate. I can't trace C.R.A. Transport House don't know where he is. So I get on to E.B., who is back at his office at Transport House. I see him at noon. He attacks H.M., who is still hankering for a challenge for the Leadership. He wrote a formal letter to C.R. A. a few days ago, giving him notice that he would be a candidate for the Leadership, and he and some of his supporters have been saying that C.R.A. should have refused the King's Commission for 48 hours until the new P.L.P. had met and decided who was to be Leader. Laski and E.W. have been especially active over this. Deakin was incited by Laski to come to E.B. and ask him to be the Leader with H.M. as his Deputy. Cripps had also been pressing for H.M. E.B. had said to Deakin "How dare you come and talk to me like this." He had also said to several people "You should read history" and had referred to Campbell Bannerman and his gift of holding a team of clever men together. We don't want any more personal leadership and he

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will throw all his weight against any change now. I say that so will I, though, if we had lost the election, I should have regarded the Leadership as being quite open. But no great display of indecision could have been given than for C.R.A. to have acted as these people think he should. E.B. said to me "Have you seen Clem?" I said "No, not yet." E.B. told me where he was to be found, *in St James St* and I ring up and fix an appointment from E.B.'s office. E.B. asked me quite contentedly "Do you know what he wants you to do?" I said "No." E.B. said "He had better tell you himself."

I saw C.R.A. just before lunch and asked him where he wanted me *to go*. He said "almost certainly *at* the F.O." He said that we should have to start to-morrow morning for Potsdam, and advised me to get my bag packed. I need not take evening dress, *he said,* but it was hot and I had better take a thin suit. He said they made one very comfortable at Potsdam. I ask him when this would be definite. He said "after this afternoon's meeting. I will ring you up as soon as I can."

I lunch with J.W. and we are agreed that he ought to have Supply plus M.A.P. *(But with some difficulty)*

We have a meeting at 3 p.m. at Transport House of the old Administrative Committee and the Labour Ex-Ministers above the line. It all passed off smoothly and H.M. made no challenge on the Leadership, nor was there any mention of who would hold what office. C.R.A. rang me up at 4 o'clock. I went to see him at Great George Street. He was alone with Whiteley. He said "I have been reconsidering it. I think it had better be the Exchequer." I asked who he proposed to send to the F.O. He said "E.B." I said I was much less confident that I could do a good job at the Treasury than at the F.O. He replied "Of course you will, and we will all help you". He said that one reason for the re-arrangement was that H.M. and E.B. must be kept apart. One on the home front and one abroad. If they were both on the home front they

would quarrel all the time. So I accepted the Exchequer. Then I put the case for J.W. being a No. 1 Minister. C.R.A. said he was doubtful about this. He had heard that he "didn't concentrate". I said that this was not my experience, and praised him highly. Later on I wrote a letter in which again I pressed J.W.'s claims, suggesting, among the various offices which he might hold, Ministry of Supply, M.A.P., Town and Country Planning or Post Office. I said that if, though I should be very much disappointed, he was not made a No. 1 Minister, I would certainly want him as F.S.T. Otherwise I said I wanted Willie Hall. (J.W. had suggested him to me the day before.) That evening Robin Brook dined with me, and afterwards Bellenger, Blackburn and Campbell came along. The first six Cabinet appointments had been given to the Press, but were not to be announced till next morning.

28.7.45.

To the Palace to kiss hands and receive our Seals. C.R.A., H.M. officiating as Lord President for the first time, E.B., A.G. as Lord Privy Seal, myself, Jowitt as Lord Chancellor and Cripps as P.B.T. E.B. came in last, and when congratulated by someone on the F.O. he said, looking at me, "I wanted the job he's got." I said "Well, I wanted yours so we're all square." E.B. had obviously begun to think about his next Budget and said he hoped I wouldn't decide about the income tax until we had had a talk together when he got back from Potsdam. I said I should not decide in a hurry. Jowitt ~~was~~ said he hoped he would be in the Cabinet. Lord Chancellors had always been in the Cabinet, apart from small War Cabinets, except when W.C., who hated Simon bitterly, had left him out of his Caretaker Cabinet.

The King hadn't much to say, but seemed quite resigned. (I hear that later, when he met Truman at Portsmouth, the latter said "You've had a revolution". The King said "Oh no! we don't have those here." I hear from J.W. and others that when, a few days later,

*with  
Scratchy!*

*at 12  
2 minutes.  
(that evening)*

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they were sworn in and took the oath, the King said, looking at J.W., Aneurin Bevan etc., "Well the Prime Minister has had a very difficult time, I'm sure. What I say is 'Thank God for the Civil Service'". )

Then from the Palace to the Beaver Hall, — How apt a meeting place! — near the Mansion House. A magnificent scene. Hundreds of new members. My eyes are full of tears. — Our dreams have all come true at last. And great numbers of young men in whom I have taken an interest for years have all come thronging in together. E.B. moves, and A.G. seconds, a vote of confidence, and thanks to, C.R.A. Great applause and enthusiasm and greetings everywhere. M.G., and E.D. to lunch with me. The former is not yet fit; otherwise Cripps would have taken him as Parliamentary Secretary. I ask E.D. to be my P.P.S. Then to the Treasury and take some papers to the country, spending the week-end with the Piercys.

29.7.45.

Talk to P. about Bank Chairmen etc. *I see**Parkerham, I have written on his behalf (see his book)*

30.7.45.

I entertain a party of Young ~~Members~~ at St. Ermins. I had fixed this before I knew I was to be Chancellor. A very good party. Discussion as to whether new Members should be Ministers. I rather argue against, saying that there were so many of them that it would be better for us to see which did best in Parliament.

*One party was - J.W., H.G., E.D., C.P.M.*  
*Guests: George Brown, Fullin, Blackburn, Chetwynd, Wardner, Wyatt,*  
*Young, Wells & one other who I don't recall*  
 31.7.45. (Harrison & Crawley could not come).

N.E. All very pleased! Nearly all, including all the women, are now M.P's. A

preliminary meeting of the newly appointed Ministers on the King's Speech. I press for, and obtain without difficulty, a place for my banking legislation in the first session - Bank of England, a hybrid Bill and a second Bill on other points.

*(Contract of Investment  
L. G. Kingsley)*

1.8.45.

International Sub-Committee of N.E. I tell them I can't carry on in the Chair now. Laski takes it pro tem until we see who else are Ministers.

To-day the new Parliament assembles. What a sight! Song and counter song. The Tories sing for W.C. "For he's a jolly good fellow", and we reply with the "Red Flag". But we are not yet a Parliament, the Speaker not being elected. I also speak to-day to H.M. on behalf of J.W. He is a little doubtful. He recommends Strauss to me for F.S.T. I say I don't like him and I don't trust him. He's always intriguing against me. I say that, if J.W. is not available I want Willie Hall.

2.8.45.

C.R.A. back from Potsdam. We greet him on his return to No. 10. Cabinet meeting later. I speak to him again about J.W. He says he has decided to make him a No. 1 Minister. He is to have Supply plus M.A.P., - exactly what he and I had thought would suit him best. A string of eager people calling at No. 10 all day.

I have a great fight with Pethick for Willie Hall, who had first been asked for by him to be Under Secretary for India. I win the fight, C.R.A. backing me, and P. is consoled with Arthur Henderson.

*having refused Woodrow Wyatt*

3.8.45.

We have a second go <sup>at</sup> the King's Speech .

G. R.

Dalton J 33 (6)

7.

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*outside morning appointment  
Cireh*

In the evening I go by car to W.L. I have arranged at the Treasury for Keynes and Hoppy to continue as my advisers. I shall have both. K. said he would like to go on and ~~would like~~ to take more part in home problems. I sense that the ~~comments~~ *Comments* in Anderson's time rather ~~squashed~~ *Squashed* him out of the domestic questions, thus giving him a more limited field than under Kingsley Wood.

17.8.45.

For a fortnight I have kept no Diary notes. I am now moderately well settled in at the Treasury and am sleeping at No. 11 Downing Street. I have a bedroom on the second floor and shall have an office, as K.W. had, on the ground floor. H.M. will have the first floor for an office and a bedroom as well. All this is very convenient, particularly the inter-communication between Nos. 10, 11 and 12.

*F.T.*

Our King's Speech was pretty good, and the start of proceedings in the new House has been very satisfactory. Freeman and ~~Willis~~ *Willis* made two most admirable opening maiden speeches on the Address, and yesterday we had our first division in the new Parliament on a Motion to take Private Members' time. Our majority was 329 to 142. A glorious new sensation!

X

*The name of House said real life  
a receipt 500*

We have had a number of Cabinets and no doubt I shall shake down gradually. Meanwhile there is great volubility by ~~many~~ *many* ~~some~~ *some*.

*for Dublin talk (John Hume) 2 5 cent to 20 are min.*

By an incredible coincidence the Jap surrender exactly coincides with the eve of the opening of Parliament. These events are too tremendous to be clearly apprehended by us who are a bit tired and preoccupied.

I am conscious of having some mountainous problems in front of me, especially with "overseas financial liabilities"; Lend-Lease may be stopping any time now and the resulting gap will be terrific.



I have already had preliminary talks on Heads of the Bill (i) to Nationalise the Bank of England and (ii) to Control investment and continue certain other controls. To-day I have had a most successful talk with Catto who is taking everything very well and said that he would like to go on as Governor under the new regime. He is a splendid little Asset.

Work in these last few days has been much interrupted by Victory Celebrations. I have been receiving good advice, in addition to pep pills, from Horder. I have sometimes felt pretty tired, but seem ~~as~~ <sup>to</sup> well to have a good deal of resilience.

Less than I stop very abruptly!

I intervened, successfully, with C.K.A. to get Ivor Thomas into the Govt.

The latter came to see me, very damped, when his name list was out, & he not in it. He had raved C.K.A. now had said "You're no judgment."

C.K.A. said to me "no one has asked him." I said he was a bit unpopular.

but <sup>young</sup> very clever - "much cleverer than you or me," I said. I suggested C.V.?

He got it, with the speaking part in his House. My first speech as Chancellor on 21/8. 10 days at W.L. with Betty. <sup>10 days at W.L. with Betty.</sup>

D I A R Y.

FRIDAY, 5.10.45.

I have not been able to do any Diary for some weeks. The days and nights fill up inexorably. We are now at the end of the Parliamentary Recess and, next week, our new and lively House of Commons comes to corporate life again.

When one takes on a new job, it is hardest at first when one is unaccustomed to the material and the persons. Gradually the job gets easier even though the work itself may grow heavier. And so I have found it here. I have now got my Autumn Budget practically settled. My Bank of England Bill is finished and due to be printed next week. My No. 2 Bill is not so far advanced, but will not be very long now. The talks in Washington have been going very slowly, but at a meeting this afternoon, with four or five principal colleagues, the lines of a telegram to Keynes were agreed. I have made a number of speeches, at the Mansion House, in Trafalgar Square, in Sheffield and in Glasgow, in support of the National Savings Campaign and have harangued the leading money-lenders of the city at the Lord Mayor's annual beano at the Mansion House. Nor do I often get to bed before 1 or 1.30 in the morning, having much "home work" to deal with when returning home from evening meals.

None the less, as a result of appropriate pills and occasional injections administered under the Horder regime by Dr. Urwick, I am feeling very fit and strong. - much more so than a few weeks ago. Though sometimes I find myself sagging a bit in the late afternoon after sitting and listening to too much quack-quack by colleagues or advisers. This medical regime is to continue at any rate until I am passed my peak load of parliamentary proceedings.

We are a good Government. Nearly all the Ministers are doing well. We have had some very tiresome situations to handle, but have not so far failed. Demobilisation has been difficult, and

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*for bringing the Home*

the Service Departments, in the early stages, slow and obstructive. Now, however, George Isaacs' latest statement, involving one and a half million men and women out of the Forces by the end of the year, with a big speed-up of transport, has been well put over and well received. Earlier the Ministry of Labour's publicity was very poor.

Francis Williams and Douglas Jay have joined the P.M.'s. entourage (how very different from his predecessor's). F.W. is to be his P.R.O. and to co-ordinate the activities of P.R.O.'s. in other Departments. D.J. is to be his P.A. on economic questions. The P.M. is standing up to the inevitably heavy pressures very well and so is E.B. who has had the hell of a time with the Council of Foreign Ministers. In the midst of this an official Dinner Party was given at Lancaster House and I asked E.B., coming in, how things were going on. He replied "Like the strike leader said 'Thank God there is no danger of a settlement'", and when the business was all over, he said, with a broad grin "Well, as Byrnes said to me, the dispute has been quite harmonious". Molotov was evidently bound, in the last stages, by rigid instructions from Moscow. He had to insist that only Three Great Powers, and not the Chinese and the French, should fix the Peace Treaties. He had evidently had his head washed from the Kremlin for agreeing to discuss any of these matters with France and China present. Therefore he wished to go back on what had been done and to amend and falsify the proceedings. On this the other four naturally lined up against him. It was a poor point to break on from his point of view.

Before the end was reached there had been a long dispute about the disposal of the Italian colonies. Molotov had claimed Tripolitania and had insisted that there should be individual, rather than collective, trusteeship in all these Colonies. Byrnes had argued strongly for the collective solution and E.B., having brought the matter to

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the Cabinet, had supported him. Many others, including Smuts in particular, were horrified at the idea of having the Russians in Africa, since it was thought that they would "stir up the tribes" everywhere. E.B. is convinced that what the Russians really wanted was Uranium. Molotov had said to him "Churchill and Eden used to be friends of the Soviet Union, but you and Attlee are old-fashioned British Imperialists". He had gone on to say that Russia wanted a Colony somewhere in Africa, that they considered they had earned the right to one of the Italian Colonies, since ten Italian Divisions had fought against them and since they had had great success in civilizing backward nations within the U.S.S.R. "But" M went on "if you won't give us one of the Italian Colonies, we should be quite content to have the Belgian Congo". This, of course, is where all the radio active stuff is mined. The Russians, no doubt, with their terrible inclination to suspicion believe that Britain and America have cornered the Atom Bomb and are preparing to use it against the U.S.S.R. At the Lancaster House Dinner Molotov, when making a short speech in reply to the toast of his health, said "Of course we all have to pay great attention to what Mr. Byrness says, because the United States are the only people who are making the Atom Bomb". Great efforts were made to mollify M. during his visit and I hear that he was entertained one evening at Chequers by C.R.A., with E.B. and Clark Kerr present. C.K. said afterwards that this was the first time he had ever seen M. laugh with his belly and not only with his mouth. Some think that now he will be pushed out when he goes back to Moscow.

Relations with Russia are, therefore, not at all satisfactory and this is a very grave thought for all who care for the future of the world, but just how to improve them is not easy to determine, so long as the Russians refuse to mix freely with the men of the West. On the other hand, our relations with the U.S. are none too good. I have

*no atomic  
for the*

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the sensation that the Democratic Party in the U.S.A. is reverting to what it used to be before Roosevelt's time, with a strong Irish-American flavour, and not much sympathetic understanding towards us. The abrupt stoppage of Lend/Lease followed by these long drawn out negotiations in Washington, in which Halifax and Keynes go on explaining, but meet nothing but a row of poker faces across the table, are not encouraging.

(view) — At W.L. last week-end I spent much time re-reading the lives of two of my illustrious predecessors, Harcourt and Lord R. Churchill. The former is one of the best of its kind. I find W.V.H. very attractive, combative but not vain, often rude, but never jealous; hating rich Right-Wingers, friendly to the young. He was a radical, with a very doubtful at one time on Home Rule. His Budget in 1894 was a great milestone in British Public Finance. There are amusing stories here of his relations with Private Secretaries and other officials at the Treasury. It is interesting to notice that it was a Liberal Cabinet and not the Liberal Party which decided that, on Gladstone's retirement, Rosebery and not Harcourt should be his successor. Had it been the Party, Harcourt would certainly have been chosen. Morley, with whom his relations were very in and out, turned the scale against him. But, though no doubt the majority view in the Cabinet was conveyed to the Queen, she did not ask Mr. Gladstone's advice as to his successor.

Best of the Forestry Commission, whom I last saw when with Roy Robinson at Winchester, came to see me and advise about planting at W.L. It will be best to plough my western strip this winter, but not to plant anything till the Autumn of next year.

The air is a great time-saver. I flew both to and from Sheffield and Glasgow. In the latter case we were in the air two hours each way instead of twelve hours in the train.

D I A R Y.WEDNESDAY, 17.10.45.

Following the breakdown of the Foreign Ministers Conference, E.B. told me this. There had been a big reception at the Soviet Embassy, to which I and many others had gone and also E.B. who, however, arrived very late, just as I was leaving. I had a few words with Molotov in the inner room into which the Select had been shepherded. He had, I think, been told that I was a comparatively friendly native, for he was effusive and cheerful. He said to me in English "I cry, I cry, I cry. Am I not learning English very well?" I said I had heard of the great success of the evening at Chequers and of how we all thought that more Russians should come to this country. He asked "Do you want a football team or some ballet girls?" I said "Both". There was nothing more serious than this in our conversation. What E.B. told me later was that, just as he himself was going - and this would have been perhaps three-quarters of an hour after I had left - he was in the outer Hall with Molotov, Gousev and Madame G. Molotov was "drinking all his toasts as usual" and, E.B. thought, had by now drunk rather much, even for him. M. then said "Here's to the *Atom* *Bank!*" And then he added "We've got it". Gousev, at this point, put his hand on M's. shoulder and hurried him away.

A few of us have discussed all the larger implications of this and are inclined to think that the least risk would be to tell the Russians all we know, and have a new Three Power Meeting solely for this. Only so, we think, is there any hope at all of breaking down their growing suspicion. And certainly they know a lot already and have good scientists. Meanwhile, President Truman is said to be terrified lest the decisions on all this should get into the hands of the Senate Foreign Affairs Committee. E

Meanwhile, Raymond Blackburn, Michael Foot

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and others are getting much worked up about it, and the former wanted to raise it on the Adjournment, but has, with great effort, been dissuaded from doing this. He has been talking to an Australian scientist (Professor Olliphant) who has, I think, been telling him a lot of things which are not true, but which are designed to show that we ~~sold out~~ being the view everything completely to the U.S.A. (this view of Churchill at the Quebec Conference), that J.A. is a disaster, and that the U.S. are within only a year or two of other large peace-time applications on railways etc.

*fault/*

*He was (R.B. was in the night when I was at the time - see later.)*

Evatt has been here for some weeks, but has now, thank God, flown off to Washington. He grumbles and grouses about everything, and, having nothing to do here, is always trying to occupy Ministers' time. When told anything he complains that he was not told before, and is always suspicious of being left out or ~~sorted~~ sorted down the river. I find him very impatient and irritable over the double taxation discussions which have, indeed, been going on for some time and which I would like to bring to a head, but he seems to think that he has only to plank down a piece of paper in front of me and I have got to take it. I propose to get into direct communication with Chifley about this.

A lot of excitement about Old Age Pensions in the Parliamentary Party and a series of meetings to discuss this. J.G., who is standing up to pressure much better than I expected, and has made a real study of the whole subject, doesn't want to do anything now either by Bill or by Order before he introduces the Big Bill dealing with all Social Insurance early next year. The situation has been worsened by a Motion having been put on the Order Paper signed by Silverman and more than a hundred of our M.P.'s. demanding increases of pensions now. The Cabinet decided yesterday that we should stand firm and resist all pressure to vary the programme. This morning, after the long discussion in the Party Meeting, in the course of which Griffiths made a good

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statement and H.M., winding up, lectured the Party rather severely, it is decided to adjourn the matter.

Lee Last Saturday, the 13th, I went to Chequers, of which I am now a Trustee, for a Trustees Meeting. ~~Lee~~ was there looking surprisingly young for 76 which is said to be his age. The place is rather overwhelming and too full of precious things and relics of Cromwell and others. I think I should find it oppressive to live there long. But there are lovely beech woods round about, through which C.R.A. and I go for a walk after lunch. He is in pretty good form. I think they have invested the Trust Funds rather badly, having practically all in  $3\frac{1}{2}$  per cent Conversion Loan, so that if, in 1961, the rate of interest is  $2\frac{1}{2}$  per cent, as it well may be, the Trust will suddenly lose nearly one-third of its income. It would be better to lose a little now and spread things out, putting some, e.g., into British Municipals. But J.A., I understand, advised against this. I suggest that they should consult the Public Trustee.

Yesterday, I got £2,000,000,000. from the House of Commons for my final Vote of Credit, without a vote and after only about an hour's discussion. This is the largest sum ever claimed at one time from the House. I have taken all the decisions on my next week's Budget and have nearly finished preparing it. There has been a surprising amount of resistance among the officials to my Scale "K", (Wilson & Siskin) but I have stuck to it.

26  
21 out  
money  
The coming week-end I am spending with Roy Robinson, Jowitt and Tom Williams in the State Forests of East Anglia. R.R. is obviously working on T.W., the Minister to whom he is now responsible. I will allow myself some extravagance, as Chancellor, in finding provision for more State Forests. Here is real practical Socialism!



D I A R Y.THURSDAY, 1.11.45.

I have had the heaviest - and, I think, the most satisfying - fortnight of my political life. Last week-end I was preparing ~~for~~ my Speech on the Bank Bill. The week-end before I was in the State Forests with Jowitt, Tom Williams and Roy Robinson, having just finished preparing my first Budget Speech. This coming week-end I shall go to W.L. feeling quite strange in not having to prepare another important oration - just yet.

I could not feel at all sure before hand how my Budget Speech would go over. In fact, I was astonished by its tremendous success. People say that it was very well delivered and that it was unusually "lucid" and "persuasive". It gave very great pleasure to our Party - particularly the clearance of two million people from income tax altogether and the raising of the surtax. This last got the loudest cheer of all. How right I was to go against the advice of all these foolish unpolitical officials!

The Budget was also very well liked in industrial and financial circles, my reliefs on income-tax and E.P.T. being much larger than they had expected. The Stock Exchange boomed - and went on booming for days - chiefly on the E.P.T. cut and my announcement of lower short-term money rates and an intention to take something off middle-term and long-term rates before long.

Megan Lloyd George, I am told, said of my Budget speech "The best since my Father's". And a number of older Labour Members said "Better than Snowden's." The Press was remarkably friendly throughout. This is all enormously encouraging and a little surprising. The performance lasted ninety-five minutes and I was much fortified by some rum with milk in it which, following the ancient tradition of Chancellors on Budget Day, I sip two or three times. Undoubtedly, it put the Troops into good heart and, I was very conscious, put my personal stock up sharply in all

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sections of the political market. I had my speech prepared word for word, on fifty-two typewritten pages, and made hardly any variations, save here and there throwing in a few words but, on the other hand, giving, I understand, no impression of reading or being tied to my manuscript.

My speech on the Bank Bill was of a different kind. It took only thirty minutes, and "The Daily Telegraph" complimented me on having moved the Second Reading of so important a Bill in so brief a speech. This also I prepared word for word, but likewise showed, I think, freedom from my manuscript. This was a more truculent speech, designed to cheer up the Troops and - what is much the same thing - to ~~back~~ <sup>poke</sup> up the Tories. I began by waving a copy of "Let us Face the Future" at them and made a number of Party points and jokes, in addition to developing, I hope, a reasoned argument for the Bill. We had to move the closure on them at the end of the day and had two divisions in which our majority was close on two hundred. The troops were very bucked. John Freeman said to me a few days later that what had given most satisfaction at a meeting in his constituency was when he had told them that the Tories were fighting furiously against our Bill. This caused great cheers. "This agreed stuff is no good" he said, from the point of view of encouraging our own people. But the morale of the Party in the House and through the country is now running very high.

Yesterday I had to spend from 3.15 - 9.45 uninterruptedly on the Bench on Budget Resolutions and then on the Bank Bill, Motion to send it to a Select Committee and many Resolutions. This Budget Resolution business is a shocking waste of time. It will all come up again in Committee Stage on the Finance Bill. Soskice makes an extremely good first appearance, expounding and defending some of the more technical resolutions. He is a Slav by descent - with blue eyes and a round face and much charm of manner. He is a find.

We are constituting quite a good Select

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Committee with George Benson as Chairman and Hugh Gaitskell, Tom Williamson and Ernest Davies to help him. And there will be two Tories.

To-day has also been a useful day. I clear this morning, first with the Cabinet Committee and then with the P.M. the decision to announce next Tuesday :

- (i) the appointment of a Select Committee to go into the question of Members' salaries, allowances, secretarial assistance etc,
- (ii) immediate announcement of additional free travel by rail or air round all three legs of the triangle - London - Constituency - Home - to operate as from the following week-end, and
- (iii) immediate announcement of validation of what many, including myself, have always done, namely sending letters to Departments on constituency cases with envelopes marked " O.H.M.S. ".

*was stamped*

This afternoon two new instalments of Socialism were announced after Questions. The first, announced by me, was for the public ownership of all Empire Telecommunications Services in all parts of the Commonwealth. This comes from a Cabinet Sub-Committee of which I was Chairman. It means taking over Cable and Wireless and getting rid of Wilshaw. I hear that the latter, immediately after my announcement, summoned a Press Conference. He is apparently very angry. He is an ugly b----- anyhow and has not only run his show very badly but has given great offence to all the Dominions. Tom Macpherson, by pre-arrangement with me, rose after this statement and asked whether I appreciated that it would give great pleasure everywhere that H.M.G. were following a United Empire Socialist Policy.

To-day's second Socialist slab was announced

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by Ivor Thomas - namely the complete socialisation of Civil Aviation. The railways and the shipping companies are not to participate at all financially. Thus we reverse completely the policy of Swinton in the Coalition Government. I hear from Addison that when he made a similar statement in the Lords there was a terrific hub-hub and that Swinton and Co. jabbered and gesticulated in incoherent indignation. This clear cut decision was only taken after great delays and hesitation in the Cabinet. Winster had first proposed that the railways and shipping companies should still be given a share, though less than under the Swinton plan, but this had led to great agitation within the Civil Aviation Group in the Parliamentary Party. This Group contains a number of keen young airmen - "a bit highly strung" as H.M. is in the habit of saying of a number of our new Members - and it was only a vigorous intervention by Cripps and myself in the Cabinet which got this first decision reversed and straight-out public ownership substituted. This, moreover, has the merit of being the considered Party Policy on the matter.

To-day, immediately before coming down to make my announcement on E.T.S., I lunched at the Bank of England where Catto had invited to meet me all the members of the Bank Board and also the Chairman and other leading personalities of the Joint Stock Banks. He and I made short speeches and I sought to create an atmosphere of reassurance. Catto continues to behave perfectly and to be extremely helpful. Linlithgow, pompous ex-Viceroy, was absent to-day and is indeed apparently treating his duties as Chairman of the Midland as being only part-time. He was absent the other day from the meeting convened by Catto to put over the cut in short-term rates and was afterwards smudged by Catto in a correspondence which C. showed to me, in which L. said that he thought I had been "rushing" the Banks too much over this. To which C. replied that L. was "obviously not in possession of the facts of the case", since it was C. himself who had taken the initiative in the matter and not I. L. had replied, admitting that in view of C's. letter he was not fully informed.

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My "war of nerves" as the "Economist" called it has led to quite a rush of money into these two taps. We cannot yet manage a good cut in long term rates, but, to help to lead up to this, I have also given notice to call the two lots of National War Bonds, which mature next year, at the earliest possible date; and, while offering conversion into  $1\frac{1}{2}$  per cent Exchequer Bonds 1950, the unconverted will be turned into Floating Debt, thus making an even larger interest saving. N. Davenport advises that any cut in long-term rates should coincide with good news and a buoyant market. I have had to postpone, owing to pressure on the time-table, my Control of Investment Bill till the new year, but I hope to get the Bank of England Bill through the House before Christmas. The Select Committee stage was a remarkable easy success. Catto was the first and only witness called. Not one of the seventeen stockholders, nor anyone associated with the clearing banks competed against the Bill!

I have had too little time to harry the Service Departments lately, but I shall take this up in real earnest very soon. The Opposition are doing very badly and the Government pretty well. Nearly all my young friends have, by now, made first class Maiden Speeches, and we secured a great debating success on the Vote of Censure this week. C.R.A. was at his very best and was received with great enthusiasm. Some of his quips, as well as his solid argument, were quite surprisingly first-class.

D I A R Y.TUESDAY, 6.11.45.

The Washington talks are moving - I wonder - to their final climax. Last night we had another long go from 10 p.m. till after midnight with the small Cabinet Committee. Robbins was back from Washington and, in the end, we agreed on the line to be taken in latest instructions to Keynes and Co. But it was felt that we should put this before the Cabinet and get it through before C.R.A. left for Washington. Therefore, to-day, we had two sessions of Cabinet from 12.15 to 1.30 and again from 4.30 to 7. It was heavy work and all those not on the Sub-Committee wanted to emphasize themselves and the importance of their views, mostly based, necessarily, on almost total ignorance. Most of the objections, as we might have guessed, came from Shinwell and Bevan, though Alexander seemed to feel that he could make some sort of a come-back as an expert critic on commercial matters, and Jowitt, evidently rather peeved not to have been brought in earlier, also grumped. But, to put it plainly, nothing much can be done in this Cabinet when Bevin, Cripps and I are in firm coalition as to-day.

We take on the assault in successive waves and help each other very effectively. In the end it was agreed that we should instruct our delegates, as proposed, with no modification whatever from our plans of early this morning. Shinwell, Bevan and Alexander wanted it recorded that they were most unhappy and apprehensive about the future etc., though none of them pressed as far as threatening to resign. No doubt it would be much more satisfactory if there was a better practical alternative but, in fact, there isn't. Even now we may not get what we are asking in spite of what we are offering.

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7.12.45.

This is Friday evening after a busier week than most. A week ago to-day it looked as though the Washington talks might break down. The Yanks, who had been very troublesome for some time, on the excuse that they had to be if they were to have any chance of pushing the Loan Agreement through Congress, had suddenly produced a new Draft Agreement of their own. This they presented to our negotiators at the same sitting as the latter had presented to the Yanks a Draft Agreement approved by our Cabinet. This approval had not been easy to get, since most Ministers were necessarily in ignorance of much of the detail which had preoccupied a few of us and two - Shinwell and Bevan - were vocally in opposition to the whole thing, though never prepared to press their objection to the point of resignation. Several others, including Jowitt and Ellen were milder protestants. On the other hand, E.B., Cripps and I continued in substantial alliance, and this was the principal force which finally kept the Cabinet straight.

*He* A week ago to-day, however, it seemed clear that Keynes - and probably Robbins, whom I regard as having played a poor and hysterical part in these proceedings - was completely spun out. The interminable flow of telegrams - Nabobs from there and Baboons from here - were largely taken up in argument between us and our delegates. Therefore, it suddenly seemed to me that we should send Bridges out to pull things together. I proposed this to the P.M., who at once agreed. Bridges flew off in the afternoon at three hours notice. As soon as he got to Washington it became clear that he had taken command. He has a cool brain and great decision. He played a great part in bringing accord at last.

None-the-less, we looked very near breaking

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point on Monday and Tuesday (3rd and 4th). The Yanks were trying not only to make us accept Bretton Woods (which we were prepared to do), but also to pull away all the Bretton Woods safeguards, including the five years transitional period and the Scarce Currencies Clause. Cripps and I, therefore, composed a telegram (copy attached) far clearer and shorter than most of poor old Eady's Baboons. This was also agreed, before despatch, with the P.M. and E.B. We had practically made up our minds that if they refused to budge we would break on this. Bretton Woods, we thought, would be a clear and limited issue if we had to break, and a good one for us and a bad one for the Yanks. They would almost certainly, we thought, have to come back to the negotiations in a month or two. I had even begun to think out the line of a speech to the House of Commons announcing a break. But I was under no illusion as to what would follow if negotiations were not resumed and if we got no Dollar credit. We would go deeper into the dark valley of austerity than ever during the war. Less food - except for bread and potatoes - in particular less meat and sugar; little cotton, and therefore, less clothes and less exports; and worst of all from the point of view of public morale, practically no smokes since 80% of our tobacco costs dollars. Very soon, after a tremendous patriotic up-surge, the tide of public feeling would turn. Everywhere the Tories would exploit the situation, attributing every shortage to the Government's incompetence. We should be on the downward slope, leading towards defeat at the next election.

we/ The Yanks, however, gave in completely on the Scarce Currencies Clause and it became clear that they had never challenged our right under Article XV of Bretton Woods to leave the Gold Standard and thereafter to devalue sterling if we chose (though we should be debarred for a period of more than fifty years from imposing exchange control on current transactions). *Part 2*

On the length of the transitional period, now to be limited to fifteen months, instead of five years, the Yanks had a serious argument. The



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five year period, they said, was put in to protect you when there was no reason to think you would have a large Dollar credit, now that you are assured of this, you won't need the transitional period.

Narrowed to this point, the dispute between us seemed rather trivial against the great background of 4.4 billion Dollars and Anglo-American Agreement. Troublesome though this may be in Parliament, none of us felt that we could make it a breaking point. Nor did anyone in the Cabinet, specially summoned at short notice to take a final decision.

The Agreement, therefore, was signed on Thursday afternoon (6th), and a long statement read by C.R.A. at 10.30 p.m., an hour after the close of the Vote of Censure Debate. There was a good deal of clamour from opponents of Bretton Woods and those who feared that Empire Preference was in danger, but we now hope to get the whole thing through next week.

This morning (7th) Cripps and I took two Press Conferences and next week are, first, to see the Labour M.P's. in our two groups and then address the Party meeting before the main Debate begins.

Other small tasks which I have been undertaking, include the passage of my Finance Bill through its later stages. I had great fun, in particular, with a Tory Amendment to prevent me from increasing the surtax. They fell completely into our hands and were fools to take their Amendment to a Division. I, indeed, had worked very hard to secure this, but up to the last moment had not hoped to succeed. This vote will stand on record and we shall use it fully for some years to come. I have also been engaged in long discussions with A.G., and Jim Griffiths over the latter's National Insurance Bill

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and with Shinwell over his Coal Nationalization Bill. On the former the cost is formidable, but I think that we can manage it. I had a bit of a fight to insist on the principle of Retirement Pensions, but they finally agreed to 26/- a week for a single person and 42/- for a married couple, to be increased by 2/- a week for a single person and 4/- a week for a married couple for every year of continued work before retirement from 65 up to 70 for men and 60 up to 65 for women. This would mean that at 67 a man could draw 30/- and with his wife 50/-, and that, if a man worked on till 70, he would draw 36/- and, with his wife 62/-. Of course the Old Age Pensioners Association will try to auction this up. But I have insisted that we must stand firm on this as I think we may, since the rate of 26/- and 42/- are right through the Bill.

The Coal Bill is taking shape pretty well and it looks as though the compensation arrangements will be pretty satisfactory, both for the industry and the Government. We are having an Arbitration Tribunal, consisting of two Judges and an Accountant. The Mining Association - most frightful cheek I thought - sent us a letter black-balling no fewer than four of His Majesty's Judges - Greene, Evershed, Uthwatt and Porter. Both Shinwell and I decided to invite one of these four, plus a Judge to whom no objection had been taken, to sit with Harold Howitt as the Tribunal. Contrary to the advice of the Treasury Officials I have gone for a Government stock rather than coal industry stock for compensation purposes, though it is made clear that the Coal Board must pay the equivalent of interest and amortization saved,

Another little operation I have been carrying through is a further attack on interest rates. We are turning off the two taps (3 per cent Saving Bonds and 2½ per cent National War Bonds) as from mid-December and putting nothing in their place at present.

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Rab Butler said to me to-day that he was enjoying a rest from Office and that, speaking frankly, he was delighted at the strength of the Socialist Government. And indeed a number of us are making, it is clear, a very good impression of confidence and competence. If we don't play our cards badly, we and our successors should be in Office for many years.

Winston is becoming rather a pathetic spectacle. The barbers shop down stairs at the House was all through the war decorated with pictures of W.C. in every possible pose. When the new Parliament assembled all this had been taken down and, the day after my Budget Statement, the old boy went in to get his hair cut. The barber, so I am informed by one who was present, said to him "Sir, why don't you go right away? That would be much better than hanging about this place like your're doing". And in the country his stock has fallen right down. And the Tory Party, whom we face now, is totally bereft of the prestige which, at the last election, he gave it.

We shall, no doubt, run into many difficulties, but for the moment things are going wonderfully well for us.

My worst headache still remains the Washington Talks. These have now dragged on for seven weeks and we are not yet in sight of a tolerable outcome. Keynes is becoming rather sulky and it is clear that, as must always be the case, following these long negotiations, those who represent us out there and we here at home have drifted into a condition of mutual incomprehension.

Tube Alloys have also been much on the map. C.R.A. is going out to see Truman. We have had several meetings of an Inner Cabinet on this, and the outcome is that the only possible course, if the world is to be saved from further and greater disasters, is to put all our force behind a real United Nations Organisation, with power and determination to smash any aggressor by every means, including Atom Bombs. It is quite idle, most of us feel, merely to make rules designed to secure

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that war, if it comes, shall be conducted without the use of this new weapon. Meanwhile, a number of us have now seen, for the first time, the terms of the Quebec Agreement of August 1943. This was concluded by W.C., without any consultation with the Coalition Cabinet and without any reference to any of his colleagues - except possibly Eden who was at Quebec for part of the time.

This Top Secret document contains this passage:

"The British Government recognises that any post-war advantage of an industrial or commercial character shall be dealt with as between the United States and Great Britain on terms to be specified by the President of the United States to the Prime Minister of Great Britain. The Prime Minister expressly disclaims any interest in these industrial and commercial aspects beyond what may be considered by the President of the United States to be fair and just and in harmony with the economic welfare of the world."

This astounding sell-out puts it in the power of the United States to refuse us any rights in the industrial application of atomic energy, even though all other nations in the world would be free to exploit it. This would indeed be an Atomic Bomb on W.C.'s reputation. And, indeed, it seems inevitable that it should, at some stage, be revealed. Meanwhile, C.R.A. will have to try in his talks with Truman to get it cleared out of the way. (H.C. 3 with complete Sh. (C.M.))

Even now the thing is not wholly secret, for Professor Oliphant, an Australian Scientist who has been in on the research, told Raymond Blackburn a good deal about it, and the latter is liable at any time to let it out, being also, as H.M. would say "a bit highly strung".

It is thought by some that it was W.C. who intervened on the famous Friday, following our Election Victory, with C.R.A. in the luncheon interval

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to persuade him to change round E.B. and me. I have often thought, in these last weeks, that I should be most grateful to him for this intervention. While I have been proceeding with my tasks at the Treasury, E.B. has been badly bogged in his talks with the Russians. I feel inclined to say to him, regarding Auntie Molotov, what E.B. said to Stalin at Potsdam regarding Hess. When Stalin in a long speech had protested against our not bringing Hess to trial as a War Criminal and had developed a long theme of suspicion of our motives, E.B. rose to his feet and simply said " 'Ess, you can't have him! "

David Hardman has just been appointed Parliamentary Secretary to the Ministry of Education, in succession to Arthur Jenkins who has had to resign owing to ill-health. This is a most excellent appointment, and one of a series to come which will show how great are our reserves and resources in this Parliamentary Labour Party.

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How many of their Cabinet Colleagues do Chancellors of the Exchequer tell before hand about their Budget? And how much trouble do they have with the full Cabinet in getting it through?

Practice has varied a lot. In the days of R. Churchill and Harcourt there was discussion in the full Cabinet before hand and Harcourt had a row with Rosebery, then P.M. about his death duties in 1894 and threatened to put two memoranda on this subject to the Cabinet.. In very recent years the Chancellor has had things much more his own way. I think that probably Snowden had a lot to do with this change. He dominated his colleagues personally more than most others, before or since.

Since Jimmie Thomas leaked, moreover, there has been, I think, more reticence. Anyhow I, though having cleared the main outlines with C.R.A., E.B. and H.M. separately, did not put anything to the full

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Cabinet until the day before my Budget speech. On that Monday morning, meeting at 11 a.m., I gave them a long exposition, which they took very well, though they all joined in at once about motor car taxation. The only change I made, at their request, and particularly at E.B.'s. was to put up the single persons and the married couples income tax allowance by £10. more than I had originally intended.

Having got it through the Cabinet by lunch time, I went at 6 o'clock that night to tell the King. I took an aide memoir with the principal facts and figures and proposals for change and left it with him. He said "Thank you. I remember Simon once came and talked to me at great length and promised to write me a letter about it afterwards. But he never did." I noticed, in the course of my explanation, that it was not until I said that I was going to increase the surtax that H.M. really showed much interest. Then he leant forward and said "Have you got a table of figures there?"

Next day, Tuesday, I had to do three turns. First, the main Budget speech; second the Broadcast and third, late at night, a few sentences in the midst of glaring arc-lamps in my room at the Treasury for the news reels.

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FRIDAY, 14.12.45.

I should have added to my last Diary notes that I have got more satisfaction from agreeing to subscribe £20,000,000. over five years for forestry developments than from any other expenditure I have authorised since I have been here. This means twice as much in the next five years as was spent in the whole of the twenty years before the war. This is a real Socialist investment of great long-term value.

To-day we pass through its remaining stages the Bretton Woods Bill. During the last two days we have been debating the Washington Loan and other connected Agreements. The final vote was quite satisfactory. The Tories presented a very poor aspect. Several of their front bench speakers advocating the Loan but recommending - after great rows behind the scenes with Winston - their followers to abstain. When the vote was called sixty or seventy of these went into the Lobby against the Government and some half dozen in favour, while the front bench, including Winston, Eden, Stanley and Lyttelton sat miserably on their backsides. This was a clear and blatant repudiation of Winston's leadership and it seems doubtful whether he can last much longer. I made a long, boring, but lucid speech of over an hour, in tepid support of the Agreement. Cripps was very dull and Bevin made a very lively but undetailed wind-up. Now, however, at long last the thing is through and I hope we shall get the Dollars after all. The terms of the Loan will not stand long unaltered. But this can come up later.

My Finance Bill has also gone through all its stages. And next week I finish the Bank of England Bill in the Commons. We shall all then disperse for Christmas and the first three weeks of the New Year. Ministers, as a whole, have done damned well and are damned tired. I shall take ten days off at W.L.

G. R.

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WEDNESDAY, 19.12.45.

Yesterday the Lords in thirty seconds agreed to the American Loan by ninety votes to eight and then passed the Bretton Woods Bill without a Division. So ends this part of this Chapter. Keynes made a very brilliant speech to them yesterday and I am entertaining him to a little party to-morrow night.

Then on Friday I go away for ten days to W.L.

K. Martin, who seemed less displeased than usual with our proceedings, told me that M. Edelman had said of this Parliament, following Keynes' famous gibe about that of 1918, "a lot of smooth-faced young men who look as though they meant to do well out of the Peace". I must cultivate M.E. He seems bright.

§ [My cynical and secret reflection on the American Loan is that we shall be able to make good use of the Dollars - though we wish there were more - but that it is quite certain that the conditions will have to be "revised" long before A.D. 2001 and that, even in the next year or two it may well be that circumstances will require a considerable variation, which might even be "unilateral". ]E

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