

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

**Volume 37:**  
**1949**  
**(Folder of**  
**Loose Typescripts**  
**and Manuscripts)**

**Reduction Ratio:**

**12 x**

# **Special Note**

**Pages 1-2 missing from  
the original**

At Cab on 17/1/49 he zealously  
pursued GIB towards recognition.

But he was so slow & reluctant

that he still hadn't recognized  
- I was very frustrated (communication L.W.V.)  
when Palestine State came on  
on 26/1/49, & for a while

had him. Long & mainly only  
9 90 - with 50 or 60

Lab abstentions.



The Chancellor of the Duchy of Lancaster,  
Privy Council Office,  
Whitehall, S.W.1.

This may be useful if  
Mr. Yates succeeds in getting to  
you after the meeting.

W.S.

21/1.

Baron I 87 (5)



Ding.

20/3/49. (Sunday)

M-W.L. for the first time for a month. in moments of moral weakness I think of retiring here & slowly living, or dying, on capital!

Last week N. Atlantic Pact finally published; E. Lank National Parks Bill. And the Lord Sowerby, - after S. Hammarskjöld, Bartley & R. Sr. Pannas. And next week the N. Atlantic Pact is a final settlement of U.S. ( & Canada) in Europe. It is the best we can do - & of its kind, very good - in this miserable situation.

N.P. Bill has had a pretty good initial press. One could hardly like the composition of the Pact itself, & the Accession provisions. But it is a good Bill on the whole. It would have been half as good, but for me, & Christopher Addison.

Sowerby, following the 3 stages, shows that we are very strong in the country at the moment, and that Jim Griffiths has been playing with the idea of a Church General election. But the Chief Whip, who has heard of this, has put his foot down, & said he must make no mistake either about the Pact Bill, or the steel Bill. And so many others would say, we are children of the mistake. & the Tories are in a very low state today. But they will gain seats in the Municipal elections, & the Budget might be a good comfort for all. The chief doubt is over industrial assurance. S.C. writes to me that he has heard it would be a mistake to have it.



The national wealth, thus produced, will be fairly distributed, and any needless costs between producer and consumer eliminated. There will be worthwhile jobs at just wages for everybody fit to work.

We prepare for victory in the coming election not merely to achieve place and power for our Party, or to rejoice in another Labour victory. We seek the victory for great ends, not for our Party, but for our country and the world.

In this document we have approached our task in the British spirit - the effort to find practical solutions of practical problems, but no less to aim at a high and comprehensive purpose. The aim to which we dedicate ourselves is to usher in a second and a fairer Elizabethan age - a buoyant age of adventure, progress and initiative, of unity in common purpose and of justified pride in our nation's greatness.

Diary.

Dalton I 37 (8)

29/3/49

Jemma Hoskin, heart specialist, whom I visit on  
Vivitch's suggestion. (I last saw her in April 1947) says  
that my weight has gone up from 13.10 to 14.7, but  
this is not excessive for my bulk, and that I now  
have a quite irregular heart beat, but not, as is often  
found with such irregularity, a quick beat, but a slow  
one. I am conscious of no symptoms, except those

1 <sup>more often</sup> ~~realist~~ conscious - large not of pain - of the  
existence of my heart, (that I have been feeling  
a bit weary lately, even though taking no

Department. He says it is just a bit of wear and  
tear, but it might be worth trying to get it  
regular again. There is a drug which might do

that, but it would involve going into a nursing  
home for a week or 10 days. This I might  
manage say in the second half of July.

rather a bore. It casts shadows off of me. I  
don't feel I could run a Dept effectively now!

30/3/49.

And so, rather inevitably, to National Parks Bill 2nd reading.  
Slightly more than very confidently. There is varied criticism but  
no opposition. 1/4/49. I speak in support. Rather a dull, tired  
speech. I'm ahead. But it  
is in the Bill.

G. R.

Dalton I 37 (7)

Criticisms from both sides. Some say local authorities have too little; others that they have too much, power. But these are to be national and not merely local Parks. Danger that local authorities will take too local a view, e.g. on industrial development, rateable value, private landowners' interests, etc.

Provided national view is <sup>well</sup> represented, proportions are not very important. We must experiment. "Not less than a quarter" is an elastic formula.



"ALL THE WAY"

By

Viscount Cecil of Chelwood

(Hodder and Stoughton January 1949)

DIRTY

Dalton I 87

(10)

(1949) \*

I read this book over Easter and enjoyed it moderately. There is some occasional lack of grip, as one would expect at his age, but it makes a continuous and fine story, though he was clearly a difficult man to work into any of the political teams of his day. He was happiest, as he says on page 194, when he was working for the Labour Government of 1929-31.

(Pages 193-4)

"I went back to England, where I found a Labour Government in Office under Ramsay Macdonald. The General Election had made them the largest Party in the House, though not with a majority. Macdonald had proposed to me some time earlier that I should represent this country at Geneva and I had consented. He now formally repeated this proposal, and I agreed, only asking for a room at the Foreign Office so that, as far as possible, there should not be two voices in foreign policy. Arthur Henderson the new Foreign Minister welcomed me and I was installed in a corner of one of the big rooms there, known as the Cabinet Room because when my father was both Prime Minister and Foreign Minister the Cabinet used to sit there. I was not a Minister nor a member of the Labour Party, but a kind of additional Civil Servant. The plan did not work badly. Henderson was a pleasant chief. He was much amused at my being his subordinate in the office which my father had so long directed. But there was no kind of awkwardness between us. His Under-Secretary was Hugh Dalton, and his Private Secretary my old friend Philip Noel-Baker. We all worked together most harmoniously, and I think between us we did a good job. Most of my energies were spent at or in connection with Geneva, where I went as one of the British representatives. It was a great relief to find myself in full accord with my official colleagues, instead of feeling, as I had done at previous visits to Geneva, that fundamentally I did not agree with my Government.

On the whole, the foreign policy record of that Labour Government was not bad though the Second World War has submerged a good deal of what we did. Still, we may claim to have helped to settle the foundations on which the structure of the United Nations is now being built.

Ramsay Macdonald attended the League Assembly in 1929 and though he was only partly successful in addressing that body, yet the fact that for the first time a British Prime Minister had thought it right to go there added considerably to the prestige of the League. It was certainly a great change after the negative attitude of the previous Government. The United Kingdom resumed its leadership at Geneva, and the whole machine began to work more smoothly and efficiently. There were striking speeches by Stresemann and Briand - almost the last flicker of eloquence from two statesmen who really wanted Peace.

[\* April 17]

Extract from "All the Way" by Viscount Cecil of Chelwood  
 (Page 196)  
 - 197)

x x x x x x x x x x x

" Meanwhile I had been working in the Foreign Office and at Geneva attending various committees. One of them was on General Disarmament, preparing for a large Conference on the subject. The Disarmament Committee drew up a kind of skeleton on the subject which had no success and caused one of the very few differences of opinion I had with Henderson, who thought I had given away too much to the French. However, I was able to convince him that I had carried out my instructions and that there was nothing in the skeleton which prevented reduction of French strength at the actual Conference. These discussions, which went on for several months, were quite fruitless, owing chiefly to the Nazi Revolution in Germany. As many then suspected and as we now know, the Nazis were determined on a new war, and for that purpose set about building up a new army. Disarmament, consequently, faded from the picture. The Disarmament Conference failed and the League as a peace machine was allowed - or more accurately forced - to sink into inefficiency. From the point of view of League advocates, that was very bad. But it was even worse that our Government, who permitted this to occur, took few or now steps to strengthen our armaments. I believed - and still believe - that a really vigorous League policy would have succeeded. But if the League was to be dropped the only possible alternative was a reversion to the old conception of armaments and alliances. That could not be adopted without abandoning the "no commitments" policy and the famous claim made during these years that the Government kept us out of war!

In 1930 I had not lost hope of a general disarmament policy backing up an all-out support of the League. The League of Nations Union was still a powerful body and, as representing it, I sought interviews with Henderson, Baldwin and Lloyd George, suggesting that we might have a vigorous movement for general disarmament. I did not get much out of the two first. When I saw Lloyd George, I dwelt on the central position of the British Commonwealth in international affairs, "like" I said "that of the Liberal Party in Home politics". "Good God," was the reply, "is it as bad as all that!" I did not see Macdonald though I often tried to, then and at other times. I always had civil expression of his wish to see me, but that wish never materialised."

Henderson was the only Foreign Secretary whom he did not find was jealous of him. This jealousy or "sensitiveness" of Foreign Secretaries was shown by both Curzon and A. Chamberlain, though, on the other hand, it must be confessed that Cecil was rather a difficult man to have running around as a Cabinet colleague, deeply interested in foreign affairs and with marked ideas of his own. He became known as "resigning Robert" and did in fact resign twice over the Welsh Church in 1919 and over the Naval Disarmament discussions at Geneva in 1927.

In 1924 -

Extract from "All the Way" by Viscount Cecil of Chelwood"  
 (Page 184)  
 - 185)

x x x x x x x x x x x

"At first Baldwin, who became Prime Minister, did not intend to offer me office. But eventually he was persuaded by Halifax and my brother Salisbury to make me Chancellor of the Duchy of Lancaster. I asked him, I remember, whether he was quite sure he wanted me. And as he said he did, I accepted, though with some misgivings.

The next things which happened to me were that I was elected Lord Rector of Aberdeen University with an adequate majority and I received the American Woodrow Wilson Peace Prize. Austen Chamberlain had become Foreign Minister, and I had tried to persuade him to allow me to come into the Foreign Office as a kind of League Minister, subordinate to him. He utterly refused saying that I could have no more voice than any other Member of the Government in League Affairs, thought he might occasionally talk to me about them! Perhaps, on these terms, I ought to have refused office. But I did not and, on the whole I think my acceptance did no harm. All these events made it increasingly clear that, unless I were to abandon the League as my first political object I could not remain much longer in the Conservative Party.

Austen Chamberlain was rather averse to my acceptance of the Wilson Peace Prize. But I was determined to do so on every ground, as intimated that if I were not permitted to do so as a Minister I was quite ready to resign."

In 1926 there was trouble about the admission of Germany to the League and -



Extract from "All the Way" by Viscount Cecil of Chelwood  
(Page 189)  
190)

" Pressed in debate the Government replied that the matter could only be settled by the Assembly of the League, a special meeting of which had been summoned, and they added as a guarantee of their good faith, that I was to accompany Chamberlain to that Assembly. Accordingly, I went to Geneva, but found my position there rather curious. The Assembly did not meet at first - which I thought a mistake but there were meetings in our hotel between Chamberlain and the French and Germans, to which I was not invited. Meanwhile, my friends in the Assembly, headed by Nansen, got very nervous. They did not know what was going on, and I could not tell them. All I knew was that no agreement had been reached. After some days I was admitted to the hotel discussions and found that, as was feared, the promise to admit Poland as a Great Power had brought demands for the same treatment from Brazil, Spain, China, Etc., and that Germany refused to accept membership on such terms, I made some suggestions, which were not accepted, and I then imagined that we should report to the Assembly which would have to decide what they wanted done. But that was not Chamberlain's idea. He thought it would be enough just to inform them that Germany was not going to be admitted and that they had better adjourn. This seemed to me wanting in courtesy to the Assembly and, besides, in substance, very objectionable, as in effect failing to give Germany what we had promised. I wrote to him strongly in this sense, suggesting that I might be allowed to explain my position in public. Austen was terribly upset, and said if I did that he should immediately resign, and I therefore withdrew my request and we went home. The whole incident showed me that we were not really agreed as to the League. He thought of it as just one cog in the diplomatic machine, to be used or not at the discretion of the Cabinet. I regarded it as the essential international organ for the maintenance of peace.

When we got home I told Baldwin that I must resign, not only or even chiefly because of the incidents at Geneva by themselves, but on the general ground that, as regards peace through the League, my colleagues and I did not "mean the same thing". However, I was persuaded to withdraw my resignation, perhaps wrongly. "

Writing to Sir W. Wiseman in August 1918 he says of President Wilson -

Extract from "All the Way" by Viscount Cecil of Chelwood  
(Page 143)  
- 144)

x x x x x x x x x

"I am not sure, however, that he realised the immense difficulties there will be in the way of establishing a League of Nations. All the European bureaucracies will be against the idea, including probably the bureaucracy of this country. Nor must it be forgotten that the heresies of militarism have unfortunately extended beyond the limits of Germany, and all the militarists will be against the idea. Finally there will be many people who will fear that the Germans will use the League for their own purposes, lulling us and others to sleep and then falling on us when we have been disarmed. All these people are working already, more or less secretly, against the idea. I wished to publish something, therefore, in order to create and form public opinion and make it vigorous.

"It is, however, very good to hear that the President is ready to discuss the matter and I hope that Reading when he returns to Washington, will be able to take it up with him in detail.

"If I venture to insist upon the strength of the bureaucracies in Europe, it is because no one who has actually seen them at work can form any idea of their resisting power. They are very able and honourable, but they are past masters in the art of obstruction and resistance."

not

He has a nice tale of F.E. Smith, who spoke for him at Blackburn in the General Election of 1910 -

(Page 103)

"I asked several distinguished colleagues to come and speak for me, but none came except F.E. He arrived in great spirits from a strenuous fight in his own constituency. He told me that before one of his meetings he heard that there were to be a large number of questions, as often happens in Lancashire. He therefore prepared half a dozen questions of his own, the answers to which would help and not hurt him. When the time of questions came and hundreds were handed in, he said: "It is quite impossible for me to answer the whole of these questions. I will therefore take six at hazard and answer them." Then followed his prepared questions with immense success. I remember only one of them. His opponent's expenses were being paid for him. So one of his questions was: "Are you paying your own expenses?" To which he replied: "Of course I am". Then, pretending to hear some criticism from one of his friends, he added, "But I make no point of that!" How far this story was literally true I don't know. He told it to me with the most delicious aplomb, no doubt to cheer me up. "

Diary

Dalton E 87 (15)  
The

THE RT. HON. HUGH DALTON, M.P., SPEAKING AT BISHOP AUCKLAND AFTER THE OFFICIAL OPENING OF THE NEW TRADING ESTATE AT SHILDON AND THE LAYING OF THE FOUNDATION STONE OF A NEW CANTEN AT ST. HELEN'S AUCKLAND, ON SATURDAY, 30TH APRIL, 1949, SAID:

"This is a historic day in the story of the industrial re-birth of South-West Durham. For all of us who remember the long years without hope or light between the wars, when the lives of so many of our people here were allowed to run to waste in hateful unemployment and grinding poverty, today must seem like a day of the Resurrection of the Dead.

This morning I have officially opened a new Trading Estate at Shildon, where six modern factories are already employing 600 workers, of whom more than 25% are men, and where the labour force is planned to rise, when all the factories are in full production, to nearly 2,000.

The Shildon Estate will be one of the most handsome and well laid out in the whole of the North East. Some school-children and I planted some trees there this morning, and grass has been sown which will make some splendid lawns, provided people do not run about on them too soon, in a few years' time.

Close to the factories the Shildon Urban District Council has laid out a very good housing estate. This is how, by building good houses near good factories, we shall work towards a sensible solution of the transport problem.

Returning from Shildon to St. Helens Auckland I have laid the foundation stone of a new canteen to serve several of the factories on the Trading Estate which have not got a canteen of their own.

On this Trading Estate there are now seven factories employing more than 2,000 people, of whom more than 500 are men. This labour force is planned to rise, when all factories are in full production, to 1,000 men and 1,600 women, making a total of 2,600. In addition to the pioneers on this Estate,

/who

who came to us before the war, and have since expanded - the West Auckland Clothing Company, who manufactured more than 2 million garments for the Forces during the war, Ernest and Henry, and Alligators - we can now welcome three important new arrivals, Westools, Medcalfes and Kirks. Many of our new industrialists have come to us from London, but Mr. Kirk comes from Lancashire and he already wants an extension, as do a number of others, and this is a very good sign. I am also very glad to say that Mr. Kirk will make an exceptionally fine contribution to our export drive, amounting to nearly 90% of his output.

I agree with Colonel <sup>McC</sup>Kellar that we should now have a good technical school in this area, and I hope our County Council representative will be able to arrange this.

At St. Helens too the Bishop Auckland Urban District Council is building a first-class new Housing Estate, just across the road from the factories, again reducing the amount of transport that will be required in the future.

Nor are these two Trading Estates all that has been done to increase and diversify employment in South-West Durham. There are also the two war-time Ordnance Factories at Spennymoor and Aycliffe. On peace time production Spennymoor now employs more than 700 men and more than 1,200 women, making a total of more than 1,900, and Aycliffe more than 1,600 men and just under 1,600 women, making a total of more than 3,200. As you know, a new town is being built at Aycliffe to house a population of 10,000 people. Here again we shall cut out needless transport.

In South-West Durham there are also two new factories at Crook, employing 230 men and 193 women, making a total of 423, and one factory at Tow Law employing 42 men and 15 women, making a total of 57. At the present time the total employment on the Trading Estates at Shildon and St. Helens, at Spennymoor, Aycliffe, Crook and Tow Law is 3,294 men and 4,850 women,

/making



making a total of 8,144.

You should note that nearly half this total is men and, when all our factories are in full production, the number and percentage of men employed will be substantially greater. There is still an out-of-date idea floating around that these new light industries only employ women. As these figures show, that is a complete mistake.

Another important development at St. Helens Auckland will be a large extension, financially backed by the Government, for that excellent and old established Auckland firm of Shaw and Knights. They have a big export trade and they employ practically all men.

What is being done in South-west Durham is only, of course, a small part of what is being done in the North Eastern Development Area as a whole. In this area the Government has invested £10 millions in trading estate development since 1945 under the Distribution of Industry Act, which I introduced. In the factories in the North East thus financed there are now 30,000 people working, of whom 40% are men, and this figure will of course, steadily increase. The total amount of employment in the new industries in the North-East now exceeds 40,000, and this is nearly equal to the total employment in the ship-building and ship-repairing industry on the North-East coast at the present time. The distribution of employment between men and women is, of course, different, but the size of the total figure will come as a surprise to many people. Our light industries are making a big contribution, both to useful production for the home market, to the export drive, to full employment and to the future economic stability, based on a much wider range of occupations, of the whole area. In addition to the direct employment in the factories, there is, of course, a large amount of additional indirect employment created through the spending of wages earned in the factories and the circulation of increased purchasing power in all sections of the community, including

the shop-keepers.

I have myself been a great deal mixed up with all these developments, since I first came to Bishop Auckland more than 20 years ago as a prospective Parliamentary Candidate. I have always preached the gospel of bringing work to the workers in this area, rather than allowing them to drift away to London, Birmingham and other over-grown cities. I have always believed that the health of this country depended on maintaining both a prosperous countryside and prosperous small and middle-sized towns. I have always wanted our people to be well spread out, and not crowded together like sardines in a tin. In the course of my agitation on behalf of these ideas, I have come across a lot of dismal Joes and doubting Thomases, some of them very highly educated people, who ought to know better, professors and so forth, and other so-called experts from Government Departments and other walks of life. But we have gradually worn down the opposition and the unbelievers, and we are proving in these planned developments in South-West Durham that our ideas can be turned into realities. I was able to help the thing along, both as a private Member of Parliament, in connection with the two new Ordnance Factories, and when I was President of the Board of Trade, and later on when, as Chancellor of the Exchequer, I found the money for what, as President of the Board of Trade, I had prepared.

There are many who deserve high praise for what they have done to bring back work and hope to our people. But I mention one, in particular, today, Mr. Sadler Forster. When I went to the Board of Trade, I appointed him to be my Regional Controller in the North-East. He was a Middlesbrough boy, he had had a wide business experience, and he had great faith in the future of this area and in our policy for the better distribution of industry. He did a great job as Regional Controller, and then went back to London to buck up Board of Trade Headquarters in all matters relating to industrial estates. Then the present President of

the Board of Trade sent him back to us in the North-East to be the Chairman of the reconstructed North-Eastern Trading Estates Company. In that capacity he has done a grand job. He has put his foot on the accelerator. I think particularly here of the speed-up we have seen at Shildon in the last 15 months, and it is the same all over the area.

We are now within sight of assuring full employment for the once forgotten people of South-West Durham, and of preventing any repetition of the pre-war failure of our economic arrangements here.

We are now getting so strong and so varied an industrial pattern in South-West Durham that, even if one firm or one line of industry disappeared from the area, we should still be able to adjust our plans, and to re-deploy our labour force so as to avoid long or severe unemployment. We no longer carry all our eggs in one basket, and we have by these developments, tremendously increased the future industrial security of this area.

It is a wonderful thing to see one's dreams come true, after many setbacks and much striving, but such is the experience here today, not only of myself, but of many others, who have shared my dreams and my labours to accomplish them.

Diary.

3/5/49.

Dalton I 37 (20)

at length of our unwritten Constitution! <sup>Last week India in</sup>  
<sup>constitutio sine act.</sup>  
in Foreign Affairs, Atlantic Pact, Council of  
Europe, W. German Constn., & E.P. & Baltic  
States. Come in (with succession. Is the ride running?)

Lunch for Foreign Ministers at No 1. They are  
here to settle the Statute for the Council  
of Europe. I sit between Sforza - very  
old, & not much life or new thought left in him -  
and Stikker, the Dutchman, a cheerful red faced  
brewer. Under, looking surprisingly young, fit  
and charming, is being very cautious about the  
Statute. The Scandinavians will be a brake on  
the Latins! Winstan is sat, rather melancholy,  
or maliciously, between Sean McBride and old  
Beck of Luxembourg. He has very little to say  
to either till he has drunk a lot. He keeps  
signalling to the waiter to bring him more. At the end  
he & S.M. are getting on well.

6 pm. We all re-assemble at B.P. The King is  
grazing at - probably for long - 1 1/2 hours. He & S.M.B.  
have a very animated & friendly conversation, full of jokes & laughter.  
The French, especially in French, are amused at this



amendment rejecting the Stock Exchange valuation method proposed for assessing compensation to holders of stocks and shares in existing undertakings was carried by 48 to 20. These, and other amendments, were subsequently rejected by the Commons and the Lords later assented.

The European Economic Co-operation Agreement, signed in Paris on April 16, 1948, was discussed on July 6. It was pointed out from our Benches that the Agreement gave time in which we and the other European countries could increase productivity and the Government motion affirming support of the objectives was agreed to.

Civil Aviation was the subject of debate on July 21. In reply to Opposition criticism it was pointed out from our benches that the Tudor was an inheritance from previous administrations. The direct operating loss on the European services amounted to only a few thousand pounds, while between £900,000 and £1,000,000 was lost on the English and Scottish services, including the services to the Channel Isles, the Isle of Man and Northern Ireland.

During the debate on the International Situation (September 24) the situation in Berlin was described at length. Steps taken towards the setting up of a united Germany on a truly democratic basis were outlined. On the United Nations it was pointed out that the Soviet Government had so exercised their right of veto in the Security Council as frequently to prevent the Council from even reaching a decision as to the facts of a complaint brought before it, let alone the taking of action. In view of the attitude of Russia the only solution was to find regional groupings.

#### SESSION 1948-49

In debate on November 17 the Lord Chancellor made reference to the Report of the Royal Commission on Justices of the Peace and said it was hoped to introduce a Bill to implement most of the recommendations proposed. He also indicated that the suggested replacing of ordinary magistrates by stipendiaries had been rejected.

The Coast Protection Bill was introduced in the Lords on November 16 and the measure proposed to confer new powers on local authorities to check erosion on the British coast.

On November 24, a debate was initiated on air power, the proposal being that an Allied Air Force, preponderantly Anglo-American, of, say, 450 squadrons should be established.

Replying, the Government spokesman said that the policy at present being pursued had much in common with the proposal brought forward. The vital importance of air power was fully realised by the Government. Of equipment it was pointed out that in fighter aircraft British machines were second to none. The Leader of the House, concluding the debate, spoke of the notable progress made in joint staff work between the R.A.F. and the U.S. Air Force. Referring to the Atlantic Pact, he said there were arrangements for a joint military supply board to work in co-operation with the five Brussels Powers, and these arrangements included joint staff schemes embracing both the United States and Canada.

On February 2, 1949, a debate was initiated on Civil Aviation. Opposition peers were critical, particularly of the costs of the three corporations' Services. It was also argued that the Ministry of Civil Aviation having outlived its usefulness should become merged in the Ministry of Transport.

Replying to the debate, the Minister indicated that in 1948 the passengers departing from or arriving at British airports were five times the pre-war number, while movements on air-fields controlled by his Department were in the region of 1,000 per day. Referring to the £11 millions losses of the Corporation during 1947-48, the Minister pointed out that in the past twelve months there had been an increase of 37% over 1946-47 in the capacity ton miles flown. He asked the House to remember that the airlines of other countries were losing a great deal of money. Among other points, the Minister spoke of the improvements made in British aviation during the current year and said that operations had increased by 39%, while operating costs were reduced by 21%. The Corporations' staffs had also been cut down considerably. Turning to future prospects the Minister was confident that the country would see further improvements in the organisation of the Corporation and our airlines would become increasingly efficient. He concluded his review of the industry by indicating that the Corporations had been set a target to reduce their deficit from the £11 millions in 1947-48 and the £9 millions estimated for 1948-49 to £5½ millions in the coming year.

ADDISON, *Leader.*  
AMMON, *Chief Whip.*

(17) 257 21128

Lunch for meeting of Foreign Committee  
to settle rules of Council of Europe.

1 man between Spence - very odd -  
2 Strikha, a brewer, now said Becher  
was raising many difficulties. <sup>Frankford</sup>  
one under, surprising young <sup>& smiling</sup> but very  
cautious. <sup>Eds</sup> said "Some say we're dragging  
our feet. Under doesn't want to move his  
at all."

Winston, either maliciously or thoughtless,  
but let Sean M'Boyle & Beche. very  
bored, but, having summoned me write to  
rephrase his views several times, he left  
going with S.M.'s 3rd May, 1949 <sup>the meeting was!</sup>

The Rt. Hon. Hugh Dalton

His Excellency  
 Monsieur Halvard M. Lange  
 His Excellency  
 Monsieur Joseph Bech  
 The Rt. Hon.  
 Winston Churchill  
 Mr. Sean McBride  
 The Rt. Hon.  
 the Prime Minister  
 His Excellency  
 Monsieur Robert Schuman  
 THE RT. HON. ERNEST BEVIN  
 His Excellency  
 Monsieur Gustav Rasmussen  
 The Viscount Jowitt  
 His Excellency  
 Count Carlo Sforza  
 The Rt. Hon. Hugh Dalton  
 His Excellency  
 Monsieur D.V. Stikker  
 His Excellency  
 Monsieur Osten Unden

The Rt. Hon. Aneurin Bevan  
 His Excellency  
 the High Commissioner for Eire  
 Sir Edward Bridges  
 His Excellency  
 the Norwegian Ambassador  
 Mr. Christopher Mayhew  
 Sir Eric Beckett  
 Mr. J.B. Hynd  
 Lieutenant-Colonel  
 Sir Eric Crankshaw

The Rt. Hon. Anthony Eden  
 His Excellency  
 the French Ambassador  
 The Rt. Hon.  
 Sir Hartley Shawcross  
 His Excellency  
 the Italian Ambassador  
 Mr. W.I. Mallet  
 Flight Lieutenant  
 A.M. Crawley  
 Mr. R.E. Barclay  
 Mr. E.M. Rose

The Lord Henderson  
 His Excellency  
 the Belgian Ambassador  
 The Rt. Hon. R.A. Butler  
 His Excellency  
 the Swedish Ambassador  
 Sir Gladwyn Jebb  
 His Excellency  
 the Luxembourg Minister  
 Mr. H. Hynd  
 Mr. H.C. Vincent

The Rt. Hon.  
 Sir Alan Lascelles  
 His Excellency  
 the Netherlands Ambassador  
 Sir William Strang  
 His Excellency  
 the Danish Ambassador  
 Sir Norman Brock  
 Professor E.C.S. Wade  
 Mr. C.A.E. Shuckburgh  
 Mr. P.F. Kinna

Entrance

PRIME MINISTERHONG KONG

I was not very happy this morning at the end of our discussion. My fear is that we may be led, step by step, each step seeming to be fully justified as an immediate measure, into an unmanageable situation.

It is common ground that, attacked by a "major power", Hong Kong is indefensible. My own guess is that, some way short of this, the place would be practically untenable. I am impressed by the Chiefs of Staff's summary (Annex I, pps. 4 - 5 of the paper we considered this morning) of the gravity of the "internal threat" and the potentialities of the "land threat". I do not know the local details. But I have the general sense that a combination of a potent Communist Fifth Column, uncontrollable swarms of refugees, and supply difficulties - multitudes to be fed and few doing any useful work - would reduce the place to a state of seething and riotous chaos, which not even much large military forces than we now propose to send could keep in order. We cannot, therefore, in my view, lightly dismiss the possible necessity of cutting our losses and evacuating what may become a hopeless scene. The economic advantages of staying on would soon be worn away in such conditions, even if no major military operations were forced upon us.

Nor, in my view, can we lightly dismiss the risk of such operations. And here I would repeat two arguments only lightly touched in this morning's discussion. First, it is, I think, politically quite out of the question for the U.K. alone, unaided either by other Commonwealth countries or by the U.S.A., to become involved in military operations involving the despatch of still further troops. Such despatch, the Chiefs of Staff warn us, would require "the call-up of Section B of the Army Reserve in addition to Section A and the provision of the necessary shipping (which) would have wide repercussions". Our people, and our Party, just would not

/stand

stand for this, in unaided defence of a far away Chinese port, of which most of them know nothing. Unless, therefore, we can count upon such aid from our friends, my view would be that we cannot go much further, if any further, than the despatch of the first instalment of reinforcements approved this morning.

This argument is surely strengthened by the fact that the sending of further substantial reinforcements would dangerously denude areas much more vital to our security than Hong Kong, in Europe, the Middle East and Malaya.

In the second place, I am sure that, since there is admittedly the risk of serious trouble in Hong Kong, we must now bring the other countries of the Commonwealth - and perhaps the U.S.A. though I admit this is more doubtful - into full knowledge of the facts as we see them. I am sure that Australia, New Zealand and India, in particular, should be made aware of the appreciation of the Chiefs of Staff, of the immediate steps which we are now taking, and of the future dangers of which we are conscious. If we do not do this, there is just no meaning in vague talk of concerted Commonwealth Defence, or of a "common stand" against the Communist threat. I am not satisfied that the ordinary routine of communications between F.O., C.R.O. and Commonwealth Governments, or between liaison officers at relatively low levels, meets this pressing case at all. We should, to take one personal instance only, make Dr. Evatt face up to the facts of life in this part of the Pacific, where he is constantly proclaiming a special Australian interest.

I share the Chancellor of the Exchequer's view, briefly reported this morning by Sir Edward Bridges, that, though we can afford these relatively small immediate reinforcements, we cannot afford substantial further burdens in this part of the world. This brave little United Kingdom has long borne more than its fair share, both in peace and war. That is

[and heavily boxed]

why we are so much more tightly stretched than the others.

I hope, therefore, that not only will the contingent liabilities of holding Hong Kong be closely watched in the light of a situation which may change very rapidly, but that we shall at once seek the views, at a high level, of the other Commonwealth countries and discreetly explore the possibilities of their practical co-operation.

5/5/49 H.D.

He didn't reply, but, when Cab discussed H.K. again, on 24/5/49, his paper suggested that he had not been moved by some of my arguments. Chiefs of Staff were in attendance, Lord Catterall & Sir John Lunn H.K. to Baku. (Rommel was L.V.S. alongside us here.) Mr. Macdonald & Sir Eric and Sir A. M. F. M. J. were in there, & Ritchie recommended & agreed to send further recommendations. Possibility of an attack in Sept.

Mr. M. J. had C.I.'s appreciation, but no firm L.P.M. message yet. I don't understand; he has drifted very far into his (note above.) They are to go now, & M. J. is to talk to Nehru. But what he hopes? is that he will say nothing about what he is feeling; U.S. are also to be informed now. He me 2 Aug that was prof in "to resist aggression" A.S. aspect of joining them; I ask about water supply possibility of long. term immigration, & an answer that there are no right. I am not happy yet. A.S. Sir to me afterwards...



Finland, Stalin, Dalton P 37 (27)

14/5/49

Por Phil said  
with his ed. book  
for me in Finland  
seen in the film  
by v. d. m.

It's Malenkov's  
remark to me at dinner -  
"When a few can print off  
Myis type over here in  
Finland."

Tomorrow to Finnish lady is going to see, when

R met 40 year ago. Some talk of

the map, & some of the memoirs.

I was once more amazed by the reference

in the memoirs talking about to the British

& French attempts to send troops to borders

to Finland to fight the Russians in the

Phonograph. What melon? To

get into war with Russia, & to send

Finland troops to meet the body needed by

in support to the German!!

I remember my reference to the Finland / the

Lithuanians. Phil & I have the copies of the  
from the Finland war days in the  
the books all

On July 21 the Minister of Food (Mr. J. Strachey), announced that the system of bread and flour rationing would end on July 25.

## OTHER GOVERNMENT LEGISLATION

Appropriation Act .. .. .	Royal Assent, July 30.
Attempted Rape Act .. .. .	Royal Assent, March 24.
Army and Air Force (Women's Services) Act .. .. .	Royal Assent, March 24.
Army and Air Force (Annual) Act .. .. .	Royal Assent, April 29.
Animals Act .. .. .	Royal Assent, June 30.
Agriculture (Scotland) Act .. .. .	Royal Assent, June 30.
Agriculture Holdings Act. . . . .	Royal Assent, July 30.
Agriculture Wages Act .. .. .	Royal Assent, July 13.
British Nationality Act .. .. .	Royal Assent, July 30.
Consolidated Fund (No. 1) Act .. .. .	Royal Assent, March 24.
Children Act .. .. .	Royal Assent, June 30.
Companies Act .. .. .	Royal Assent, June 30.
Development of Inventions Act .. .. .	Royal Assent, July 30.
Education (Miscellaneous Provisions) Act .. .. .	Royal Assent, June 30.
Export Guarantees Act .. .. .	Royal Assent, July 30.
Education (Scotland) Act .. .. .	Royal Assent, July 26.
Factories Act .. .. .	Royal Assent, July 30.
House of Commons Members' Fund Act .. .. .	Royal Assent, June 30.
Industrial Assurance and Friendly Societies' Act .. .. .	Royal Assent, June 30.
Isle of Man Customs Act .. .. .	Royal Assent, July 30.
Lord High Commissioner (Church of Scotland) Act .. .. .	Royal Assent, May 13.
Law Reform (Personal Injuries) Act .. .. .	Royal Assent, June 30.
Laying of Documents Before Parliament Act .. .. .	Royal Assent, July 30.
Motor Spirit (Regulation) Act .. .. .	Royal Assent, May 28.
Merchant Shipping Act .. .. .	Royal Assent, July 13.
Monopolies and Restrictive Practices (Inquiry and Control) Act .. .. .	Royal Assent, July 30.
Nurseries and Child Minders Regulation Act. . . . .	Royal Assent, July 30.
National Insurance (Industrial Injuries) Act .. .. .	Royal Assent, June 30.
National Service Act .. .. .	Royal Assent, July 30.
Policy Pensions Act .. .. .	Royal Assent, March 24.
Palestine Act .. .. .	Royal Assent, April 29.
Public Works Loans (No. 2) Act .. .. .	Royal Assent, July 30.
Public Registers and Records (Scotland) Act .. .. .	Royal Assent, July 30.
Royal Marines Act .. .. .	Royal Assent, March 24.
River Boards Act .. .. .	Royal Assent, May 28.
Radioactive Substances Act .. .. .	Royal Assent, June 30.
Supreme Court Judicature (Amendment) Act .. .. .	Royal Assent, March 24.
Sutton's Hospital in Charterhouse Act .. .. .	Royal Assent, March 24.
Superannuation (Miscellaneous Provisions) Act .. .. .	Royal Assent, May 28.
Statute Law (Revision) Act .. .. .	Royal Assent, July 30.
Veterinary Surgeons Act .. .. .	Royal Assent, July 30.
Water Act .. .. .	Royal Assent, March 24.

Dalton

I 87

(28)



DIARY.

Dalton I 37 (29)

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Talked again to Nye about the date of the next election. He is sure we ought to go to the country this year. & not wait till next Spring or early Summer. He says our Party in the House will be getting nervous & demoralised, & there will be no more really interesting legislation. We shall be making time, & losses on power & numbers. Next year's Budget will be even less popular than this one. His management may go up. And the winter is always a bad time for morale.

I think there is great force in this. Doubtless Jay also mapped his way with me last week. "Why wait?" If we have to devalue sterling, the cost of living will jump up. & that will lose us the election.

To what of them I ask "How probably justify an earlier election?" D.J. said after we had had a successful conference, <sup>in 1947</sup> and acceptance of our new programme, - & if they lords mutilated the Steel Bill.

Nye said "You can always find a pretext" in something they say or do.

I have mentioned the possibility to H.M., & said he had quite an open mind.

H.M.'s relations with S.C. & H.B., especially the latter, are bad. They fracture in Cabinet.

I said to H.B. "You have taken the Foreign Secretary's place, & it is you not me with H.M. whom we now so much more badly."

33

## GERMANY—SIX POWER AGREEMENT

On June 9, the Foreign Secretary announced the acceptance of the recently concluded Six-Power plan for a West German Government. He said the approval did not mean the abandonment of hope for the conclusion of an eventual Four-Power Agreement. The British Government still favoured the economic and political unity of Germany, but such unity must provide freedom for the individual and the unhampered movement of goods and men throughout that country. The new Agreement made possible the development of German democratic institutions and provided that Germany should associate herself more closely with the problems of world economic reconstruction.

## BERLIN (SITUATION)

The Secretary of State, replying to a Private Notice Question on June 25, made a statement on the position in Berlin. He said that rail and road traffic had stopped and that within Berlin the Soviet authority had cut off the electricity supply. A serious situation had developed since Berlin had drawn its supplies from Western Germany. Stocks of food in the British Zone were sufficient to render any immediate anxiety unnecessary. Mr. Bevin spoke of the organised demonstrations within the capital, designed to overawe the City Council, but the population showed no sign of intimidation. So far as the reforms introduced to ensure a new and stable currency in the Western Zones were concerned, the Soviet authorities had taken steps to prevent the new currency being introduced into their Zone and on these grounds imposed limitations on the passage of persons to Berlin. The Western Powers requested that a meeting be held and stated their willingness for the Soviet Zone currency to be issued in Berlin provided its issue was under Four-Power Control.

This suggestion was refused and the Western Powers had no alternative but to introduce a special currency into the Western Sectors, distinguished from the new currency in the Western Zones.

## SITUATION IN GERMANY AND BERLIN

In Committee of Supply on June 30, a debate was initiated on the situation in Germany. The Secretary of State (Mr. E. Bevin) in the course of his speech, referred to Russian moves to prohibit the entry of transport into Berlin. He declared that the Government and her Western Allies could see no alternative between plans to feed Berlin and surrender. The U.S. had offered very large resources and it was intended to prevent a stoppage of traffic and so render ineffective the Russian restrictions on the flow of supplies to Berlin. The Minister said an approach to Moscow on the matter was being considered by the Government but, as a first step, arrangements had to be made to feed the two and a half millions in our sector of the capital. He insisted that Britain must proceed with her plans and if the situation was eased so much the better, but we could not take risks. He went on to speak of the Russian flouting of the Potsdam Agreement and said that last year the Council of Foreign Ministers in London demonstrated that while the Soviet was paying nothing but lip service to German unity it was, in fact, destroying unity by insisting on policies which made unity impossible.

The Western Area could not be left as a great human slum with all the resources it possessed capable of contributing to standards of life not only of Germany but of Europe. It was not true that everything done by Britain was directed against the Soviet Union. Our object was to establish confidence in the west, but Germany must make a contribution to her own recovery and take her share in promoting European recovery.

Referring to the Warsaw Conference statement on Soviet policy on Germany, the Foreign Secretary said we were not going to have a facade which was virtually one-Power control. The British Government could not accept the interpretation of democracy as applied in Poland, Czechoslovakia, Hungary and other countries.

## CONSTITUTIONAL

## REPRESENTATION OF THE PEOPLE BILL

This measure was referred to in the last Annual Report.

On Report, a Government new Clause was brought in to limit the use of motor cars at Parliamentary elections. It provided that cars used at the polls must be registered with the Returning Officers and that the number used by any one candidate must not exceed one for every 1,500 electors in county constituencies and one for every 2,500 voters in a borough constituency. The Clause was read a Second time and added to the Bill.

A Tory amendment to create five more Seats (in addition to the seventeen in Committee provided for the larger English boroughs) was rejected by 278-127.

The measure was read a third time on June 23, by 338 to 193, the Opposition moving a reasoned amendment to the Motion on the grounds that the Bill repudiated the agreed recommendations of the Speaker's Conference of 1944, and disregarded, for Party advantage, the findings of the Boundary Commissioners on the question of new seats.

Replying to the debate the Lord President of the Council (Mr. H. Morrison) repudiated the charges that the Government had broken pledges resulting from the Speaker's Conference recommendations. There was he said no intention or undertaking, specific or implied, that the Labour Government was committed to what had transpired during the lifetime of an earlier Parliament.

The measure was given the Royal Assent on July 30.

## DOCKS STRIKE (STATE OF EMERGENCY)

On June 28 the Prime Minister made a statement on the situation which had developed from the unofficial London Dock Strike. He indicated that the number on strike in London on that day were 19,000; 5,877 were at work; and approximately a thousand servicemen were discharging food cargoes. All perishable foodstuffs had been cleared. The stoppage had extended to Liverpool and Birkenhead and in the circumstances the Sovereign had been advised to issue a Proclamation under the 1920 Emergency Powers Act declaring that a State of emergency existed. Powers would be given to the Government to do all that was necessary both by the deployment of service personnel and by the requisition of equipment for the maintenance of the life of the community.

## COMMUNISTS AND FASCISTS IN STATE SERVICE

On March 15, 1948, the Prime Minister made a Statement on the employment in State Service of members of the Communist party, and those associated with Fascist organisations, on work of vital importance to security.

He said that from experience, in this country and elsewhere, membership of the Communist Party might well involve the acceptance by the individual of a loyalty which, in certain circumstances, would prove inimical to the State. The Government had reached the conclusion that the only prudent course to adopt was to ensure that no one, known to be a member of the Communist Party, was engaged on work the nature of which affected the security of the State. The same rule would govern employment of known Fascists. It was hoped that alternative employment, on the wide range of non-secret Government activity, would be found for those deemed unsuitable.

The Statement was debated in the House on March 25, when the Prime Minister indicated that where a Civil Servant's loyalty was suspect, he would be given an opportunity of studying the case against him and of making a reply. The departmental head would then consider whether the matter should be referred to his Minister and the latter, on the evidence, would consider whether there was a *prima facie* case for transfer or dismissal.

The Prime Minister thought there should be some machinery, beyond the Minister, to safeguard the rights of the suspected Civil Servant and he stated that it was proposed to set up an advisory body of three retired Civil Servants. The person involved would be able to appear before it and the advisers would carefully sift the entire evidence before making any recommendation to the Minister.

# DIARY SUPPLEMENT

FRIDAY MAY 20 1949

POSTAGE: INLAND

Dalton I 37 (87)

## GOOD STATES OF MIND SOME REFLECTIONS OF J. M. KEYNES

WRITING of Lord Keynes shortly after his death, Mr. T. S. Eliot said: "In one art, certainly, he had no reason to defer to any opinion: in expository prose he had the essential style of the clear mind which thinks structurally and respects the meaning of words. . . . And, unlike some other brilliant scholars, he had continued throughout his life to feed and exercise his mind by wide reading in English and other literature." If proof were needed that Keynes was a master of English prose, it can be found in the two memoirs which have now been posthumously published. The dazzling clarity, the irony, and humour, the exquisite cadences achieved without the slightest strain—which gained even more when he read his works aloud in that persuasive voice—all are present and reaffirm his position among the most civilized men of his age.

The first and longer of the two essays was already known to exist. In his review of Mr. Churchill's *The Aftermath*, which was reprinted in *Essays in Biography*, Keynes let drop that he had recorded his impressions of a peculiarly sordid chapter in the history of the peace treaty. The story consists of the attempts by Keynes to persuade the allies to lift the food blockade on Germany and central Europe, which had been prolonged after the armistice, and to permit Germany to import food. But the French opposed any plan whereby Germany would be allowed to pay for food in gold or other liquid assets which they wished to freeze as a guarantee for the payment of reparations. The Germans would not budge from the letter of the armistice agreement and were unprepared for the perpetual new demands handed to them each month by the allies. And since Foch regarded the dispute as an insignificant civilian squabble and since Admiral Browning, according to Keynes, was "a most surly and ignorant sea dog with a real and large hook instead of a hand, in the highest nautical tradition, and with no idea in his head but the extirpation and further humiliation of a despised and defeated enemy," the negotiations languished and children starved. Of Keynes's attempts to defeat French intransigence, of the allied insistence that the German merchant fleet must be surrendered without condition as a bargain for the provision of food, of Lloyd George's dramatic intervention on the Supreme War Council, nothing need be said except that the reader is riveted by the spectacle of human stupidity and folly.

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the collapse of the code of behaviour which he acknowledged; for whom "Germany was almost as guilty to accept what she could not fulfil, as the Allies to impose what they were not entitled to exact." It is against this figure that Keynes sets the whole background of broken promises, the decay of honesty, the meanness and smallness of vain politicians and cynical officials.



JOHN MAYNARD KEYNES

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It is not only in such flights as these, but in the structure of the essay, that Keynes reveals his art. He chose to hang the story of the negotiations round a central figure, the obscure Dr. Melchior Melchior

Nevertheless, the second essay is the more important. Entitled *My Early Beliefs*, it describes the creed held at the beginning of the century by that group of Cambridge men who were to form the nucleus of the Bloomsbury set. It was originally read to this circle in 1938 and reveals that blend of intimacy and candour which they especially valued. The essay was inspired by a previous paper read by Mr. David Garnett, who has edited this book, and who had described how, as a young man, he had been bitterly disappointed by the hatred with which D. H. Lawrence regarded his Bloomsbury friends. They made him, cried Lawrence, dream of beetles. . . . "You must leave these friends, these beetles Birrell and Duncan Grant are done for forever. Keynes I am not sure . . . when I saw Keynes that morning in Cambridge it was one of

the crises of my life. It sent me mad with misery and hostility and rage. . . ." Was there not, asks Keynes, when all allowance has been made for Lawrence's jealousy, for the violent emotions which Bloomsbury aroused, at once attracting and repelling him—was there not perhaps a grain of truth in his criticism? Was there not something brittle, as Lawrence thought, in these young men, something too assured about their beliefs? And this raises the question: what did they believe?

Their beliefs revolved round the axis of a single philosopher. In 1903, a year after Keynes came up to Cambridge, G. E. Moore published *Principia Ethica* and a paper entitled *The Refutation of Realism*. Moore has described in an autobiographical essay how his views had steadily been changing from the days when he won his fellowship at Trinity with a dissertation on Kant and how he came to spin out of the orbit of McTaggart, then the dominant philosopher at the university. The impact of his work on the set of undergraduates to which Keynes belonged was electrifying. For Moore taught them a new religion. Nothing mattered but good "states of mind"; and a good state of mind had no intimate relationship with doing good. Indeed, the service



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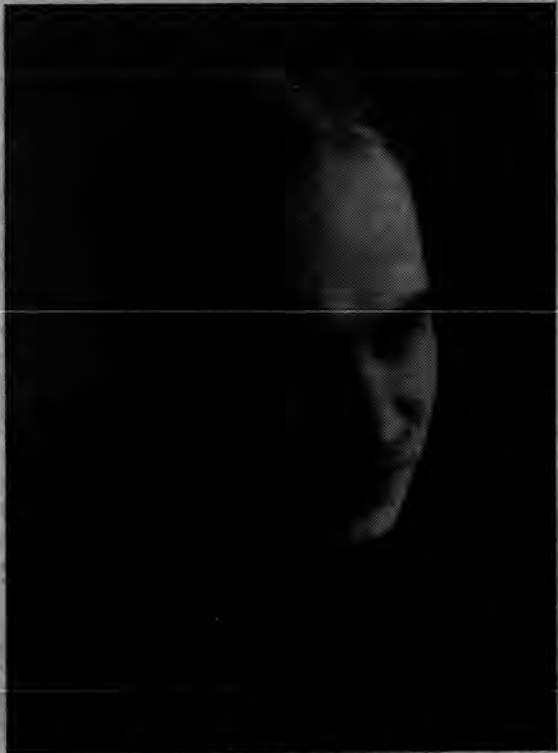
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But it is more than a well-told story, for Keynes was also an artist. Interspersed with portraits of Foch and Clemens, Keynes's narrative re-creates an atmosphere in which the peace was negotiated. His description of the trip to Spa is highly

had assigned to him months before had

*Two Memoirs*,  
Enemy, and  
lection by  
7s. 6d.

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It is not only in such flights as these, but in the structure of the essay, that Keynes reveals his art. He chose to hang the story of the negotiations round a central figure, the obscure Dr. Melchior. Melchior was the leading German financial expert and Keynes had been impressed at their first meeting with the bearing of this upright and dignified Jew. Months later, after the sordid business was concluded and both Keynes and Melchior had returned to private life, they met again in Amsterdam and Keynes, on an impulse, invited him to lunch and read him the first chapters of *The Economic Consequences of the Peace*. It was then that Melchior revealed himself as a moralist, "a worshipper of the Tablets of the Law," distressed beyond measure at

the collapse of the code of behaviour which he acknowledged; for whom "Germany was almost as guilty to accept what she could not fulfil, as the Allies to impose what they were not entitled to exact." It is against this figure that Keynes sets the whole background of broken promises, the decay of honesty, the meanness and smallness of vain politicians and cynical officials.

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How could . . . of mind was



Dalton I 37 (33)

# UNITED NATIONS WORLD

THE INTERNATIONAL MAGAZINE

U.S.A.  
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386 Madison Avenue

70 Shaftesbury Avenue London W1 • GERRARD 7531

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Dear Sir,

We have heard of your interest in international affairs and are taking this opportunity of introducing you to UNITED NATIONS WORLD, in the hope that you will be persuaded to subscribe to it as a regular reader.

As you may already know, UNITED NATIONS WORLD is an independent non-party monthly magazine, with British, American and Swedish editions and a circulation reaching all parts of the world. It is devoted exclusively to international affairs in their broadest sense and publishes articles and features which are both authoritative and

DIARY

Dalton 237 (34)

1/6/49. Hong Kong a/c.

Mye & I are invited, having taken the Special Int. course in  
L. Sloan District, & Defence etc.

P. J. R. Lamb initiated telegram to 2 from Commonwealth  
Commission. This causes interesting participation in my own  
not very favorable. Dr. Stimpson has "some words" about  
certain aspects of the policy.

Canadian opinion is bifurcated apart as to Canada's support  
subject in an Security Council it is some 6 or 7 years. Mr  
replies from S. Africa in India.

support, but neither she nor Australia are offering any  
real support, though Security Council has shifted for  
Japan. Ed. is visiting 2- Anderson in Paris

where H-K.

Not good!  
no peace - having  
optimistic delusion.

But it is fantastic to see from  
Phil. affixing his usual  
2 day's replies for C. Compton

## GUTENBERG, INVENTEUR DU CARACTÈRE MOBILE (1397-1468)

— Gutenberg, un grand homme ? dit Bob avec une moue. Oui, je sais, c'est celui qu'on appelle « le père de l'imprimerie » ; mais est-ce qu'il le mérite ? Il paraît que ce n'est pas si sûr ; ce serait plutôt une espèce de parrain. Et puis, on m'a montré un jour un manuscrit avec des initiales dorées, superbes : c'était bien plus joli que tous les livres imprimés. Et d'ailleurs, c'était si difficile que ça, d'inventer l'imprimerie ?

— Tout de même, Bob, pense qu'avant le milieu du XV<sup>e</sup> siècle, il fallait écrire tous les livres à la main, et c'était bien long ! Imagine les moines patients, d'abord, dans les monastères, et plus tard les copistes de métier dans les ateliers, qui ont usé souvent une année entière, parfois toute leur vie, à la copie d'un seul ouvrage ! Ils s'appliquaient à tracer sur le parchemin des lettres noires bien égales et il est vrai qu'elles étonnent encore par leur régularité : à peine une légère dissemblance entre deux B ou deux M de la même page trahit-elle, de loin en loin, qu'ils ont été dessinés par une main humaine, qui pouvait trembler un peu. C'est vrai, Bob, certains de ces livres-là sont superbes. Les plus soignés étaient confiés ensuite à un miniaturiste (souvent un grand artiste) qui les illustraient de petits tableaux ou qui, oubliant le sujet même du livre, se mettait à rêver à des jardins et à des légendes et couvrait de fraises, de papillons, de légers feuillages ou d'animaux fantastiques les marges de son manuscrit. Il se servait de couleurs qui paraissent encore, après des siècles, fraîches comme des fleurs le matin.

Mais il fallait être riche pour acheter même les manuscrits sans peintures, même ceux qui étaient copiés sur une matière nouvelle, moins coûteuse, le papier. Or, il y avait de plus en plus d'étudiants, qui avaient besoin de livres savants ; beaucoup de gens aussi auraient aimé posséder des récits de voyageurs, ou les Vies des Saints, ou une histoire ancienne ; et bien d'autres, de leur côté, auraient voulu écrire ce qu'ils pensaient pour des lecteurs plus nombreux. Jamais on n'avait eu tant à dire ni plus envie d'apprendre. Dans tous les pays, l'un après l'autre, commençait une grande Renaissance. A cette Renaissance impatiente, le beau manuscrit lent ne suffisait pas.

Des artisans, un peu partout, eurent d'abord une bonne idée ; sur une planche de bois comme celles qui servaient à graver des images, ils taillèrent en relief les mots de toute une page ; après, on les enduisait d'encre et on appliquait fortement la planche sur le papier. On pouvait produire beaucoup d'exemplaires avec la même planche, jusqu'à ce que le relief soit usé. Tu n'y aurais peut-être pas pensé, Bob. Voilà bien du temps gagné ! Pourtant, c'était encore trop long et trop cher.

Alors, très vite, on trouva qu'il vaudrait mieux fabriquer de petites lettres séparées qui pourraient servir indéfiniment à composer tous les mots qu'on voudrait ; avec ces CARACTÈRES MOBILES, c'est l'imprimerie qui était inventée. Ce n'était peut-être

pas bien difficile, mais, puisqu'on ne l'avait pas inventée plus tôt, c'est que, malgré tout, le premier venu n'y songeait pas. A qui est-il juste d'en faire honneur ? On croit que plusieurs chercheurs y pensèrent presque en même temps et firent des essais en Hollande, à Avignon, à Strasbourg. Mais que de difficultés pratiques ? Il fallait trouver, pour fondre dans des moules creux les petites lettres indépendantes, un alliage métallique assez résistant ; il fallait obtenir, après bien des essais, la régularité de leur frappe ; et une presse, et une encre spéciale. L'idée nouvelle qui était dans l'air restait donc un peu une idée en l'air tant que personne n'eut réalisé un tirage et mené un livre jusqu'au bout ; et c'est Gutenberg, de Mayence, créateur certain de plusieurs volumes typographiés, qui a la gloire de passer pour le premier imprimeur.

Il est célèbre et très mal connu, ce qui arrive souvent. On sait seulement qu'il vécut sans confort, sans sécurité, sans repos ; mais non pas sans joie, car il était sûr de posséder un secret merveilleux. Qu'il ait été anobli par son seigneur, l'archevêque de Mayence, et qu'il soit cependant mort pauvre ; qu'obligé de prendre des associés, il se soit brouillé avec eux (ce que nous connaissons le mieux de sa vie, ce sont les procès qu'ils lui intentèrent), peu importe, au fond. Peu importe aussi que sa réputation éclipsé un peu injustement celle des artisans ingénieux qui l'ont peut-être précédé et même celle de Schoiffer, son grand émule de Mayence. Il est bien que nous ignorions à peu près tout de lui, sauf son nom, et que dans sa gloire, presque sans visage, se résume celle des grands imprimeurs de son temps.

Quelle image évoque pour toi, Bob, le nom de Gutenberg ? un homme de jadis, dont tu ne discernes pas bien les traits parce qu'il est penché sur sa presse ; il met au point le procédé nouveau, il tâtonne, il ne perd pas courage ; il escompte un peu le profit qu'il tirera de toute la peine qu'il prend ; mais surtout, il aime sa trouvaille, et il pense avec fierté qu'on aura peine à distinguer des manuscrits les plus parfaits, le livre en belles lettres gothiques qu'il élabore. Il serait plus fier encore s'il pouvait prévoir le rôle futur du livre imprimé ! Depuis l'imprimerie, il semble aux hommes qu'ils peuvent mieux s'expliquer les uns aux autres, qu'ils sont moins séparés.

Mais les belles miniatures ? On continua quelque temps à en peindre sur les volumes typographiés ; pourtant, elles finirent par se détacher, fleur à fleur, de ces nouveaux venus trop pressés. Alors, comme ils allaient prendre un air triste, une consolation leur fut donnée : l'illustration par la gravure.

Quant au manuscrit lui-même, son office rempli, Gutenberg passé, il n'a plus qu'à prendre une retraite bien gagnée dans les bibliothèques, où on l'entourera toujours de soins et d'admiration. Et voici désormais rangés, pour des combats pacifiques, les petites unités d'acier mobiles.

TEXTE DE WINTZ WEILLER ILLUSTRATION DE F. BERNARD  
COLLECTION LES ARTISANS DU PROGRÈS - 13, RUE DE TURIN - PARIS-8<sup>e</sup>



DIARY.

Dalton I 37

36

Fin 3/6/49 - Fin 10/6/49

Blackpool for Annual Conference.

1. Speak with Myr on Sunday evening demonstration, with Hubert & M. Post next door. Good audience.

The Conference is very easy. The Platform demands to Floor Hall. There is quite a lot of L & R. The programme goes over very well with little criticism. All E.C. Speakers get long orations - & have to rise on schedule - even I, who have only a minor part, & piece of the pieces at the end of the initial Debate. E.C. pretty tired after from Pans & makes a unusually short & quick speech. No real strain with even of less great strain of meeting in the Party. L of Post in leadership which comes collectively very well out of the conf. S.C. makes his standard speech, & this is received, though without the long oration piece to other, without assistance.

Dunlop is elected to vacant place on W.E. due to Leslie's retirement. I am 5<sup>th</sup> on a list of 20 but you look then

I would be in the 1<sup>st</sup> or 2<sup>nd</sup> I should vote if opportunity. That part of the 2<sup>nd</sup>. The top 6, ending with the well. Let a very good vote. What notice in the conference is spreading again.

Manx Co-op of 1947 will re-address. Decisions will seem become fairly irrelevant. The Dalton gap will swallow all! Pick of the hell of a cold at the Hotel Party in else! Monday night - have little voice for next 2 days.

Drive to Kendal, where on the night of the 10<sup>th</sup> I make a speech in front of Paul Wilson, on candidates for W. Ireland. Very hoarse, fight to bed with hot whisky, beer & aspirin.

Dinner

Dalton I 37 (37)

11/6/49.

I had thought last night that I would be able to start today's main push with a 2 hour run. The evening from now on! That about 3 hrs. I wake in a fine sweat & with my head clear.

So we start in planned - Silkin, now spoke with competence and effort last night at Hadden Pt. & today join the first day's main walk with us, & substantially lead the party - Geoffrey de Kervin, Barbara & Ted Cottle, George Chetwood, Billy Taylor (Newman), Fred Wilby, Tom & Thade Stephenson, & a number of persons & participants - with Paul Linton & Helas (Nat Smith) & a few others.

From passage of the Cascades, (nearby Gillscoy (Garrison view of New Caledonia & Windermere, which are of many peaks) & down to Wakarusa, where we have a good view of Rushmore, where we stay at the Scappell Hotel. A very sunny day, & we all have red faces - & heads were then in a not very lowish.

12/6/49

Up Scappell Pt. Re. Ristly from above 2 1/2 hrs. long up. I went at the same time, with Ted Cottle & Francis, then say they reached the peak. Back to Rushmore, & back at Scappell Pt. from. Mistaken but happy.

DIARY.

Dalton I 37 (38)

13/6/49

To Kewick, by boat across Denmark; thence by Rail  
via Paris to London. Very good publicity, including  
en counter with Forest rising from Brambles. How the  
press like, I don't say I will, is odd!

14/6/49.

Gladya dinner with me at 150k Bolla, & we discuss Strasbourg  
situation.

15/6/49

First meeting of Am. Univ. (E.P.C) since Blackport. H.M. and  
E.H. are away. But meeting includes C.M.T., S.C., C.A., A.S.,  
H.W., G.L. and J. Strachey. and myself.

Very serious dollar situation. Gap widening 2 weeks  
running down. It can't come any lower than £400

in + say £500 a E.P.C. day. This is how it  
looks since war. Reasons: our exports to U.S. very low;  
April recession will keep them low; Colonial surplus  
has vanished, etc. No long buying Malayan rubber etc.;  
Commonwealth countries spending too much, esp. Australia  
and Africa; fresh talks on adjustment of relations  
devaluation talk. A lot of money in dollar balance sheet all  
day.

He writes similar reports on his recent visit, with  
Robert Hall, to U.S. especially on recession and  
devaluation talks &

DIARY 15/6/49 (2)

Dalton I 37 (39)

(c) convertibility & non-discrimination talk.

M to (c), all Americans ~~are~~ expect it to go deeper, but not at least a year. M to (b), Snyder, advised by some new economists, is quite sold on devaluation. M to (c) put the other side to them. They admitted that if devalued they would follow suit and "unite" them last time" (1942). But they also finally admitted that "this is your decision, not ours." M to (c), Americans have now swung back to mood of 1945. Convertibility & non-discrimination are now their principal ~~to~~ aims - not helping Europe & resisting Communism.

S.C. says that the danger is that, within 12 months, all our reserves will be gone. This time there is nothing behind them, & there might well be "a complete collapse of Sterling".

We meet again in the afternoon, without officials, & P.J.M.S. joins us. S.C. gets authority to stop all payments for gold & dollars, & will circulate & refer on that action proposed for next week. He thinks - & he is right - that it is essential to announce action taken on devaluation and reserves by July 5<sup>th</sup>, when <sup>multinational</sup> statement on reserves will come along. He is very calm. He

~~There is a planned speech in favour of~~

S.C. says that he thinks it should have been early election. He says devalued, though he doubts whether today. He says "1931 over again" & says "Should we never let free?"

DIARY.

Dalton I 87 (40)

15/6/49 (31)

At the end of our <sup>financial</sup> letter is written. Saved ~~up~~ to Low level  
Apr 5 1945. Saved up the Loan, with its convertibility string.  
Apr 5 1947 (July), but he cut down dollar imports & went  
back on convertibility. 2 Jan 1948 had M. Hild before  
the Gov Apr 5 1949 (July). The danger now is of  
lower national & less material imports leading to  
unemployment. (This state w. European countries is a pretty  
bad mess too.) Americans don't seem able to see  
the simple point about our reserves. Hummer, E. F. H. etc.

S. C. says just can't see it!

He wants also an early conference of sterling area countries.  
India is making immense demand for  
sterling loans.

8:15 AM. She may have to be put out of sterling area.  
Don't think the world cheap on gold & dollars for what  
she sold us! "We don't know about sterling area  
drawings will some time later". How like 1947,  
when I was criticized for 2nd morning session! Not  
much improvement since then.

We must, it seems to me, be pushed into a corner.  
But we must have a bold, positive policy, &  
challenge them on it. There are all the  
makings of a panic here.

17/6/49 to be continued - still very highly - let  
make a few notes on possibilities.



18th - 19th June, 1949

Glanced at W.L. through Max Beloff's "Foreign Policy of Soviet Russia", Vol. II, 1936-41 (O.U. Press). This is a very capable and useful compendium, which shows, with much objective detail, why Russian suspicion of the motives of the British and French Governments, and also of their will and capacity to fight the Germans, steadily mounted during these years.

By 1938 "Spain became a mere diversionary side-show. The ultimate importance of the Spanish War is its role in sowing distrust between the S.U. and the Western Democracies". (Page 38). Stalin, speaking on March 3rd, 1939, said "The big and dangerous political game started by the supporters of the policy of non-intervention may end in a serious fiasco for them".

Russian suspicion was further increased by Chamberlain's visits to Hitler and, of course, by Russia's exclusion from Munich.

Stalin at Yalta said that the Molotov-Ribbentrop Pact was due to Munich and the failure of the British and French to consult Russia. (Byrnes "Speaking Frankly", page 283).

Molotov, speaking in Moscow, as early as November 6th, 1938, said "The second Imperialist War has already begun on an immense field from Gibraltar to Shanghai. The democratic Powers allege as a pretext their weakness in face of an aggressor, but in reality they do not desire to intervene seriously against the aggressor for they are still more afraid of a workers' movement" (Beloff, II, 219).

Beloff brings out clearly the clumsy approaches from our side to the Anglo-Franco-Soviet talks in Moscow. Stalin's speech in March was five days before Czecho-Slovakia was occupied.

On the disputed question whether the Poles, after long refusal, finally agreed to allow passage of Russian troops through Poland, Beloff quotes Daladier (II, pp. 269-71) as stating that he threatened Poland with the denunciation of the Franco-Polish Alliance, and that, as a result, they gave way. This is Daladier's evidence but others disagree.

In the first weeks of 1940 plans were being considered by Britain and France both to attack the Russian sources of German supplies, and to open up a new front in the Balkans or in Scandinavia (see Answer by R.A. Butler to Question in H. of C. on July 11th, 1940).

Weygand's Army was to attack the Caucasus (B. II, p.308).

(Compare Churchill's account of all this policy in  
"The Gathering Storm".)

G.R.

DIARY

Dalton I 37 (42)

Note Dictated before  
Dollar Meeting 7

ECONOMIC POLICY COMMITTEE

Minutes on 1/7/49.

The Dollar Situation.

What action should we take, and what statement should we make next week?

We must

- (a) Reduce dollar expenditure, both by U.K. and rest of S.A.; our own action and next month's Commonwealth Conference will deal with this;
- (b) Increase our sales to dollar area; this is partly better salesmanship by us, partly increased purchasing by U.S. and Canada; the latter must come up in U.S.-U.K. discussions; their recession is the root of our trouble and it would be easy for them to cure it, if they took the right steps.

S.C. further suggests export subsidies to offset U.S. tariffs etc. This would be good if U.S. did not raise objection.

So far the way is clear, but success must depend on U.S. viewing the problem "globally", with considerations of Atlantic Defence and resistance to Communism as primary consideration. If they fail to do this, they will open the way for Communist advance whatever we in U.K. do.

Devaluation of sterling is no solution, nor even part of a solution of our present troubles. I welcomed S.C.'s clear line on this. The Bank makes clear, what I had already expressed as my own view, that far from helping to close our dollar gap, devaluation would widen it. Further the U.S. has now ceased to press for this. (If they press for other things inimical to our interest, I believe we can as effectively head them off as in this case.)

So far so good, but S.C.'s paper raises also a number of issues of our internal financial policy. And much of this makes me most uneasy. Indeed much of it is most old-fashioned, Montague Norman come to life again, and lots of sinister old junk, which I thought the present generation of economists, including Treasury and Bank officials, had buried for ever. There are possibilities here of total political disaster.

Generally speaking our Budget is not a factor in our present external troubles. In spite of all the talk of "rigidity", lack of "flexibility" and of "incentive" - some reproduced here almost as from the Economist - in 1948 we reached all-time high records in total production, in total exports, in total real investment, in the health of our children and in full employment. There is nothing seriously wrong internally with a nation which can do all this. The figure of 40% of national income taken in taxation is misleading, since so much is mere transfer - and beneficial transfer too.

As

G.R.

As to food subsidies, they are, in fact, a subsidy to exports in so far as they prevent wage demands which would be made if food prices were not held down. All the advisers of the Chancellor have always advised against them - in my time too. But, as S.C. said in his Budget Speech of 1948, "food subsidies may be inflationary in theory but they are deflationary in practice".

We had great trouble, following his last Budget, over even the stabilising of food subsidies, at a higher level than ever. People were very jumpy and over-sensitive to quite small price increases.

11

I should regard it as politically quite disastrous for public opinion if S.C. were to make the statement suggested, namely that food subsidies would be reduced in this financial year by £100 million to offset supplementary expenditure on health, defence, etc. This would cause the gravest political trouble in the Parliamentary Labour Party - and perhaps within the Government itself - and would completely dishearten our followers in the country. It would also lead to a mood in industry, in which wage demands could not be held in check. The price index has already gone up to 111 and is likely, anyhow, to go up two more points. If this continues there will soon be great pressure also to increase the social security benefits.

11

I am sure that the figure given for the food subsidies this year should be maintained. I hope that some of the proposed supplementaries can be rejected or reduced. But, even if expenditure increased by £50 to £100m, if we can hold in check demands for wage increases, we can afford the increased expenditure.

The Budget statement shows a prospective surplus on revenue account of £192 million for 1949-50. The so-called "over-all surplus" is only £14 million but this figure is reached after charging all capital expenditure by the Government (minus capital receipts) to revenue. This is a most exceptional method of accounting. Normally one would pay for current expenditure from revenue and capital expenditure from borrowing. In these conditions we can afford a smaller revenue surplus and no "over-all surplus" as defined above.

S.C. also proposes, I think wisely, to revise the total investment programme. This would also relieve inflationary pressure and allow some materials to go into export. Our investment programme has been very handsome.

I see no sense, though I hear a grim echo from the past, in proposals for tightening monetary policy. No sense at all in increasing Bank Rate, or interest rates generally, since capital expenditure is not now determined by what people want, but by what the Government permits. Here at least we have effective planning. I also hear grim echoes in proposals to "compromise with orthodox capitalist views" in order to increase "confidence" abroad. "World opinion" is cited, but whose opinion and in what countries? I do not believe that the U.S.A. will press such actions upon us, and I regard paragraph 13 as being greatly over-stated. In particular, it leaves quite out of account the forces of American Labour.

I saw 7/10  
a letter by Cab  
or 12/10/48  
Dell - 4  
B.C. of the  
S.M. bank  
to tell that the  
rate was "only  
of the "L. ment  
J. of

New 3% rate market is very jumpy here. Our  
Higher rate rates in U.S.A. C. W. Dell, 2 weeks  
back only returns.

Our Budgetary position is "sounder" than any other country in the world, including the U.S.A. who have a large deficit. We must not give in to pressure from private interests in the City and elsewhere. And, in fact, I am sure that giving in would not only hurt us politically, but would avail us nothing really. The Labour Party and the country would be split from end to end; there would be most bitter explosions of resentment and grave industrial troubles which would do far more damage to our national prestige and economic recovery than anything else.

I am very much disturbed at the evidence that the Old Adam is still alive and walking.

If you want more immediate measures, consider reducing Min of Coal - work man large all costs - by subsidy - or cost but mean work press for more ways.

Broadly, Quit U.S.A. will come in 2 half is a big step without trying to dictate our own policy, as we must fight our own way without them, - by defending our own political independence, by developing our own resources, by making bilateral deals with whomever we can, in common with Europe & W. & S. America, etc. if we can get the idea of recovery above.  
On this we should take the judgment of the country - and appeal to the patriotic feeling of all sections.



DIARY.

Dalton I 37 (45)

29/6/49

He says S.C. proposes to cut - 2 to announce this next week - food subsidies  
 by £100m. To offset supplementary to Health, Defence, etc. This  
 has been passed on him by a conspiracy of Board, Planning, etc. &  
 the Board. D.J. has argued vigorously against it in front of them all, but  
 without success. Myself attended, with a message from "the person"  
 through this would help to restore confidence." (I always expected  
 Cuthbert to come in person when I wanted his view) D.J. said make S.C.  
 see that food subsidies Reef Deer tests, (I am a subsidy to exports.  
 D.J. would feel that he would have to resign. No would state  
 main minister, if this was done. I say I remember how they all  
 passed in on me over this same idea in the summer of 1947.  
 I said I did announce stabilization of  
 2/1947. But I visited them - through I did announce stabilization of  
 subsidies at £400m in new budget.  
 D.J. says the S.C.'s paper has a 1st more awful old staff, like  
 with the Board etc etc. I say I don't remember the minister  
 swallowing all this.

30/6/49.

E.H. says in Cab that all maybe easier after ~~the~~ July. But  
 will be the difficult months. That "other", i.e. American, "don't want to  
 be Mess up" and he thinks they will see how much for them,  
 France on backing us. All this is one of his 2. Japan aside, with  
 a very pretty confident smile.

with this staff at least about 1000. S.C.  
 says "you see I don't support it." I said  
 "I was surprised you even mentioned it. One  
 of the best advice one should take was  
 mentioning."

1/7/49.

S.C. was saying in Paris till 2 am. Then caught to get home and home,  
 looking tired & drunk, to E.P.C. at 11.30. It goes on after lunch  
 2.30 to 4. A big sitting, nearly all to Cab, with H.G. & Strachey &  
 Strauss, - & O. Faurely, Briller & Maken, members 3 Cab Sec. NBS.  
 Committee to me that it is very broken to look the way people  
 stamped talk. S.C. got a pretty good agreement in Paris.  
 He then explains his paper. (It is very bad in parts, and J. had  
 warned me.) He gets no support for any minister on his proposal  
 to cut food subsidies. His leads off against it. It would cause a  
 particularly Report & would do the work again. E.H. strongly against it, &  
 do A.B., C.A., Strachey & L. S.C. doesn't put up much fight for it. I wish  
 that Budgetary plan had no bearing on our difficulties at all. Our budgetary  
 situation - with a surplus of £400m on revenue account - is the best in the world  
 in the world. It is a very good thing. I say I don't remember the minister  
 swallowing all this.



DIARY

Dalton I 37 (46)

1/7/49

(48)

seen the American that their recession is to blame.

He says <sup>long as</sup> ~~that~~ thinking

(1) compare July - a hot & Festy month - with Atlantic Pact, Military Aid Pact and Second Appropriation of E.P.A. all in the balance. They want to avoid an explosion on the Hill.

(2) Whether or not there is a real divergence in general economic policy between U.S. & U.K.

(3) whether this is just like 1947 over again, leading to just a demand for more dollars.

In any statement we make here we should emphasize, they hope,

(1) that our import restrictions are just a business arrangement; a matter of fact action to deal with a "temporary" fact situation, not a permanent new policy.

(2) that there is need for clearer & deeper understanding bet U.S. & U.K. policy is presently filled; that this should start - Snyder couldn't get the last sorry thing.

~~But~~ A is much concerned with British strength, & that of all W. Europe. He is not sure he understands U.K. situation, but feels that in reconstruction after the war, he hadn't yet been able to deal with costs & prices. Has for some time been concerned with competitive position in Europe, by reducing prices & costs, & by increasing efficiency?

Devaluation, he thinks, is a subject for the future to decide; U.S. would press on this. It is only one way in which costs might perhaps be reduced. If external confidence is to be restored, there must be constructive measures, not merely restriction.

S.C. says U.S. is quite ready restore S.P. if they restricted stockpile rather than allow offshore purchase in Canada & ect. Costs of, e.g., rubber much higher pre-war. "Liberalization" in W. Europe has been slow because we are with competitive trade. He should do something here.

He says that devaluation might be desirable. He says that devaluation might be desirable. He says that devaluation might be desirable. He says that devaluation might be desirable. He says that devaluation might be desirable.

He says that devaluation might be desirable. He says that devaluation might be desirable. He says that devaluation might be desirable. He says that devaluation might be desirable. He says that devaluation might be desirable.

DIARY.

Dalton I 37 (49)

19/7/49.

P.M. today held a Council of War on the date of the <sup>General</sup> ~~great~~ election, on which I had written to him before Blackpool. The present HM, E.B., A.B. & myself. S.C. was left for Tunisia today for his treatment, had written to C.K.T. who read part of the letter to us. S.C. wanted an election to give the 2 C's a fresh mandate for their talks at Washington at the beginning of September. He wrote that our policy was not well received either by the U.S. or Canadian Govt, & that there was less confidence in UK. from various sections - I think he meant business & financial - was here in doubt whether he could win the election. Abbott has said to him that it would all be so much easier if he had an General Election behind us. But obviously S.C.'s idea is quite impossible, since it would mean dissolution in a few weeks time and an election campaign in the August holiday season. C.K.T. said it was clear that S.C. had been very much wrapped up when he wrote this, & had not thought it out.

In subsequent discussion HM sat on the fence; he saw the possible advantage of an early election, but it was difficult at present to see how the public would react to an unexpectedly early appeal. The Govt Party machine was not yet turned up; it was in low gear from the Tories. Printing was very slow. It would be necessary to speak very confidentially, to Mr. Phillips & Winkle. A.B. spoke with his habitual force and warmth in favour of an election this year. Next Budget would be very important, near the end of the financial year there would be heavy supplementary, & Parliamentary would become demoralised in the last session, etc.

DIARY.

Dalton I 37.

(50)

19/7/49. (cont) (21)

E.H., who is just off for a holiday and is pretty tired, read out against any election while the talks with the U.S. were on, and these might last till nearly Christmas. He was optimistic about the outcome of these. "The Americans" - meaning the Administration & the military - did not want our Govt to fall. (Foreign Secretary, I remember A.H., never want elections, ~~and~~ for these disturb the real international negotiations!)

I said, - regarding the Govt. that I had written to him before Blackpool, before the dollar crisis had fully blown up, - that I was more than ever convinced that he ~~could~~ not have made the Budget in this form. I had been shocked at the bad effect on morale of the last inevitable change its policy was. Therefore he ought to have pulled down at least in February, and at earliest a dissolution at the end of Sept, when he saw how the Washington talks went. He should have to face up our preference for a spring - summer election this time.

C.R.A. said he quite agreed that he must dissolve before the next Budget, but was willing to postpone February, or April this year. A.B. implied at length for this year. W.W. said that "our people in the West" would be surprised if he did not for the full length, but that feeling might be different elsewhere. He did not think he could make up our mind at present. With this week's judgment he all agreed, but I think all are clear that February is the latest date, and that a strong case may develop for the autumn in early winter, though he had made plans.

DIARY.

19/7/49 (Contd. 3)

Dalton I 37 (81)

Some days ago - I may have 2/3rd this morning - S.C. at a E.C. meeting, the officials having been asked to leave the room, said that he did not trust his own officials & advisers. They were all really, by reason of their training and their belief in a "free economy", much more in agreement with the Americans than with British Ministers. They would honestly try to carry out their instructions, but they would find it difficult to do so. I said "how do you mean?" and he agreed to do.

D.J. went to Chappin for his talks with Bayda & Abbott, & also attended the Commonwealth Finance Ministers talks. But he told me, some days after the decision, that Bridges ~~was~~ "had other ideas", than meeting Wilson Smith full time on the same talks. I told D.J. that he must get something in writing from S.C. D.J. thinks that not only are the officials not in sympathy with our policy, but that they are half expecting us to be beaten at the election, and are beginning to think in terms of a Tory Govt & a Tory policy. They have many personal links, he believes, with the Tories, - including Eccles, Gwenton, etc.

No doubt the officials, & some of them, are writing minutes & papers for the record to show to the Tories if they should win the next election.



G.R.

The end of July is always a weary season for Ministers & Ministers & this has been very hot too. Sweet & late sittings! Unwind says I'm very fit.

Important discussion in the dollar crisis. C.R.A. is acting Foreign Secretary and acting Chancellor of the Exchequer.

H.Q. & D.J. come to see me at their own request, to say they are now in favour of devaluation - and before Washington - chiefly to boost our reserves & to create a new & more useful situation. I say I'll think it over. I do, & after, I see C.R.A.

& tell me I have changed my views. I had also, I say, overestimated the effect & speed of action on cost of living. He says he is being saved up for the Treasury & the Board arguments & since he thinks an inflation or <sup>or</sup> effects of public expenditure. I say they are inflation. He says he wants to take it all out at the Cab. I say I hope he will with the young economist Minister to stand. He says he will.

Next day and the day after he discusses it at Cab with

Bridges & Franks present. General view of discussion very satisfactory. C.R.A. calls on me to open, on a paper of H.M.'s saying that there is a close relation between our high expenditure & our dollar trouble. I say the relation isn't close at all; he must consider how he stands - Capital export, etc. Our standing position is sounder than any other country in the world, in value & etc. We have a surplus on revenue acct of £400 & £700 million. U.S. had a deficit of about that amount in 1931. Only thing H.M. left

is for H. McNeil was, pointed no doubt by the officials, says he ought to "meet - half way" those in U.S. & elsewhere who have lost confidence in our policy. Deval<sup>n</sup> isn't discussed, but is mentioned, apparently, by H.M. myself. H.V. & J.S. (only

C.R.A. & H.V. were in the Cab in 1931. How difficult the Minister are reacting now! No phrase of Sumner.

H.Q. & D.J. come again to see me after this. H.Q. says he'll



D. J. A. G. R.

Sun July 1949 (21)

Dalton J 37 (53)

concern if he commit ourselves again to convertibility. They say  
 there is still very ~~strong~~ heavy from all official quarters to  
 something else - as well as deval. We agree that we should  
 reduce investment programme, & tell banks to reduce personal  
 advances. D.J. says Eady is obstructing this task. I say it can  
 be done if necessary, under my B & E Act. D.J. says that  
 even Haldenby, P.M.'s p.s., said to him in Jan yesterday  
 how I needed it was that Cab would be in favour of "anything else"  
 in addition to devaluation. What they all want is a flesh in  
 public expenditure in social services.

H.C. D.J. has spoken distinct of H.C. They don't know what he  
 is to. They that has carrying favour with ~~the~~ <sup>the</sup> Treasury Ministers.

1. Therefore can H.C. to come to see me. He said S.C. would have  
 a Minister of State, to go to conference etc. to him. That this  
 should not be D.J., who has a few good ideas (e.g. deval. from  
 Treasury in his head to his exclusion of all else. I say  
 "You these young economists must work together". He says  
 S.C. reacted very strongly <sup>at the end</sup> against the very heavy program being  
 brought to him on this.

Two other points emerged for Cab talks. (1) Canadian minister  
 made to go a fact. M. <sup>can</sup> contracts run out, he can't renew  
 them unless Canada will take payment in sterling. (A Treasury  
 note - they were very unwilling even to put one up on responsibility  
 Cab - Under my will Rich very hard, but says that we have  
<sup>Canadian</sup> ~~Government~~ of security skill, which could be substituted in  
 stop. (2) ~~stop~~ <sup>stop</sup> ~~measure~~ <sup>measure</sup>. (3) Though we want ~~to~~ <sup>to</sup> ~~invest~~ <sup>invest</sup>  
 in social services, it is agreed that P.M. should not allow  
 deficit Minister to cut down expenditure by say 50% of work out  
~~of~~ <sup>of</sup> this. He should make such reduction on the merits, without  
 undue publicity. I say my usual song about economic staff in  
 relation to existing policy - an "organized defensive conspiracy" of  
 every hand against all supporters for above of saving staff. Individual  
~~partly~~ <sup>partly</sup>, vanity & little combats.

7/8/49.

## DIARY

From 21.2 to noon (for one night before leaving for  
Stamboy.)

It has been very peaceful at 21.2 with R for 10  
days - all thoughts of the dollar crisis put away, a  
succession of lovely days. Some quite hot, shifting  
chalk and placing a Sontaricum, & the planting  
of some free growing English Yews.

One night we heard Atalapha in Calydon on  
the air. Quite moving! I love Swainson  
still, & reread most of the Poem & Ballads, &  
H. Nicolson very understanding & first book.

I recall that on 4/6/06 I received a  
check of the Triumph of Time for speeches - a fine  
daring output. (On 7/10/05 I had received a  
check of Temperance ode on the death of the Duke  
of Wellington, Lib. to Cambridge & his handwriting  
Reading Note.) Had then I reread Catullus,

seeing & finding "Sola occidit et redire possunt  
nobis cum simul occidit brevis lux, nec est  
perpetua, nec, dominanda." Had then, with  
deep fascination, Primitiae vs II "Orae Primae  
Hoc." How big he was then; how small now!

In Taylor's little book on trees, R writes "My 2<sup>nd</sup>  
1546. Not after harvest." That was the last  
year of my life. In August 1947 there was no  
art after compatibility. In Aug '48, I was just  
born to the post.



DIARY

Dalton I. 37.

56

12/9/49 (C)

(- as our liaison officials -

More of our liaison officials are thinking of his than of what is right. D.J. wonders what he said to S.C. & G.C. when he took messages to them on the Continent?

S.C., D.J. thinks, is ill; not much improved by his time in Zurich & H.C. is said still not to be sleeping and, D.J. thinks, if he could recover ~~in~~ in a few weeks after his return from Witten, he will have to give up. (This would, indeed, be a hard blow. How could he take his post place, or even part of it?)

S.C. would present the advisability of staying in another matter, L.G. only half present. In staying report from Duno.

Concluded came over & presented mission that Canada would pay, in smoke if he proposed to pay her in staying for her wheat, etc. So that is postponed. D.J. forgot about <sup>2 in view</sup> ~~of~~ this at the last meeting of Witten (H.C. would there)

D.J. repeated several times that it is all due to my satisfaction at G.P.C. when S.C. said he didn't want the advice of his officials, that D.J. should be in one to brief making that has saved the situation. If he hadn't been in, we would H.C. have been. L.G. officials would have had it all their own way.

It sounds tonight as though the Witten talks would be a moderate success, & postpone the crisis hopefully for a few months. This,

D.J. thinks, makes the case for an election next year - but not I hope later than Feb. That's very good, or a very bad result would have ~~been~~ made for an election now.

Diary.

G.R. end Sept - early Oct 1949.

H.P. 5 weeks in Strasbourg and 10 days in my constituency, I feel pretty a stranger to Westminster & Whitehall. Here all are agog over election date.

on 29/9 I have a talk with H.P., now 2m just sea view. now is being passed very hard by S.C. & A.B. to commence dissolution of Parliament tonight, now 2e m. 11/30 & 3. Day debate on devaluation in H.P.C. They are afraid of further price rises & A.B. says he will soon have to announce disturbing figures on unsatisfied demand for houses, but H.P. doesn't think much of this last point.

H.P. <sup>still</sup> has an open mind on the date, but must do it soon, he says. That Tories want it soon is an argument of delay, & can publicize it not ready. P.M., he says, is also afraid it, & must consult E.H., now would be back in under 10 days.

I say that E.H. will be for delay. Foreign to certain always think that if only present conference in 2-3 weeks meets, it will solve everything. A.H. was like that.

E.H. & H.P. both feel that the country might think we were running away if we dissolved now. But Churchill (the Tories have ~~shattered~~ <sup>shattered</sup> their ~~united~~ <sup>united</sup> & their ~~unity~~ <sup>unity</sup> dis/union of this year.)

H.P. says that S.C. & A.B. between them are responsible for financial troubles, particularly the cost of the Health Service. H.P. is afraid of a mild "food crisis" in Feb or March.

My general reflections are mixed. I too haven't closed my mind. Feb & March are bad months for weather, worse than November. But we mustn't be stampeded, nor listen to the wrong arguments. Ordinary people don't like the professionals in Westminster & Whitehall. The attempt of a small Labour majority <sup>election</sup> <sup>just</sup> <sup>will</sup> call the difficulties ahead, & add strains on tired men and an unpopular Budget, & the just at the mercy of any small disloyal clique. And can we hope for anything better than a small Lab majority? No, perhaps, a small Tory majority be better, with the prospect of an early election <sup>resulting in a good Lab majority?</sup>



Diary

G.R. Early Oct 1949.

At the weekend (30 Sept) Tribune comes out with a leader "Let's Have an Election Now!" attacking Hyman Civil Servants.

D.J. tells me that last Thursday (29 Sept) S.C. gave some of his usual dinner with H.V., H.W., H.G., Strauss, Strachey & D.J. - he usual lot, leaving out, e.g. Isaac, T. Williams & J. Rankin - and they were all, except D.J. but for a quick election, S.C. being "very conditional". D.J. is included now - he has changed his mind a bit - to wait till May - June. He fears the effects of the weather on people's nerves.

I mention this point to Hyman now would me to mention it to the P.M. Hyman is trying to get rid of Indira's assurance out of the programme. I have made a rough statement that NEC might issue, bearing in mind on Dorman & Corp. D.J. Keenan.

5/10/49

Hyman confirms that he is for a quick election. ~~about~~ Early next year there will be many more cuts and domestic coal will be short. He fears that some things can now be done that they might be in the next few weeks. He says they should be out of breath & he should be in full stride. He has adopted candidates now in 500 constituencies, & they are going ahead in a number of others. We have a lot of newly appointed agents, many without previous experience.

He has had a survey, check & countercheck, on all constituencies (Prof. Redistributors). There is no doubt that on balance, after allowing for ~~some~~ gain of abstaining University seats & business vote, we are definitely down on redistribution. The estimates that there will be 225 safe Liberal seats, 200 safe Tory seats & 200 marginals. In those odds we are in, say, 105 and against us in 95. This would fix a Lib majority of all of 35. Damned tight! There are no safe Lib seats. Libs & Tads will mostly be obliterated. This calculation was before devaluation, & there is a lot of play among the marginals. Of Ministers, only 2 small, only Silkin is replaced - & replaceable, "a magnet in reverse". Of other Unpled Tories, Roy Jenkins & Ann Willes are the best of only 8, now bound to stand again. I do doubt that has been fixed. Silkin might be well advised to go to the Lords. What about J.P. & Depledge? Winkle

5/11/49

has mentioned this to R.M. who seemed to think it might be possible.
that Deptford would take Sicken! (J.W. tells me afterwards
that this is partly because he didn't give satisfaction when acting as
Power Man (Lough). Reg Jenkin 2 then tells me that in Deptford,
the only reasonable seat left in the Midlands will be a candidate, but neither
may get it, as there are local aspirants. (J.W. thinks Reg, as a displaced
London M.P. might get Deptford.)

I see C.K.A. in the afternoon, 2 we talk for 1 1/2 hours. I tell him
of Harold's opinion, 2 of the outstanding M.P.'s, think he is inclined to
make his Sicken (J.W. dissension peers. He brings up what the possibility
that R.J., though not Sicken, might get Deptford. He also seems surprised
to see a narrow election result, 2 even of a possible defeat.

on the date, he seems still against an early one. I tell him, on the
suggested, the bitter party. He says "these are all the intellectuals."
on the other hand, he says. Add. Sec. Ede, Tomblason 2 Skirvell are all
waiting; Ede very strongly, because new registers, though one or two
break, in fact, he available till early November. This is, indeed, a
strong argument. I say that I am inclined to think very early in the

With Tom would be best. He says, looking back, that he fears S.C.'s
emotional, each desire for a joint one is because he feels he can't go
on carrying the burden. He says that he thinks G.B.'s will be
I sympathize with such a feeling. When he gets back next week, we must have a
agreement 2 joint one. (H.G. had told me that G.B. had said he wanted us to go
from - D.C. Commission. "The first time we had the storm". Very fine, said H.G., but
to the counting on "the first time we had the storm". Very fine, said H.G., but
could be dealt like that next spring? R says G.B.'s would want to
more from the comfort of M.P., 2 from being wanted on hand 2 foot!

6/11/49

To Cambridge for 21st birthday of Rowing Labour Club. On Oct 6th
1928 I spoke at opening ceremony, with R, son Rachman (died
Hartman. In old hall of the meeting in Sharn. A lovely rally,
of old stalwarts 2 Young Hypocrites. One O.S. at Cambridge, like
the old soldiers, never die, - 2 or even, on the pale way. Stalls in
the choir, son Rachman, Reg 2 his wife. Orator his wife, Dalton
2 his little dwarf daughter. The two friends. (T.H., the best, part of the
the night), son Rachman, she's better at King, now 70 years old, 2
a handsome old lady. Only Bill Fear, of the old set, is dead.
A very moving occasion.

Diary.

Dalton I 37 (60)

G.R. 10/10/49.

Morgan Phillips tells me that now for the first time since 1945 he feels doubtful about the result of the election. Reg Wallis has told him very privately that he fears we shall lose 40 seats in Lancashire. Some opposing Staff is not so just as it should be. Dick Winkle is a bit too easy going, & rather set in his ways. I say that I want to get L.A. out after the programme. I shall have a say at the next meeting of the Policy Com. I urge him to speak to Reg, who is the chief obstacle. He says he agrees with me, & will have to go. He said anything is the matter with the spring but the right is Europe. He could hope entirely to escape it. I see we just before E.P.C. S.C.'s paper is undervalued by P. Rowden. This is an idea of what attack by officials. S.C. has it in mind to increase Health Contributions by 1/- a week. This is a most repulsive tax & would seem indefensible to the Party & the Union. D.J. said to S.C. that the way to check inflation is to hold the wage line. S.C. said there must be "an appreciation of the T.V.C."! I said I wondered whether S.C. would demand an immediate election if we refused his proposals. D.J. thought perhaps yes. He thought my influence would have been decisive before against ~~these~~ cuts in expenditure, might be decisive again. He knew I felt some personal difficulty in opposing S.C., but perhaps his would be less now than a year ago. He thought many figures in the paper were wrong.

At E.P.C. we discussed S.C.'s paper proposing, though without detail, that in "stomach" cut out £300 m of consumption. H.M. was silent but the rest of us criticized the paper. In particular it was said that by H.M. that since the estimates were made, large trading profits by Dept's, including his own, was expected to be realized. It was agreed that Dept's should be asked about this, & any necessary corrections made. I felt that there was little chance that my colleagues would accept the sort of proposals that D.J. said S.C. had in mind.

I know H.M. approved E.P.C. He said that his main concern was a great Socialist but it had at the meeting where this paper had been drafted. He said that D.J. should still be vetting papers from his officials as in the summer. Since S.C.'s return, this procedure has lapsed! I said the young Socialist economists must continue to work together & pull their full weight. He said "The trouble is that Staff is not an economist!"

D. Healdy brings me the truth of a very honest paper on the economic situation. I said he must add a more hopeful & constructive finish.

Adrian after S.P.C. struggled at having to look after C.L.O. He heard that Phil was <sup>still</sup> convalescing after his operation, but was nervous & jumpy.



DIARY

G.R.

11/10/49

A.B. said "The Tories are waiting now for the second stage of 1931." We must not let them have it.

Dalton 137 (61)

I heard H.M. say to Mr. Philip Day, after Herald lunch at Sunday in room of Francis Williams' Fifty Years March, "So you are still against an early election?" So am I." I asked A.B. to come and have a talk this afternoon. He was effervescent, amusing & friendly. (Sunday Done told me at lunch that in the Sunday Pic last week he had had a large majority: a readers' poll 7 p.m., beating L.L.T., S.C. & H.M., in her order, very easily. Report had been taken a week before just after his speech in the House.)

A.B. said S.C. was in a very strained condition. He now had a prosecution in mind, and was taking very hard charge of discretion and conduct over devaluation. I said that in public life one man needed thick skin. A.B. said yes, either a thick skin or an unshakable temperament. I said I would just either. Now, said A.B., he was committed to producing proposals. But what proposals? He mentioned a reduction of housing & school building programmes - which was really a cut in the social services - and an increase in the National Health contribution. I then read A.B. part of his paper which I had dictated today, & he said he agreed. S.C. was exhausted, & under constant pressure, he said, by officials who were not even friends. I said it was embarrassing to discuss these things always with officials. He said he had had to cut this several times. I said that officials served Ministers well, sitting on their hands until the Govt would go on. If they had doubts on this, they worked & were compelled to make mistakes for the record, to show to successors. He thought had had 10 p.m. that he should have a Ministerial Health, outside Cabinet, to deal with health. The rest of present M/Health should be merged in one Dept with Worship & T & C.P. Civil Aviation should go in with Transport. (I had Minister of Home Affairs was appointed.) Pension should go in with National Insurance, & its hospitals go over to Health. Chancellor of Exchequer should be made separate from Economic Affairs, which should be made large Minister. These changes would streamline Govt & make large savings. He thought S.C. would resign rather than comply with his main proposals for economy. Others, including himself, would prefer rather than agree. The catalyst was a quick election. We should accept Tony challenge. This would be called "running away". I thought that threats to counter threats of competitive might be the first argument to a quick one. I tried to shake him on individual assurance, but quite successfully. He asked but I considered that a small Tory majority might be the last stage. They would not be the last stage. They would be the last stage. They would be the last stage. They would be the last stage.





G.R. 12/10/49 (contd)

be observed. He has not moved on from H.G. & is very much against the proposed increase in national health insurance, a poll tax on healthy (like alike "to pay for free wife for foreigners" as Davis will say. Much better make people pay something when they visit the doctor - (or could exempt old age pensioners, etc - & limit free prescribing. He finds S.C. very messianic in H.G., very ideological & idealistic. Wants me ~~to~~ practical administrative questions not really leading themselves to either for a high position!

He says that Cottrell & Eady have been trying to increase the bank rate. & in the short term rates on just debt, but that S.C. has withstood them. (on bank-rate, without nationalization he would, see Giffis or Churchill.) He says that Cottrell is authoritative & influential. His proposal having been read down, D.G. referred to need for credit control by the Bank & Cottrell said "I have made my proposal for that. It has been rejected; so I have nothing to say to the Treasury" was against appointing Cottrell as foreman. I should not have done it.

P. Jordan yesterday said he didn't think he could hold his decision for or against an early election till beyond <sup>this</sup> ~~next~~ weekend. P.M. should make a statement on Monday at latest, or press will begin to say we're "drifting". I agree, but I shouldn't be stampeded by the press. Public relations officers live too much with the press. ~~They can't see the wood for the trees~~ he will be able to see like steadily & see it whole.

He also says (about) Poll shows us down to 34%, Tories 40%, Liberals 10%, others 16%. I say we have to Libs are enough to disrupt this! P.J. thinks he could save part of our 20% of again by showing firmness & determination.

13/10/49.

At this morning's meeting agreed to P.M.'s proposal that there should be an election this year. C.A.T. some strong lead for this & was generally supported. Only S.C. not with much talk, & H.G. have definitely agreed, though H.G. was reluctant. P.M. said "either now or later" (I could judge that). I said probably better to wait, but some



DIARY,

Dalton I 37 (65)

Sunday 30/10/49.

Reflections at W.L. after a day of sun and wireless calm, shovelling chalk & sawing wood.

There is much virtue in the last paragraph of a News-Chronicle leader on the 27<sup>th</sup> (attached). Ministers are tired. We have seen so many crises and no lasting solution of any.

Neither C.A.T. nor S.C. really put a lively & convincing case. The expectation of something much more drastic had been built up, not only by the evening press, but by some speeches of our own ~~party~~ leaders, especially H.M. All the <sup>bank</sup> men, except the Head of the Mirror, refer favourably upon us. These unitedly I am ever before.

There is a fear that our reserves might revive, & even hold up, until we shall have another 2 or three crises in a few months time.

This, at least, is a widespread mood in Whitehall & Fleet Street & the City - where bitterness & self-loathing national credit have continued. But not, I daresay, among millions of ordinary people. Not conscious of anything very remote either happening or likely to happen.

Birch said to Billy Hall "Your first mistake was a Private but we always knew where we were with him. Your second is a fool as well. I think <sup>now that</sup> he is the worst of the lot."

I looked up tonight my 3rd & 4<sup>th</sup> Budget speeches. They were certainly livelier & more confident than S.C.'s. "A lively & confident society" is what we want, said Robert Brady in his broadest language, if you are to influence things. The main S.C. response to the <sup>to</sup> value in the evening Degree for Britain because he had the same doubt on his mouth, - <sup>was</sup> <sup>the</sup> <sup>number</sup> <sup>of</sup> <sup>changes</sup>



The sterile, one-sided nature of the Government's programme grows more apparent. In theory its appreciation is a good one. "The only real solution of our difficulties," says Sir Stafford, "is more and more economical and efficient production." But in practice, while a belated attempt is made to economise, nothing is done about efficiency and more production.

Cuts have been made which will go some little way toward reducing the demands which home consumption makes upon our products. But even these cuts are barely enough to keep up with rising expenditure—and many of them will not be effective for a long time. The restriction of dollar imports is only half what it was to be last July.

Nothing at all has been done to effect the even greater cuts that would be necessary to allow taxation to be reduced so that people may enjoy a greater reward for their labour. It is true that this process might entail a risk of increasing inflation if enough extra goods were not produced. But that is a risk that has got to be taken. There is no way of getting goods except by rewarding the people who produce them. Pleas and threats will never do it. You have got to make it worth the workman's while. As the Liberal Chief Whip observed, "People work for gain—they work for profit."

At bottom it is failure to recognise this that casts the mist of unreality over the Government's policy and over the current proceedings in the House. They are talking about a serious situation. But they are talking about it in terms which have little to do with the facts of the case.

It was nothing less than a new economic policy that people expected of the Government this week. They were prepared to plumb new depths of austerity, but they also hoped for new and tangible encouragement to work harder, to seek out new markets for their goods, to take more risks, to launch out with new products and designs. They got none of these things, neither the cold douche nor the inspiration. They are now flat and disappointed.

### Extinct Volcanoes

INEVITABLY the question is being asked: How long can this go on? It is wide of the mark to suggest, as some do, that the Government is consciously working away on our last remaining reserves in a mood of "après nous le deluge." But it is not so wide of the mark to say that Ministers are beginning to wear the air of beaten men.

Many of the leading members of the Cabinet have now been in office through nine of the most gruelling years in all our political history. It would not be surprising if the flow of their ideas were drying up, if their minds were no longer as resilient as a statesman's mind should be. Perhaps there is no fire because the flames have flickered low.

In four tremendous years a great deal of the Socialist impulse has been spent. Time, accomplishment and the heavy economic odds against which that accomplishment has been won have all taken their toll. There is a world of contrast between the ardour of 1945 taking the brave new world by storm, and the weariness of 1949 that seems to be retiring baffled before the dollar gap.

The events of the last few days have sown seeds of doubt about the Prime Minister's wisdom in postponing the election till next year. If the Labour Government is going to stay its course it will have to feed to itself and its followers some stronger meat than it seems to possess at the moment. Caviare may do for the General, but the private citizen needs the votes.

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Diary.  
Oct 1949.

Anders the Army in Exile. Their story of the Poles brings many  
tears to my eyes. Their airmen shot down one in seven of the  
German aircraft destroyed in the Battle of Britain.  
Above the Polish Military Cemetery at Monte Cassino, carved  
on the marble spine on a hill top, is written

We Polish soldiers  
For our freedom & yours  
Have given our souls to God  
Our bodies to the soil of Italy

And our hearts to Poland.  
His hatred of the Russian is most natural. They must hide away  
maltreated him. I his soldiers, & his country.

P 16 At Lwow the Russian <sup>Communist</sup> visited a school of small children,  
most of whom were hungry owing to shortage of food. 'You are used to  
saying prayers,' said the Russian, 'now pray to God to give you  
some bread.' One children were then made to pray. A long pause  
'You see, you get nothing. Now ask the great Stalin for his share  
of bread.' Almost immediately tea, sandwiches & sweets were  
brought into the classroom. 'Now you see who is the better and  
more powerful!'

P 50 "Everywhere were exhibited the portraits of the new marshals,  
Shaposhnikov, Timoshenko & Kutij, who had been appointed to take  
the place of those liquidated. But one day I noticed that the portrait  
of Kutij was missing, and I immediately asked Colonel Kozubk,  
who was with me, what it meant. He looked at me in astonishment,  
and said, stressing the words, 'It is not allowed to ask such  
questions in our country. Such a question is considered here as an  
offence. He was, & now he is no more.' As one was  
allowed to ask what had happened to (the thousands of people  
now had disappeared in the Soviet Union) or he would immediately  
be arrested. They had been, & now they were no more."

P 60. Mosca - Volga Canal. Like the Nile too canal & many other  
works it had been built by forced labour & many hundred  
thousands had died building it. "I asked our guide, Colonel Kozubk  
the N.K.V. D. whether it was true that the canal had cost so  
many lives he simply answered 'but what are men? Some die  
in order to be better in the country.'

Oct 1949.

Anders the Army in exile. Their story of the Poles brings many  
years to my eyes. German aircraft destroyed in the battle of Britain.  
Above the Polish military Cemetery at Monte Cassino, carved  
on the marble spine on a hill top, is written

We Polish soldiers  
For our freedom & yours  
Have given our souls to God  
Our bodies to the soil of Italy

2 OF 2

And our hearts to Poland.  
This hatred of the Russians is not national. They must hide away  
malicious lies. I see soldiers, & this country.

P 16 At Lwów <sup>Communist</sup> visited a school of small children,  
many of whom were hungry owing to shortage of food. 'You are used to  
saying prayers,' said the Russian, 'now pray to God to give you  
some bread.' One children were then made to pray. A long prayer  
'You see, you get nothing. Now ask the great Stalin for the same  
thing?' Almost immediately tea, sandwiches & sweets were  
brought into the classroom. 'Now you see who is the better and  
more powerful!'

P 50 "Ever since were exhibited the portraits of the new Ministers,  
Shaposhnikov, Timoshenko & Kuliy, who had been appointed to take  
the place of those liquidated. But one day I noticed that the portrait  
of Kuliy was missing, and I immediately asked Colonel Kozubchik,  
who was with me, what it meant. He looked at me in astonishment,  
and said, 'Crossing the roads, it is not allowed to touch such  
portraits in our country. Such a violation is considered here as a  
crime. He was, & now he is no more.' In one way  
allowed to ask what had happened to (the thousands of people  
now had disappeared in the Soviet Union) or he would immediately  
be arrested. They had been, & now they were no more.

P 60. Mosca - Volga Canal. Like the white tea canal in many other  
works it had been built by forced labour & many hundreds of  
thousands had died building it. 'I asked our party, Colonel Kozubchik  
the N.K.V.D. whether it was true that the canal had cost so  
many lives; he simply answered 'And what are men? Some die  
& others are born. And the canal will remain for centuries.'  
(cf. Byron on continuity of Russian  
& disregard of the individual.)

I quote no more, but I have  
read with deep emotion this brave, bitter, agonising book. Of them  
Poles, very many are dead. Others, I hope, live new & happy lives  
in Australia, & other sparsely lands, & some in Britain.

DIARY.

Dalton I 37 (68)

20/11/49.

on ~~Friday~~ Monday, 14<sup>th</sup>, I wound up debate on Third Reading, for third time of Parliament Bill. A cheerful Raskin took occasion. I hadn't spoken for some time, & Tories hooted, while on legs cheered. Green Winston's People's Kipps. Some one said "Yes you've been waiting 40 years to make that speech!" Winston was away btw from debate & Division.

So called "Compromise" on Steel Bill having now been accepted - there were nervous objections & this at Party meeting, but it went through all right in the House - he shall have this too on Statute Book this session, before he goes, & all will be clear for an election early in the New Year if he wants one. Some nice talk of running on 12th June. It will be better weather, but what about the Budget etc? What the reserves? What the freight bill for the moment, but will it last? What about living? What how shall he fill up Parliamentary time next session?

Senator Patrick McCarran, of Nevada, Chairman of "watchdog" force on expenditure got into debate on Monday, near the end. I was already speaking. He said next day that he had enjoyed it very much. I was so interested to hear Winston Churchill winding up in the joke! Then we the sort of people who hate to do business with!

In Cal. Eric, expounding recent talk of Russia in the House. Schuman & 3 other High Commissioners said "Russia's policy is just stupid, but the Communists are really dangerous." But I recall in a recent speech said Communism is a deadly danger to America & many in the House were in the 20's & 30's, but now it is just a joke!

G.R. 23/11/49.

will not say anything about the Labour Party in any  
of the other papers of the day. S.C. should not  
be allowed to be mentioned - it is a  
sensitive issue.

Today at National Executive we finally decided the issue of the  
programme of Industrial Assurance. It was a long but calm  
& surprisingly free tempered debate.

Jim Griffiths moved, on a small majority at the  
last Party Sat. "Nationalisation Amendment vs." I then moved, on  
an amendment, the dropping of the whole thing from the programme, and  
the issue of a statement, bringing mainly on D. Beckett with the  
Conf. I direct on opposition of Conf. of many MPs, & of many  
Labour MPs. The thing moved no great interest or enthusiasm  
in the country, & its dropping would cause little disturbance of the  
the first week of coming from Communist. This was the only  
really dangerous thing in our programme. The Tories would  
if we lie back & only fire a few rounds 1931 &  
push the policy home. We should run a risk of repeating  
in 1950, our financial experience of 1924 & 1931. This  
issue would certainly go a part in a sense marginal  
constituent. When the result would be very tight indeed.

Nye, Michael Foot, Britton & Burke spoke a part; R.A.  
H.M., B. Jones, Summerville & Mark Hevilson in favour.  
My amendment was defeated by 14 to 7. A new silent  
Trade Unions - "The independence" on Bill Bacon called his  
afterward! - voted in the majority; Bill Patten, Trotter,  
Harry Eamson, Percy Keir, Hanson (Lanc.). They didn't  
want to change the previous decision. was about the same.  
Next H.M. moved an amendment to the programme  
but C.M. abstained & it was defeated  
by 14 to 5. Other MPs moved that we stick to  
nationalisation, but this was beaten by 12 to 9. Other Nationalist  
A.P. was put & carried by 15 to 1. They LI abstained &  
Mark Hevilson voted against. I hope he should lose his  
election through his work. Anyhow I have some on record.  
Now we must do our best to put this new version  
over.

D.J. says S.C. is absolutely determined not to vote on this  
but in their view. You remember our new Nationality Bill on  
a point of order. Disputed in the House of Commons. I should like  
to see it passed.



DAILY.

Dalton I 37 (70)

24/11/49.

D.J. told me yesterday that, whereas  
S.C. had told her some weeks ago  
— on Callard's authority — that no  
intervention is to be effected  
because effective, without standing  
of ~~the~~ room, in fact the  
intervention is to be made and  
nothing, certainly less than £12  
2 has just effectively stopped her.

S.C. has told D.J. that Callard, whom  
he had met at dinner some months ago,  
had told her that he thought Callard  
had been very near to him, 2 Rivers Lane,  
intervention, much done.  
in 1947.



DIARY.

G.R. 25/11/49

Dalton I 37 (71)

Last night at a Thanksgiving Dinner at the House, at which 7  
American Senators with some of their womenfolk were our chief  
guests, I sat by Senator Robertson of Virginia. He spoke  
of Stonewall Jackson, & his death. (I quoted the  
words of one of his soldiers, dying beside the dying General  
at Chancellorsville, "General, tonight, when you meet  
Caesar, tell him he still have how to make war." And  
the Senator ~~to~~ carried on the story. They moved the dying  
to Guinea Station, beside the river, and his last words were  
"Let us cross over the river, & rest in the shade of the trees."

I used these two quotations in a short impromptu after-  
dinner speech; the first for the joint effort of all the Allies in  
two ways; the second for our hopes for an enduring peace.



10/12/49. (Sunday night)

I did a quick walk yesterday, & some sewing and chalk marking today, & am feeling fit. Now that discussion is settled, my mind is ~~free~~ almost entirely to matters connected with the election. On Friday I ordered from the G.S. a loudspeaker equipment, price between £60 & £70, which I shall present to the Bishop, before 21<sup>st</sup>. I have also told Adrian Gowley that I will speak for him on Jan 20<sup>th</sup> — "just before Parliament meets", I said on the telephone; if our programme holds it will be 3 days after our announcement that this must wait until next year.

Next week will end the session & this Parliament will have ended too. Many M.P.'s will suspect this, & some may think a very short next session possible. For I think, except the thing to do on 11<sup>th</sup> after another Budget.

It has been a great Parliament, & has done remarkable things. It will have a notable place in our history. What will come after it, I find it hard to guess. I am very sad this week at the news of the Labour defeat in Australia, following the Labour defeat in New Zealand. I had guessed that N.Z. would go, but that Australia would hold. Perhaps there would be such change in power, but I regret the change of persons. Commonwealth Relations Office is less attractive now!

5. Bradford by-election was good. We now carry on but, unbroken in by-elections all through this Parliament. <sup>35-40</sup> Still not out!

I am inclined to guess that we shall come back with a distinctly smaller, but still working, majority. That our electoral instrument is so beautifully knitted to small changes of votes, that no guess can be worth much. I know that a number of our good young men will be beaten, but we must try to bring them back soon at by-elections.

If I were an English Minister, I could spend more time with it, & begin to write my Memoirs, & make a new, & I hope lucrative, edition of my Public Finance.

I am very fit, after a period of Part Time at the Ditch, but how long will some of these other things last? Or, if I take on another heavy Dept. <sup>2</sup> Reef fit for long?

There would be some compensation, for more effort, like Tony V. doing, with a <sup>very</sup> small majority. But it is better when you fight to win!





Diary

Dalton I 87 (74)

G.R. 15/12/49 (contd)

Meet Berry in Norwich, - "Sir Vyner Berry" 2nd, an  
 British representative on the Ruhr authority. He says there is  
 a completely free economy in Germany, no municipal housing  
 scheme & the only thing that prevents with new building  
 present - room increases is his knowledge that they would have  
 plenty of refugees (including on them). There is plenty of food  
 at a price, and <sup>most</sup> workers are pretty well fed; they spend  
 60 to 70% of their wages on food.

He says his feeling against H.M.G. is "venomous", both very high up  
 in Germany - Gumbel & Hinrichs etc. - <sup>of their own work, still</sup> - now ought to know better, - and  
 in the City of London. He was abused violently & remarks by  
 a boat man on a City Shore Boat, whose name was both King &  
 King's boat. This man said "why do you come to the City? You have  
 no friends here now. You went over to the other side."  
 Berry leaves <sup>at</sup> the Boat of King's "Laden is out" and the boat is  
 just an old steamboat club. Piercy is the name of the boat.  
 He says the man thought he was a boat.  
 \* "And the female of the species is more deadly than the male."  
 Kipling.

16/12/49

-barring some

The Session ends - the longest on record - and, ~~with the~~  
 unproven change, things must wait ~~then~~ until the - the Parliament  
 for. I go with a few others - the House is very thin -  
 to hear the Royal Assent to the Parliament Act (by special  
 procedure, never used before), to hear Lord St Paul the National  
 Prayer Book, and a mass of <sup>Prayer Book</sup> minor Acts. Then he speaks  
 Lords with the speaker, <sup>which is finished</sup> - till Jan 24<sup>th</sup>  
 the King says <sup>One little more than 2 hour words more!</sup>  
<sup>with it; the King will be out that election? I am</sup>  
<sup>important more come by the Congress and election</sup>  
 it has been a <sup>renewal</sup> Parliament. <sup>renewal</sup> very  
 vividly its beginning in the summer session of 1845. It has done even  
 more than I expected, though our difficulties has not been tougher.  
 Many young men on our side have come along very well. he has carried on  
 but will look to by-election <sup>still will not</sup> <sup>but here</sup>



DIARY.

Dalton I 37 (75)

17/12/49

Speak at Devizes, & have a fine reception; abuse the City  
& encourage the Countryman.

18/12/49

To Strarbury, via Paris.