GABINET.

CONCLUSIONS OF MEETINGS OF THE CABINET.

NOV. 4TH — DEC. 23RD

1919.

Nos. 1 (19)—18 (19)

VOL. I.
CONCLUSIONS of a Meeting of the Cabinet held at 10, Downing Street, S.W.1, on TUESDAY, NOVEMBER 4, 1919, at 11.30 a.m.

PRESENT:

The Prime Minister (in the Chair).

The Right Hon. A. Bonar Law, M.P.,
Lord Privy Seal.

The Right Hon. A. J. Balfour, O.M., M.P.,
Lord President of the Council.

The Right Hon. A. Chamberlain, M.P.,
Chancellor of the Exchequer.

The Right Hon. Lord Birkett, M.P.,
Lord Chancellor.

The Right Hon. J. I. Macpherson, K.C., M.P.,
Chief Secretary for Ireland.

The Right Hon. G. Addison, M.P., M.P.,
Minister of Health.

The Right Hon. Sir Robert Horne, K.C.M.G., M.P.,
Minister of Labour.

The Right Hon. Lord Lee of Parnham,
G.B.E., K.C.B., President of the Board of Agriculture & Fisheries.


The Right Hon. Viscount Milner, O.S.M., C.C.M.G., Secretary of State for the Colonies.

The Right Hon. F. S. Montagu, M.P.,
Secretary of State for India.

The Right Hon. W. Long, M.P.,
First Lord of the Admiralty.

The Right Hon. W. S. Churchill, K.C.M.G., M.P.,
Secretary of State for War and Air.

The Right Hon. Sir A. C. Seddes, K.C.B., M.P.,
President of the Board of Trade.

The Right Hon. H. A. L. Fisher, LL.D., M.P.,
President of the Board of Education.

(1) The attention of the Cabinet was drawn to the following Question in Parliament, put by Mr. Butler Lloyd (No. 52 on the Paper for November 4, 1919):

"To ask the Mr. Chancellor of the Exchequer if he will consider the question of imposing an Import Duty on foreign flour, and also an Export Duty on feedingstuffs, with the object of inducing the foreigners to send us wheat instead of flour, and thereby enable the farmers in this country to secure a larger supply of millers' offal".

The Cabinet took note of the Chancellor of the Exchequer's proposed reply, to the effect that the Government would not be prepared to adopt the suggestion.

(2) With reference to a recent summons to Ministers to attend at the railway station to meet the Shah of Persia, the Cabinet took note of an arrangement which Lord Curzon had made with Lord Stamfordham, that, in future, sumonesses to Ministers to meet distinguished visitors on arrival in London should only be sent to those Ministers specially concerned; that the summons should be in the sense that, acting on the King's commands, the Lord Chamberlain requests the attendance of such-and-such a Minister; and that His Majesty will indicate which Ministers should be summoned, on the understanding that their attendance is conditional upon the exigencies of their respective affairs of State.
(3) The Cabinet considered a draft of Instructions to the Secretary of the Cabinet on the subject of procedure, which was read to them by the Prime Minister.

The draft was amended in the following sense:

(a) An addition should be made to the effect that any member of the Cabinet should have access at any time to the Cabinet records.

(b) The complete Draft Conclusions and Final Conclusions should be sent only to the King, the Prime Minister, and the Leader of the House of Lords. The Ministers at the head of Departments specially concerned in particular Conclusions, whether for action or otherwise, should receive copies of those Conclusions, but they should not be sent, in addition, to Ministers who had taken a specially leading part in the discussion.

(c) Ministers at the head of Departments should themselves be responsible for notifying Conclusions to their Departments, as necessary, and the Secretary should not send the Conclusions to the Permanent Secretaries of Departments, nor to the Chiefs of Staff of the Fighting Departments.

(d) The following paragraph at the end of the original draft was deleted:

"Cabinet Minutes and Papers are not the personal property of members, and on a Minister leaving office it is the duty of the Secretary to recover from him, or, in the event of his death, from his executors, all Cabinet Papers issued to him from the Cabinet Offices."

Secrecy was considered to be safeguarded by the rule that no-one is entitled to make public use of Cabinet documents without the permission of the King.

The revised Instructions to the Secretary, as approved by the Cabinet, are attached in the Appendix.

ATTENDANCE OF MINISTERS IN PARLIAMENT.

(4) The Cabinet agreed that it was desirable for Ministers to be present in Parliament as often as possible during the Parliamentary Session, and that, with this object in view, Ministers should at such times, whenever practicable, transact their official business in their rooms in the Parliamentary buildings.
The Cabinet had a general discussion on the question of British policy in Russia, in view of the fact that the House of Commons would probably desire a statement on the subject from the Government in the course of the forthcoming Debate on Military Expenditure.

The Cabinet took note of the procedure proposed by the Secretary of State for War, namely, that the Financial Secretary of the War Office should open with a statement on the financial side of the revised Army Estimates, and that he himself should follow later with a general statement on Russian policy.

The Cabinet took note of a short outline given them by the Secretary of State for War of the general lines of his proposed statement on military policy. This justification of our policy was based on the original argument that we had endeavoured to re-create an Eastern Front in Russia during the War, partly in order to prevent Germany from breaking the Blockade by supplying herself from Russia, and partly to prevent German troops from being released from the Eastern to the Western Front, and that we had not, up till now, been justified in abandoning a movement that had come into existence at our instance, but the Government recognised that their assistance could not be continued much longer. The statement also contained the following salient points:

(a) The principal change in the situation is that all British forces have been withdrawn from Russia with the exception of some 1,500 volunteers with General Denikin. The United States of America, France and Italy still have forces in Russia, and Japan and Poland have large forces there.

(b) The statement recently made by Mr. Asquith and in the Press as to expenditure in Russia are very greatly exaggerated, as would be shown by announcing the correct figures.
(c) Responsible anti-Bolshevist Russians all state their willingness to pay for the supplies and stores furnished to them by the Allies as a first charge on their revenue in the event of success.

(d) General Denikin has been notified that after March 31st. he must consider himself as self-supporting. After that date he will only be able to obtain supplies from this country by purchase.

(e) The Bolshevists have alienated all sympathy of the Allies by smashing the Constituent Assembly, and if General Denikin did the same the hands of the British Government would be tied as regards further assistance to him.

(f) Mr. Asquith's description of General Denikin as an adventurer is unjustifiable. He had remained loyal to the Allies all through, and at the moment of his greatest success had placed himself under Admiral Kolchak at a time when the latter was losing.

(g) By distributing the final "packet" of supplies gradually to General Denikin the British Government were able to exercise a certain amount of influence with him in the prevention of pogroms and relations with the Germans.
As regards general policy in Russia, the Secretary of State for War was asked to make it clear that the British Government were not out to destroy a revolutionary Government in Russia, and had supported Admiral Koltchak and General Denikin because they had called their forces into being during the latter part of the War, for the reasons mentioned above, and could not honourably desert them. The Government had simply helped the people who had helped them. If we were making war on the Bolsheviks, our policy would be a thorough one, and in such a case the Government would not have contented themselves with merely sending a last "packet" of stores to General Denikin.

There was general agreement that, if General Denikin had designs on the independence of the newly-formed States in the Caucasus, the despatch of supplies to him should be stopped. The information before the Cabinet, however, on this point was not conclusive.

The Secretary of State for Foreign Affairs was asked to instruct Mr. H.J. Mackinder, M.P., who has been selected as High Commissioner with General Denikin, to use his best endeavours to restrain General Denikin from any action of the kind.

The Secretary of State for War undertook to make enquiries as to a Proclamation alleged to have been issued in the Azerbaijan by Colonel Rowlandson, to the effect that Great Britain supports General Denikin in a unified, undivided Russia etc., which has caused great dismay in the Transcaucasian States. After ascertaining the circumstances in which the Proclamation had been issued, if, indeed, it had been issued at all, he would take such disciplinary action as the case might require.
As regards the British policy towards the Baltic States of Russia, the Cabinet took note that ample material for a statement was available in the telegram addressed to His Majesty's Representatives at Reval (No.157), Riga (No.53) and Kovno (No.1) on September 25th (War Cabinet 624, Appendix 2) and in the following extract from the despatch addressed by the five Principal Allied and Associated Powers to Admiral Kolchak, from Paris, on May 26, 1919:

"Fifthly, that if a solution of the relations between Esthonia, Latvia, Lithuania and the Caucasian and Transcaucasian territories and Russia is not speedily reached by agreement, the settlement will be made in consultation and co-operation with the League of Nations, and that, until such settlement is made, the Government of Russia agrees to recognise these territories as autonomous and to confirm the relations which may exist between their de facto Governments and the Allied and Associated Governments", together with Admiral Kolchak's reply, dated June 4, 1919, of which the following is an extract:

"We are fully disposed at once to prepare for the solution of the questions concerning the fate of the national groups in Esthonia, Latvia, Lithuania and of the Caucasian and Transcaucasian countries, and we have every reason to believe that a prompt settlement will be made, seeing that the Government is assuring, as from the present time, the autonomy of the various nationalities. It goes without saying that the limits and conditions of these autonomous institutions will be settled separately as regards each of the nationalities concerned.

And even in case difficulties should arise, in regard to the solution of these various questions, the Government is ready to have recourse to the collaboration and good offices of the League of Nations, with a view to arriving at a satisfactory settlement."
As regards the British policy in Finland, the Cabinet took note that the Secretary of State for War proposed to reply in the sense that the question of Finnish policy was one for the Government of Finland to decide, but that His Majesty's Government was not in a position to afford them any assistance.

The Secretary of State for Foreign Affairs undertook to enquire whether a denial had been issued to General Mannerheim's recent statements to the effect that the British Government would welcome the intervention of Finland in favour of General Yudenich, and, if not, to take appropriate action.

As regards the recent Naval operations in the Baltic, the Cabinet took note that these had originally been undertaken in order to prevent the Bolshevik Fleet from dominating the Baltic to the detriment of the Allies, and possibly co-operating with the Germans. The fact that the British Navy was in conflict in those waters with the same enemy as the Baltic States had inevitably led to a certain degree of co-operation, but only a limited British force had been employed, and it could not be said that the Navy had been used to its fullest extent to assist in the advance of General Yudenich.

PREMIUM BONDS. (6) In view of the fact that a Select Committee had already examined the question of Premium Bonds and had not rejected the principle but had only deemed that the moment was not at that time opportune for their issue, the Cabinet decided —

(a) That the House of Commons should not be asked to appoint a fresh Select Committee;

(b) That, if the House of Commons desired it, a day should be given for a Debate on the subject;

(c) That, if the House of Commons desired the adoption of the system of Premium Bonds, the Government should not oppose it.
CONFIDENTIAL.

APPENDIX.

INSTRUCTIONS TO THE SECRETARY OF THE CABINET.

(Approved by the Cabinet on 4th November, 1919.)

1. The Secretary will attend Meetings of the Cabinet to keep a record of the Cabinet proceedings. These will be confined to conclusions similar to those circulated recently in connection with the War Cabinet discussions. In addition, a single copy of a fuller note will be kept by the Secretary in cases where the Cabinet explicitly desires it.

2. The Secretary is to circulate complete copies of the draft conclusions and final conclusions to the King, the Prime Minister and the Leader of the House of Lords. As soon as possible after each meeting he is to send copies of the draft Minutes for their remarks to the Ministers at the head of departments which are particularly concerned in them whether for action or otherwise.

3. The Secretary is responsible that copies of the final conclusions of the Cabinet are forwarded to Ministers, whether Members of the Cabinet or not, whose Departments are affected by them. The Ministers are themselves responsible for communicating the conclusions to the Departments as necessary. Any member of the Cabinet has the right of access at any time to the Cabinet Minutes.

4. The Cabinet Secretariat will supply Secretaries for Cabinet Committees and such Conferences as the Prime Minister may from time to time summon for the discussion of questions referred by the Cabinet or dealing with matters which could more conveniently be discussed in this manner than in the Cabinet itself. The records of Cabinet Committees and Conferences shall as a rule be kept on the same principles as are laid down for Cabinet records.

5. Subject to any special instructions the Prime Minister or Chairman of the Committee may give in individual cases, the Secretary will circulate the Minutes of the Cabinet Committees and Conferences to all Members of the Cabinet.

6. Subject to any instructions he may receive from the Prime Minister in regard to any particular paper, the Secretary will circulate to all Members of the Cabinet all Memoranda and other documents prepared for the use of the Cabinet. Subject to reference to the Prime Minister in doubtful cases, the Secretary will use his discretion in circulating Cabinet Papers to Ministers outside the Cabinet and to the Permanent Secretaries of Departments affected.

* In the case of the fighting Departments the Chief of Staff may be substituted for the Permanent Secretary.

2, Whitehall Gardens, S.W.
30th October, 1919.
CABINET (19).

CONCLUSIONS of a Meeting of the Cabinet held at 10, Downing Street, S.W.1, on WEDNESDAY, NOVEMBER 5, 1919, at 11-30 a.m.

PRESENT:

The Prime Minister (in the Chair).

The Right Hon. A. Bonar Law, M.P.,
Lord Privy Seal.

The Right Hon. A. J. Balfour, O.M., M.P.,
Lord President of the Council.

The Right Hon. A. Chamberlain, M.P.,
Chancellor of the Exchequer.

The Right Hon. Lord Birkenhead,
Lord Chancellor.

The Right Hon. Earl Curzon of
Kedleston, K.C., G.C.S.I., G.C.I.E.,
Secretary of State for Foreign Affairs.

The Right Hon. Viscount Milner,
G.C.B., G.C.M.G., Secretary of State for the Colonies.

The Right Hon. R. S. Montagu, M.P.,
Secretary of State for India.

The Right Hon. W. Long, M.P.,
First Lord of the Admiralty.

The Right Hon. R. Munro, K.C., M.P.,
Secretary for Scotland.

The Right Hon. C. Addison, M.P.,
Minister of Health.

The Right Hon. Sir Robert Home, K.T., K.C., M.P.,
Minister of Labour.

The Right Hon. Sir A. C. Geddes,
K.C. B., M.P., President of the Board of Trade.

The Right Hon. K. A. L. Fisher, L.L.D.,
M.P., President of the Board of Education.

The Right Hon. Lord Lee of
Fareham, C.B., K.C.B.,
President of the Board of Agriculture and Fisheries.

Lieut.-Colonel Sir M. P. A. Hankey, C.B.E., Secretary.
(1) With reference to War Cabinet 616, Minute 5, the Cabinet agreed that it would be desirable for the Prime Minister to accede to the request of Sir Arthur Pell, M.P., that he should receive a Deputation in regard to the Channel Tunnel.

The Prime Minister stated that, before receiving the Deputation, he would like to discuss the matter at the Cabinet.

(2) With reference to War Cabinet 631, Minute 1, the attention of the Cabinet was called to the information published in several of the newspapers in regard to the proceedings of the Cabinet Committee on Ireland on the previous afternoon. If not precisely accurate, the published information was so near the truth that it must clearly have been derived from someone in close touch with the work of the Committee. No Minutes had been reproduced, and consequently this possible source of leakage was eliminated.

Having regard to the fact that information had leaked out prematurely of the Cabinet decision to set up the Cabinet Committee on Ireland, the Cabinet agreed —

That the Prime Minister should write to all those who had attended the Meeting of the Cabinet Committee on the previous day, calling their attention to the seriousness of this leakage in regard to Conclusions which had not, up to the present, even been communicated to the Cabinet nor to the Prime Minister himself.

(3) With reference to Cabinet 1 (19), Minute 5, the Cabinet took note of a statement by the First Lord of the Admiralty, to the effect that he had seen Commodore Morris, who had left South Russia within the last fortnight, and that the Commodore was convinced that there was no risk of an attempt by General Denikin to attack Baku. The apprehensions of such an attack had been based on the actions and supposed intentions of an impulsive General subordinate to General Denikin.
With reference to War Cabinet 216, Minute 5, the Cabinet agreed that it would be desirable for the Prime Minister to accede to the request of Sir Arthur Pell, M.P., that he should receive a Deputation in regard to the Channel Tunnel.

The Prime Minister stated that, before receiving the Deputation, he would like to discuss the matter at the Cabinet.

With reference to War Cabinet 621, Minute 1, the attention of the Cabinet was called to the information published in several of the newspapers in regard to the proceedings of the Cabinet Committee on Ireland on the previous afternoon. If not precisely accurate, the published information was so near the truth that it must clearly have been derived from someone in close touch with the work of the Committee. No Minutes had been reproduced, and consequently this possible source of leakage was eliminated.

Having regard to the fact that information had leaked out prematurely of the Cabinet decision to set up the Cabinet Committee on Ireland, the Cabinet agreed —

That the Prime Minister should write to all those who had attended the Meeting of the Cabinet Committee on the previous day, calling their attention to the seriousness of this leakage in regard to Conclusions which had not, up to the present, even been communicated to the Cabinet nor to the Prime Minister himself.

With reference to Cabinet 1 (19), Minute 5, the Cabinet took note of a statement by the First Lord of the Admiralty, to the effect that he had seen Commodore Norris, who had left South Russia within the last fortnight, and that the Commodore was convinced that there was no risk of an attempt by General Denikin to attack Baku. The apprehensions of such an attack had been based on the actions and supposed intentions of an impulsive General subordinate to General Denikin.
The Cabinet had before them a proposal that an entire pause, throughout the United Kingdom, of three minutes should be made on Tuesday, November 11th, at 11.0 a.m., in commemoration of the Armistice. The proposal was accompanied by a Memorandum by Sir Percy Fitzpatrick, giving an account of a similar procedure which had been adopted in South Africa (Paper C.P.-45).

On the understanding that the suggestion was acceptable to His Majesty the King, the Cabinet decided—

(a) That the advantage of the realisation by the nation of the magnitude of its deliverance from the great perils of the War outweighed the main objection that a precedent would be established which, in remote years, after the passing of the present generation, might conceivably prove inconvenient;

(b) That a pause of three minutes would involve too great a strain and inconvenience, and that a pause of one minute, as adopted in the United States of America on the occasion of President Roosevelt's funeral and on other occasions, would be more impressive;

(c) That no more appropriate moment for a pause, as a tribute to the dead, could be found than the anniversary of the cessation of fighting on the Western Front, namely, the eleventh hour of the eleventh day of the eleventh month;

(d) That the principle of a pause of one minute on that date should therefore be adopted, provided that there were no insuperable technical difficulties involved;

(e) That a Cabinet Committee, composed of:

- Lord Milner (in the Chair),
- The Lord President of the Council,
- The Home Secretary,
- The President of the Board of Trade,
- The Minister of Transport,
- The Minister of Labour,
- Lieut.-Col. 1* Storr (Secretary),

should meet the same afternoon to examine the feasibility of the proposal, and, if found feasible, to organise and co-ordinate the necessary action:

(f) That, in the event of the scheme being adopted, the Secretary of State for the Colonies should take the necessary action to inform the self-governing Dominions and all parts of the British Empire, with a view to corresponding action so far as practicable; that the Secretary of State for India should take similar action as regards the Indian Empire.
(g) That the Secretary of State for Foreign Affairs, who had a command to lunch at Buckingham Palace, should take this immediate opportunity to communicate the Cabinet's decision to the King and to ascertain His Majesty's pleasure as to the expediency of issuing a message on the subject from the King to his People.

(5) The Cabinet had before them a Memorandum by the Minister of Labour, asking for an immediate decision as regards Out-of-Work Donation, the scheme for which will come to an end on November 24th next, so far as it affects all civilian workers, as well as a certain number of Service men (Paper C.P.-24).

The alternative courses proposed in this Memorandum were as follows:

(a) To make no extension at all in the Donation Scheme;

(b) To extend it for ex-members of His Majesty's Forces only;

(c) To extend it both for ex-members of His Majesty's Forces and for civilians.

After considering the various objections to Out-of-Work Donation, namely, that it tends to demoralise the people and to encourage idleness; that it removes the incentive to work provided by the knowledge that men out-of-work are available and consequently tends to encourage sae's-canny methods; that, from the point of view of finance, the grant of this Donation handicaps the Chancellor of the Exchequer's appeals for loans; and that the migration of men from one trade to another, such as, at the present time, from shipbuilding to the building trade, is discouraged, and notwithstanding that unemployment at the present time is less than it was at any period during the War, the Cabinet felt that the existence of a large body of unemployed ex-sailors, soldiers and airmen without any means of subsistence during the winter months would not be justifiable or defensible. It was agreed—

(a) That the issue of the Out-of-Work Donation to unemployed ex-sailors, soldiers and airmen should be continued after November 24th:
(b) That the rate of payment of the Donation should not be more generous than the rate contemplated for the eventual scheme of Unemployment Insurance. The rate must not be so high as to involve a contribution from workmen and employers which, in conjunction with the compulsory contribution for Health Insurance, would impose an unbearable burden. Subject to further examination by the Minister of Labour, a rate of Donation of 15/- a week for single ex-sailors, soldiers and airmen, and 12/- a week for women, was considered suitable;

(c) That the Allowance for Children should be discontinued;

(d) To reserve for further discussion on the following day the question of an increased rate of Donation to married men of (say) 20/- a week;

(e) To reserve for consideration on the following day the question of the continued payment, after November 24th, of Out-of-Work Donation to civilian workers generally;

(f) To reserve for further consideration on the following day the question of treating independently of other civilian workers the employees of the Royal Dockyards and similarly situated establishments. It was recognised that a case could be made out for separate treatment for these workers, on the ground that these establishments have been created and built up, and the populations surrounding them called into being many years ago, as part of our preparations for war, and that the effect of the sudden cessation of work in these establishments is increased by the fact that housing accommodation does not exist in the other industrial centres where otherwise work might be found. It was further recognised, however, that it was extremely difficult to separate the workers in these State factories from the workers in private factories which had been performing equally important war-work.

ON HERGE OF OCTOBER 31st, 1919.

The Cabinet took note of the Draft Conclusions of a Conference, with the Prime Minister in the Chair, held at 10, Downing Street, S.W.1, on Friday, October 31st. (Appendix.)

2, Whitehall Gardens, S.W.1,

November 5, 1919.
CONCLUSIONS of a Conference held at 10 Downing Street, S.W. on Friday, October 31st, 1919 at 12 Noon.

PRESENT.

The Prime Minister (In the Chair).


The Right Hon. A. Chamberlain, M.P., Chancellor of the Exchequer.


The Right Hon. The Viscount Milner, G.O.B., G.C.M.G., Secretary of State for the Colonies.

The Right Hon. G.H. Roberts, M.P., and Controller. (For Conclusions 4 & 5).

The Right Hon. Lord Inverforth, M.P., Minister of Munitions. (For Conclusions 4 & 6).

THE FOLLOWING WERE ALSO PRESENT:

Admiral Sir R.E. Wemyss, G.C.B., C.M.G., M.V.O., First Sea Lord of the Admiralty. (For Conclusion 2).

T. J. Lamb, C.B., Assistant Under Secretary, Scottish Office (For Conclusion 4).

R. Thomas Jones .................. Acting Secretary.

R. T. St. G. Hill .................. Assistant Secretary.

General Sir H. Wilson, C.B., C.M.G. .................. Assistant Secretary.

Lieutenant Colonel L. Storr, C.B. .................. Assistant Secretary.

Pembroke Wicks .................. Assistant Secretary.
(1) The question was raised as to what members of the Cabinet should meet His Imperial Majesty the Shah of Persia on his arrival in London, and after a short discussion the Conference decided that—

The Prime Minister, the Lord President of the Council, the Secretary of State for Foreign Affairs, and the Secretary of State for Home Affairs should meet His Imperial Majesty the Shah of Persia on his arrival at Victoria Station that afternoon.

(2) With reference to War Cabinet 684, Minute 1, the Conference had under consideration an Admiralty Memorandum (Paper G.T.-5403) asking for directions as to the policy to be pursued in the Baltic during the coming winter.

Discussion took place regarding the action which had been taken up to date by the British ships in the Baltic, during which the Prime Minister expressed the opinion that the bombardment at long range of forts on shore was doing more harm than good to British interests.

The Secretary of State for War deprecated any proposal to issue instructions for the immediate cessation of these bombardments until such time as it was practicable to ascertain the exact situation at the moment.

The Conference decided that—

(a) The Admiralty should instruct the Senior Naval Officer, Baltic, when forced by climatic reasons to evacuate the Gulf of Finland, to withdraw to England the whole of the British Naval forces, with the exception of a small force to show the Flag in the Baltic;

(b) The force to be retained in the Baltic to show the Flag should be as small as
possible, and the Admiralty should submit for consideration details as to the size of the force which it is proposed to maintain for this purpose:

(c) The Secretary of State for War should ascertain, and report to the Prime Minister, the exact situation at the moment on the left bank of the forces operating against Petrograd, and the extent to which any order for the immediate cessation of the co-operation of the British Fleet might affect this situation.

FUTURE TURKEY.

With reference to War Cabinet 619, Minute 1, a short discussion took place regarding the desirability of considering the Turkish situation, during which the Prime Minister pointed out that it was becoming clear that the United States of America would not be prepared to accept a mandate, and that it was very desirable that the whole question should be considered by the Cabinet at an early date.

The Conference decided that

1. Discussion on the general Turkish situation should take place at an early date.

In the meantime, the Secretary of State for Foreign Affairs undertook to examine the whole situation from the point of view of the latest information available, and to submit a Memorandum for consideration.

INDUSTRIAL RTS BILL.

The Conference had under consideration a Memorandum by the Minister of Labour (Paper C.P.-6) covering a draft of the Industrial Courts Bill.

It was explained that while, on the one hand, workmen were agitated at the prospect of wages being reduced, and were claiming that war advances should continue in spite of a possible fall in the price of food, employers were anxious for a definite period of stable wages, and did not think that food could fall by the autumn of 1920. Provision had therefore been made to continue wages at the level at
which they stood at the time of the Armistice until September 30, 1920, unless altered by agreement or voluntary arbitration; and, at the same time, by abolishing compulsory arbitration, to remove the anomaly by which employers could be compelled to go to arbitration when no such compulsion could be exercised upon the workmen. Provision was made for a permanent Court of Arbitration.

The opinion was expressed that a big fight would be caused by the clause in the draft Bill providing that, where voluntary arbitration had been agreed upon, a strike within four months against the award made at such arbitration should be illegal, and that the Trades Disputes Act should not apply.

It was pointed out, on the other hand, that, as the reference to arbitration would be purely voluntary, it would be only fair that the parties should be held bound to honour their agreement to abide by the result of the arbitration. Reference was also made to the fact that in some parts of the country there had recently been frequent strikes of school teachers, and it was pointed out that it might be a relief to the Local Authorities and to the Board of Education if teachers could have recourse to the arbitration procedure provided by the Bill.

The Conference decided -

(a) To approve the Draft Bill.

(b) That it should be left to the Minister of Labour, after conferring with the Labour leaders, to settle the point with regard to the clause in the Bill making it illegal to strike against an award in an arbitration which had been voluntarily entered into:

(c) That the Minister of Labour should confer with the President of the Board of Education with regard to the insertion of a clause to include teachers in the Bill.

(5) With reference to War Cabinet 635, Minute 5, the Conference had under consideration a Memorandum by the Food Controller (Paper G.T. 6382) and a Note by the Chancellor of the Exchequer (Paper G.T. 6381).
The Chancellor of the Exchequer stated that, according to the Minutes, the War Cabinet had referred to the Finance Committee the question of an increase in the retail price of sugar. At the Finance Committee, which met on the following day, there had been no time to discuss the question of sugar, and consequently no decision had yet been come to as to whether the price should be raised.

Some discussion took place, during which it was pointed out that a rise in price would be inevitable after March 31 of next year, and that sugar was at present being subsidised out of past profits. It was also suggested that an immediate increase of 2d per pound should be made in place of the 1d. as recommended by the Food Controller.

Attention was drawn to the Table of Distribution of Sugar, at the end of the Memorandum by the Food Controller (Paper G.T.-6382), in which, while jam manufacturers would receive only 130,000 tons in 1920, other manufacturers would receive as much as 250,000 tons. It was suggested that there was no justification for cutting down sugar supplies and raising the price of sugar for jam and domestic purposes if manufacturers of sweets were allowed so large a proportion. On the other hand, it was pointed out that the allocation to "other manufacturers" included not only sweet-makers but bakers and mineral-water manufacturers, and all other users of sugar except condensed milk manufacturers and brewers; that the industries in question employed a large amount of labour; and that the effect of drastic reduction would be severely felt amongst the small retailers, as had been the case in 1918.

The Conference decided -

(a) To approve the increase in the retail price of sugar by 1d per pound;

(b) To request the Minister of Food and the Chairman of the Sugar Commission to reconsider the allocation of sugar supplies, in the light of the criticisms at the Conference, and for this purpose to confer with the Minister of Health.
The Conference had under consideration two Memoranda by the Minister of Munitions; the first of these (Paper G.T.-7466) covered the Final Report of the Nitrogen Products Committee; the second (Paper C.P.-2) set forth the actual financial position of His Majesty's Nitrogen Factory at Billingham-on-Tees, and gave particulars of an offer from Messrs. Brunner, Mond & Co., acting on behalf of a syndicate.

After a discussion, the Conference decided -

(a) To accept the principle that the future development of the Government's scheme for the fixation of nitrogen from the atmosphere and for combining nitrogen so obtained and hydrogen for the production of ammonia and obtaining therefore nitric acid and ammonium nitrate should be left to a commercial undertaking, subject to the Government interests in the production of nitric acid and ammonium nitrate for Service explosives being safeguarded.

(b) That the fact that the Billingham Factory site is available for disposal, for the production of synthetic ammonia by private enterprise, should be publicly announced forthwith.

(c) That the Report of the Nitrogen Products Committee should be published at once.

(d) To authorise the Minister of Munitions to disclose to the British chemical manufacturers such secret processes, patented by the Department during the war, as may be considered of value to the chemical industry of the country.

(e) That negotiations with the Brunner Mond Syndicate should, in the meantime, be pursued on the lines indicated in Lord Inverforth's Memorandum of the 27th October, 1919, with the object of obtaining an increased monetary payment, subject to the approval of the Treasury as to the precise terms, and to a satisfactory arrangement being reached as regards the Electrical Power agreement.

(f) That the terms of the agreement with the Syndicate or other British purchaser should secure that a definite output of nitric acid will be available as soon as possible, and also that the Government should have a lion on the Syndicate's or other purchaser's manufacturing capacity in the event of a national emergency.

Whitehall Gardens, S.W.1.

October 31, 1919.
CABINET 3 (19).

CONCLUSIONS of a Meeting of the Cabinet held at 10, Downing Street, S.W.1, on THURSDAY, NOVEMBER 8, 1919, at 11-30 a.m.

PRESENT:

The Prime Minister (in the Chair).

The Right Hon. A. Bonar Law, M.P.,
Lord Privy Seal.

The Right Hon. A. J. Balfour, C.M., M.P.,
Lord President of the Council.

The Right Hon. A. Chamberlain, M.P.,
Chancellor of the Exchequer.

The Right Hon. Lord Birkenhead,
Lord Chancellor.

The Right Hon. Viscount Milner,
G.C.B., K.C.M.G., Secretary of State for the Colonies.

The Right Hon. E. S. Montagu, M.P.,
Secretary of State for India.

The Right Hon. Lord Lee of Fareham,
G.B.E., K.C.B., President of the Board of Agriculture and Fisheries.

The Right Hon. W. Long, M.P.,
First Lord of the Admiralty.

The Right Hon. W. S. Churchill, M.P.,
Secretary of State for War and Air.

The Right Hon. C. Addison, M.D.,
M.P., Minister of Health.

The Right Hon. Sir Robert Horne,
K.B.E., K.C., M.P., Minister of Labour.

The Right Hon. Sir A. C. Geddes,
K.C.B., M.P., President of the Board of Trade.

The Right Hon. H. A. L. Fisher, LL.D.,
M.P., President of the Board of Education.

Lieut.-Colonel Sir M. P. A. Hankey, C.C.B., Secretary.
The attention of the Cabinet was called to the absence of several Ministers from each of the recent Meetings of the Cabinet. It was recalled that in former days, before the establishment of the War Cabinet, it had been the custom of Cabinet Ministers to subordinate all other appointments to Cabinet Meetings. It was recognised, however, that it was extremely difficult for Ministers to avoid attendance at Meetings of Parliamentary Committees under the new Rules, and that the preparation of a speech for the afternoon was a good ground for absence. It was further suggested that, if possible, the Cabinet should revert to the former system of holding regular Meetings every Wednesday morning.

The Secretary was instructed, from today onwards, to publish in the Press a notice in regard to Meetings of the Cabinet, stating who were present.

The attention of the Cabinet was called to a Notice in the House of Commons Paper for Wednesday, November 5th, asking for an early day for the discussion of present conditions in Ireland.

The Cabinet felt that, although a Debate at the present juncture might have a prejudicial effect on the reception of any measure for Home Rule to Ireland, should the Cabinet Committee succeed in evolving an acceptable plan, nevertheless there were some advantages in giving publicity to the present state of affairs in Ireland, where murder is more rife than at any previous time. It was further recognised that, if the Parliamentary Opposition pressed it, a day for debate could not be refused.

It was agreed —

That the leader of the House, if asked for an answer today, should request that the matter might be postponed, as the Chief Secretary was indisposed, but that if the matter was raised again next week he should agree to grant a day for the discussion of the Motion on Thursday, November 13th.
(4) The suggestion was made that the Irish Office should be asked to prepare a reasoned case in regard to Ireland which could be communicated to the Vatican by the Secretary of State for Foreign Affairs, through the British Diplomatic Representative. In this connection it was recalled that similar action, taken when Mr Dalfour was Chief Secretary, had produced happy results, as on that occasion the Pope had sent a Special Representative to Ireland, whose report had exercised a quieting influence on the Irish priesthood.

In the absence of the Chief Secretary and the Secretary of State for Foreign Affairs, the proposal was not pressed.

(5) With reference to Cabinet B (19), Minute 5, the Cabinet continued its discussion of the outstanding points with regard to Out-of-Work Donation and Unemployment Insurance.

It was generally agreed —

(a) That the Government must strongly oppose the principle, advocated by the Labour Party, of a system of Unemployment Insurance in which the whole cost of which was borne by the Government. The policy of the Government was a scheme to which employers and employed, as well as the state, should contribute. The completion of this scheme should be pushed forward as rapidly as possible. This was a matter on which the Government should be prepared to stand or fall.

(b) That any extension of the Out-of-Work Donation must be clearly announced as an emergency and temporary arrangement to meet the altogether exceptional conditions produced by the War and to bridge over the period required to bring the Unemployment Benefit Scheme into operation.

(c) That the case of the workers in the Royal Dockyards, whose unemployment was entirely due to the termination of the War and the resulting reduction in Naval establishments, was entitled to special consideration. These Dockyard towns, which were important recruiting centres for the Navy and Army, already contained considerable numbers of unemployed ex-sailors and soldiers, and a dangerous situation would be created if their numbers were augmented by large numbers of men discharged from the Dockyards. It was recognised that even the continuance of
Unemployment were further aggravated by discharges from the Dockyards.

(d) That the scheme which had been suggested to the Admiralty for leasing a portion of the Royal Dockyards to private firms for mercantile construction work was highly desirable.

After the question had been discussed in all its aspects, and a number of suggestions had been made, the definite propositions before the Cabinet were reduced to the following:

(i) That Out-of-Work Donation should be continued to all civilian workers until March 31, 1920, either on the present scale or, as was more generally favoured, on a reduced scale, which should, if possible, be less than the scale proposed for the permanent scheme of Unemployment Insurance. This proposal was based on the belief that it would be administratively impracticable to limit the Out-of-Work Donation to unemployed workers from Royal Dockyards or other Government establishments:

(ii) That the Out-of-Work Donation for civilians should be discontinued altogether, but that unemployment in the Royal Dockyards should be safeguarded by suspending discharges, which are now taking place at the total rate of 800 a week for all the Dockyards; by undertaking certain profitable and advantageous repair and refitting work which, though important, had, for reasons of economy, been postponed until next year; and, finally, by insisting, as a condition for suspending the discharges, that all the men in the Royal Dockyards should agree to some system of dropping one or even two days' work a week: that is to say, to the adoption of some plan similar to that which prevails in the Lancashire cotton industry. It was recognised, as an objection to this scheme, that it would be contrary to the principle adopted by the Finance Committee of the Cabinet of reducing Government establishments in the interests of economy as rapidly as possible, and that the plan would be criticised on the ground that economy had been sacrificed to giving employment:

(iii) A combination of (i) and (ii): that is to say, a continuance of the Out-of-Work Donation, combined with the scheme for the suspension of discharges from the Dockyards.
Existing unemployment were further aggravated by discharges from the Dockyards.

(d) That the Admiralty assume for leasing all or a
portion of the Royal Dockyards to private
firms for mercantile construction work
was highly desirable.

After the question had been discussed in all its aspects, and a number of suggestions had been made, the definite propositions before the Cabinet were reduced to the following:

(i) That Out-of-Work Donation should be continued to all civilian workers until March 31, 1920, either on the present scale or, as was more generally favoured, on a reduced scale, which should, if possible, be less than the scale proposed for the permanent scheme of Unemployment Insurance. This proposal was based on the belief that it would be administratively impracticable to limit the Out-of-Work Donation to unemployed workers from Royal Dockyards or other Government establishments:

(ii) That the Out-of-Work Donation for civilians should be discontinued altogether, but that unemployment in the Royal Dockyards should be safeguarded by suspending discharges, which are now taking place at the total rate of 800 a week for all the Dockyards; by undertaking certain profitable and advantageous repair and refitting work which, though important, had, for reasons of economy, been postponed until next year; and, finally, by insisting as a condition for suspending the discharges, that all the men in the Royal Dockyards should agree to some system of dropping one or even two days' work a week: that is to say, to the adoption of some plan similar to that which prevails in the Lancashire cotton industry. It was recognised, as an objection to this scheme, that it would be contrary to the principle adopted by the Finance Committee of the Cabinet of reducing Government establishments in the interests of economy as rapidly as possible, and that the plan would be criticised on the ground that economy had been sacrificed to giving employment:

(iii) A combination of (i) and (ii), that is to say, a continuance of the Out-of-Work Donation, combined with the scheme for the suspension of discharges from the Dockyards.
It was recognised that the arguments for and against each of the above schemes were very nearly balanced. The difference of cost between the first two schemes was not so great as might be expected, and should not in any event exceed £1,500,000. In these circumstances it was agreed —

To adjourn further discussion until after the Prime Minister, accompanied by the Chancellor of the Exchequer, the First Lord of the Admiralty and the Minister of Labour, had seen a Deputation of Members of Parliament for the Royal Dockyard towns, which was to wait upon him on the following morning.

... (6) In the course of the above discussion the attention of the Cabinet was drawn to the fact that the Trades Union of the building trade was standing in the way of the Government's Housing Scheme by refusing to admit as members men discharged unemployed from other trades.

It was generally agreed —

That the Government would be justified in resisting this action on the part of the Trades Union, and the suggestion was made that the Union should be summoned to meet representatives of the Government in a Public Conference.

2, Whitehall Gardens, S.W.1.

November 6, 1919.
CABINET 4 (12).

CONCLUSIONS of a Meeting of the Cabinet held in No. Honar Law's Room, House of Commons, S.W.1, on FRIDAY, NOVEMBER 7, 1919, at 3-45 p.m.

PRESENT:-
The Prime Minister (in the Chair).

The Right Hon. A. Balfour, M.P.,
Lord President of the Council.

The Right Hon. A. Chamberlain, M.P.,
Chancellor of the Exchequer.

The Right Hon. Lord Birkenhead,
Lord Chancellor.

The Right Hon. E. Shortt, K.C., M.P.,
Secretary for Home Affairs.

The Right Hon. W. Long, M.P.,
First Lord of the Admiralty.

The Right Hon. Sir E. Geddes, C.S.I.,
C.S.I., M.P., Minister of Transport.

The Right Hon. C. Addison, M.D., M.P.,
Minister of Health.

The Right Hon. J. Curzon of Rodlesley, K.G., G.C.M.G.,
G.C.I.P., Secretary of State for Foreign Affairs.

The Right Hon. Viscount Milner,
G.C.B., G.C.M.G., Secretary of State for the Colonies.

The Right Hon. W. S. Churchill, M.P.,
Secretary of State for War and Air.

The Right Hon. F. E. Montagu, M.P.,
Secretary of State for India.

The Right Hon. Sir Robert Horne,
K.B.E., K.C.M.G., M.P., Minister of Labour.

The Right Hon. Lord Lee of Fareham,
President of the Board of Agriculture and Fisheries.

The following were also present:-
The Right Hon. A. Illingworth, M.P.,
Postmaster-General.

(1) With reference to Cabinet 3 (19), Minute 5, the Cabinet resumed their discussion on the subject of Out-of-Work Donation. In addition to the Memorandum by the Minister of Labour (Paper G.P.-34), which had been under discussion at the previous Meetings, they had before them Memoranda by the Chancellor of the Exchequer (Paper G.P.-32), stating six facts bearing on the subject under consideration, and by the First Lord of the Admiralty (Paper G.P.-39).

During the discussion it was recalled that the Chancellor of the Exchequer, on October 9th, in the course of a review of the national prospects in regard to finance, had informed the House of Commons that the ordinary civil Out-of-Work Donation would come to an end on November 24th, and had added the following words:

"If it is renewed, it will be the act of the House, and the responsibility will rest with the House". (Hansard Vol.128, p.412.)

In view of this announcement the Cabinet came to the conclusion —

That it would not be right to continue the Out-of-Work Donation to civilians generally, unless exceptional conditions, such as could not at present be foreseen, arose.

In order to make provision for the Dockyard men, the Cabinet decided —

To approve in principle the Admiralty scheme for suspending discharges, as described in the Minutes of the last Meeting, subject to its feasibility being agreed to by a Committee composed of —

The Prime Minister,
The Chancellor of the Exchequer,
The First Lord of the Admiralty,

that is to say, the Ministers principally concerned in the Deputation from the Royal Dockyard towns, which had waited on the Prime Minister on the previous day.

The cost of this scheme is estimated by the Admiralty at £450,000 for four months.
It was decided —

That the rate of the Out-of-Work Donation to former members of the Royal Navy, Army and Royal Air Force should be —

20/- a week for men, and
15/- a week for women.

It was further decided that —

The Allowances for Children should be cancelled, although, of course, the cancellation of Children's Allowances would not apply to members of the Royal Navy, Army and Royal Air Force on first receipt of Out-of-Work Donation.

Finally, it was decided —

That the announcement of these decisions should be accompanied by a statement that the Government were pressing on with their scheme of Unemployment Insurance.

Since the decisions on the various heads of the Unemployment Scheme are spread through the Minutes of three Meetings of the Cabinet, and the earlier decisions have in some cases been superseded by later ones, they are summarised below as a whole:

(a) The policy of the Government is to introduce a system of Unemployment Insurance to which employers, employed, and the State shall contribute. They are strongly opposed to any system of Unemployment Insurance the whole cost of which is borne by the State, and are prepared to stand or fall by this. As a matter of principle, such extensions of the Out-of-Work Donation Scheme as the present exceptional conditions necessitate, must be framed in such manner as not to prejudice in any way the Government's Unemployment Insurance Scheme.

(b) The extensions of the Out-of-Work Donation summarised below must be announced as an emergency and temporary arrangement to meet the exceptional conditions produced by the War, and to bridge over the period required to bring the Unemployment Insurance Scheme into operation. Their announcement must be accompanied by a statement that the Unemployment Insurance Scheme is being pushed on as rapidly as possible.

(c) The issue of the Out-of-Work Donation to unemployed former members of the Royal Navy, Army, and Royal Air Force shall be continued after November 34th, at the rate of 20/- a week to men, and 15/- a week to women.
(d) The Allowance for Children shall be discontinued, but this, of course, will not apply to members of the Royal Navy, Army and Royal Air Force receiving their Donation for the first time.

(e) The Out-of-Job Donation to civilians, other than ex-sailors, soldiers and airmen, shall cease on November 24th, and shall not be renewed unless unforeseen circumstances of great urgency arise.

(f) In order to provide against extensive unemployment in the Royal Dockyard towns, where it is recognized that exceptional conditions prevail, the Cabinet approved the following scheme proposed by the Admiralty:

(i) To suspend all discharges for four months, at an estimated cost of £450,000.

(ii) To bring forward necessary and important work, such as refitting or repairing Battleships and finishing Light Cruisers, which, though profitable and advantageous to the Navy and the State, had been postponed to meet the great financial pressure.

(iii) To introduce throughout the Royal Dockyards, as a condition of this scheme, a system of dropping one or more days' work every week.

The putting in operation of this scheme, however, to be conditional on approval, as to its feasibility and desirability, by the following members of the Cabinet, who are engaged in negotiations with a Deputation from the Royal Dockyard towns:

(g) The scheme which had been suggested to the Admiralty for leasing portions of the Royal Dockyards to private firms for mercantile construction work was considered highly desirable.
The Cabinet agreed —

That the Secretary of State for the Colonies should proceed along the lines recommended in his Memorandum, subject to the agreement of the Treasury so far as Imperial expenditure is concerned.

(3) The Cabinet had before them Memoranda by the Minister of Labour (Paper C.P.—42), and the Secretary of State for War (Paper C.P.—53), on the Employment of Disabled ex—Service men in the Post Office.

The issue placed before the Cabinet in these Memoranda was as to whether, in consequence of an agreement entered into by the Post Office before the War (whereby 50 per cent of certain classes of vacancies in the Post Office are reserved for ex professional sailors and soldiers), preference should be given to ex sailors and soldiers of the Regular Services over men who were not members of the professional Navy and Army but had become disabled in the present War. Sir Malcolm Paisley's Committee on the question of the Employment of Disabled Men in Government Departments (whose Report is included with Paper G.T.—7569, approved by the War Cabinet on August 13, 1919 — War Cabinet 413, Minute 3) had recommended that posts expressly reserved for professional sailors, soldiers and airmen should not be allocated to disabled men when a qualified ex regular sailor, soldier or airman was available. This point of view was developed in the Memorandum by the Secretary of State for War (Paper C.P.—52), in which it was pointed out that the reserve of these posts had been held out by the War Office as one of the strongest inducements for enlistment in the Army before the War.

The general feeling of the Cabinet was that it would not be right to take any course that ruled out disabled men, or which gave preference to able-bodied men over disabled
men. It was generally agreed, however, that among disabled men ex-regular service should have precedence.

Having regard to the fact, elicited during the discussion, that some 3,000 disabled ex-regular service men are awaiting absorption —

The Cabinet felt that the difficult question of principle raised in the Memorandum did not call for decision at the present time.

(4) Attention was called to the following Parliamentary Question to be asked by Colonel Yates on November 18th:

"To ask the Postmaster-General whether the old agreement, by which 50 per cent. of the vacancies in the Post Office are reserved for the old sailors and soldiers who have finished their period of service, is about to be annulled; whether the arrangement was made one of the attractions in the past for recruiting; and, if so, whether, in view of the pledges given by the Admiralty and War Office to those whom they asked to enlist, he will say what action he proposes to take in the matter".

The Cabinet agreed —

That the Postmaster-General's answer to this question should be in the sense that there is no intention of altering the former arrangement, and that many thousands of disabled men are awaiting employment in the Post Office.

(5) The attention of the Cabinet was called to the following Parliamentary Question, put down on the Paper of the House of Commons for Monday by Mr Horatio Bottomley to the Prime Minister:

"Mr Bottomley to ask the Prime Minister whether it is the fact, as stated in certain posters issued by the "Save the Children Fund", that the Government has agreed to give £1 for every £1 raised by voluntary contributions for the purpose of feeding children in Armenia, Czechoslovakia, Poland, Austria, South Russia and Hungary, and, if so, under which Vote the Government contribution will fall".

It was explained that a portion of the moneys allotted by the British Government to the relief measures, undertaken and administered by the Supreme Economic Council,
had, at the request of Lord Robert Cecil, who was at that

time the British Representative on the Supreme Economic Coun-
cil and is President of the "Save the Children Fund", been
allowed to be used for the purpose of raising voluntary
contributions in the manner explained in the Question. It
was understood that similar action was being taken in
France.

The Secretary was instructed to send the
Question to the Treasury for the prepara-
tion of an Answer.

3, Whitelaw Gardens, S.W.1.
November 7, 1919.
CONCLUSIONS of a Meeting of the Cabinet held in
at 10 Downing Street, S.W. on Monday, 10th
November, 1919 at 12.30 p.m.

PRESENT:
The Prime Minister (In the Chair)

The Right Hon. A. Bonar Law, K.H., The Lord Privy Seal.

The Right Hon. A. J. Balfour, C.M.G., M.P., Lord President
of the Council.

The Right Hon. A. Chamberlain, N.P., Chancellor of the Exchequer.

The Right Hon. the Earl Curzon of Kedleston, K.G.,
G.C.I.E., C.G.I., Secretary of State for Foreign Affairs.

The Right Hon. W. E. Churchill, N.P., Secretary of State for
War.

Lieutenant Colonel Sir M. P. Hankey, G.C.B., Secretary.

R. C. M. Evans, Assistant Secretary.
The Conference agreed that it would not be advisable for Sir Eyre Crowe to communicate to M. Clemenceau the actual text of certain personal communications which had passed between the Prime Minister, the Italian President of the Council and President Wilson, as this would establish a precedent which might prove inconvenient in the future.

The Secretary of State for Foreign Affairs undertook to notify Sir Eyre Crowe that he should not, in his conversation, set a precedent in giving to M. Clemenceau the text of either telegram, but that he was authorised to communicate the general sense of the telegram to Signor Witti only.

Whitehall Gardens, S.W.1,
November 10, 1919.
CONCLUSIONS of a Meeting of the Cabinet held at 10, Downing Street, S.W.1, on Tuesday, November 11, 1919, at 10:45 a.m.

PRESENT:

The Prime Minister (in the Chair).

Right Hon. A. Bonar Law, M.P., Lord Privy Seal.


Right Hon. A. Chamberlain, M.P., Chancellor of the Exchequer.

Right Hon. R. Shortt, K.C., M.P., Secretary of State for Home Affairs.

Right Hon. W. Churchill, M.P., Secretary of State for War and Air.

Right Hon. F. E. Lonsdale, M.P., First Lord of the Admiralty.


The Right Hon. J. J. Maxse, M.P., Chief Secretary for Ireland.


The Right Hon. Sir A. J. Geddes, K.C.B., M.P., President of the Board of Trade.

The Right Hon. H. A. L. Fisher, M.P., President of the Board of Education.


Lieut.-Colonel Sir H. F. A. Hamley, C.B., Secretary.

Mr Philip Kerr.
The Cabinet submitted the question of general policy towards Russia, and the maintenance of a British Naval Force in the Baltic, to a Special Conference to be held at 10, Downing Street, in the evening, which would be attended by Naval and Military experts as well as the members of the Cabinet who had usually been invited to join the War Cabinet in the discussion of Russian questions.

The Cabinet had before them the following Papers in regard to Ireland:

The First Report of the Cabinet Committee on the Irish Question (Paper C.P.-53),

Letters from Viscount Orey of Palace to the Prime Minister, dated October 5th. (Paper C.P.-8357) and October 17th. (Paper C.P.-59).

The Report of the Committee was submitted to criticism on the following grounds:

Cabinet has hitherto always taken the standpoint that its citizens were entitled to be in all respects on the same footing as citizens of Great Britain, and under this scheme they would be subject to a different jurisdiction.

The scheme gives to the three Southern Provinces of Ireland rather less than they would obtain under the Home Rule Act, and is therefore not likely to be acceptable to them.

It would be difficult for the Irish Government to administer the country effectively without control of the Police; and, conversely, it would be difficult for the Government of Great Britain, which controlled the Police, to govern the country when it did not control the greater part of the Executive Government.

It would inflict hardship on the loyalists in the South of Ireland, who had made as great sacrifices in the War as any part of the Empire.

The feeling in the three Southern Provinces of Ireland was overwhelmingly in favour of Sinn Fein, and none but Sinn Feiners would be elected to the new Parliament. If they were elected their first action would be to declare themselves an independent Republic, unless this was provided against in some way in the Bill.
It was generally recognised, however, that these objections applied to any scheme of Home Rule for Ireland, and that the results of a mere repeal or postponement of the Home Rule Act might be open to greater objections, and would in any event probably not be acceptable to Parliament.

Further, it was recognised that, from the point of view of our relations with the Dominions and the United States of America, a mere repeal or postponement would be very undesirable. In view of the specific pledges given to Lord Grey on his appointment as British Ambassador at Washington, this course was considered to be out of the question.

An alternative plan was suggested, based on the contention that the union of Great Britain and Ireland was far more to the advantage of Ireland than to that of Great Britain. Under this scheme the three Southern Provinces of Ireland would, by Act of Parliament, be cut off from the United Kingdom after a certain date, unless before that date they had by plebiscite declared in favour of the union. This scheme did not meet with support. The principal reason urged against it was that an Ireland which, in time of war, could remain a neutral, might, owing to its geographical position and its consequent importance to our Naval defence, prove a great danger to the British Empire. Further, even though it adopted an attitude which Great Britain did not regard as consistent with neutrality, it might be supported in this attitude by other neutral Powers, including the United States of America.

It was generally agreed that the best method of Parliamentary procedure in regard to a Home Rule Bill would be for the Government to move resolutions in Parliament embodying its main provisions, although, before the resolutions were adopted, the scheme — and especially its financial provisions — ought to be worked out in the form
of a Bill, in order that the scheme might not ultimately break down on points of detail.

The Cabinet decided —

That the Committee should re-assemble for the following purposes:

(i) To draft, for the consideration of the Cabinet, resolutions intended to be introduced in Parliament, based on the scheme presented to the Cabinet;

(ii) To work out the scheme, and more particularly its financial provisions, in the form of a Bill.

(b) The Cabinet agreed to meet on the following day, at once, for the purpose of discussing the following urgent questions:

HOUSING.

THE EXPORTS AND IMPORTS BILL.

(c) With reference to Cabinet & (19), Minute 1, the Cabinet had before them a Note by the Secretary (Paper C.P. 88), covering a Memorandum prepared for the Committee of Imperial Reform in 1916, summarising the history of the Channel Tunnel Scheme (Paper C.I.B. 88 A.), which had been circulated on the previous evening.

Subject to these being no danger to the security of the country, a point on which the view was expressed that further technical enquiry was necessary, the general trend of opinion in the Cabinet was in favour of not opposing the construction of the Channel Tunnel.

S. Whitehall Gardens, S.W.1.
November 11, 1919.
CABINET 6 (10).

CONCLUSIONS of a Meeting of the Cabinet held in Mr Bonar Law's Room, House of Commons, S.W.1., on WEDNESDAY, NOVEMBER 12, 1919, at 8 p.m.

PRESENT.

The Prime Minister (in the Chair),

Right Hon. A. Bonar Law, M.P.,
Lord Privy Seal.

Right Hon. A. Chamberlain, M.P.,
Chancellor of the Exchequer.

Right Hon. R. Shortt, K.C., M.P.,
Secretary of State for Home Affairs.

Right Hon. the Viscount Milner,
G.C.B., G.C.M.G., Secretary of State for the Colonies.

Right Hon. E. Montagu, M.P.,
Secretary of State for India.

Right Hon. W. Long, M.P.,
First Lord of the Admiralty.

Right Hon. J. Macpherson,
K.C.M.G., Chief Secretary for Ireland.

The Right Hon. R. Munro, K.C., M.P.,
Secretary for Scotland.

The Right Hon. Sir R. Geddes, G.C.B.,
G.C.M.G., M.P., Minister of Transport.

The Right Hon. C. Addison, M.D.,
M.P., Minister of Health.

The Right Hon. Sir A. Geddes,
K.C.B., M.P., President of the Board of Trade.

The Right Hon. H. S. Fisher, M.P.,
President of the Board of Education.

The Right Hon. the Lord Lee of Fareham,
G.C.B., K.C.B.,
President of the Board of Agriculture and Fisheries.

The following were also present:-

Right Hon. Sir L. Worthington-Evans, Bart., M.P., Minister of Pensions.

Right Hon. Sir A. Mond, Bart.,
M.P., First Commissioner, H.M. Office of Works.

The Right Hon. G. M. Roberts, M.P.,
Food Controller.

Lieut.-Colonel Sir M. A. Hankey, G.C.B., Secretary.
(1) Owing to a report by the Chief Secretary of the very grave menace of assassination to which the Dublin Metropolitan Police is exposed at the present time, the Cabinet agreed that the Chief Secretary should request the Lord Lieutenant to come immediately to London, with a view to a conference with the Prime Minister and some of his colleagues on the afternoon of Friday, November 14th. The Chief Secretary should further arrange for the attendance of the General Officer Commanding-in-Chief, General Byrne, the Head of the Royal Irish Constabulary; and Colonel Johnston, the Head of the Dublin Metropolitan Police, and should invite them to bring definite proposals.

(2) The Chief Secretary reported to the Cabinet that strong pressure was being put on him to introduce the Irish Education Bill into Parliament.

The Cabinet agreed——

That, subject to agreement between the Chancellor of the Exchequer and the Chief Secretary as to the finance of the Irish Education Bill, it should be introduced in Parliament in the following week.

(3) With reference to War Cabinet 634, Minute 1, the Cabinet had before them the following documents:

A Memorandum by the President of the Board of Trade (Paper C.P.—60), containing the results of the examination of the first draft of the Import and Export (Regulation) Bill by a Cabinet Committee, together with a re-draft of the Bill approved by the Committee.

A Memorandum by the Food Controller (Paper C.P.—94).

(4) The Cabinet took note that the Trade Regulation Committee to be set up under Part I of the Bill, consisting of the Parliamentary Representatives and Permanent Officials of the Board of Trade and the Department of Overseas Trade, together with ten Members of the House of Commons nominated by the House, introduces a new constitutional development.
There was no criticism of the proposal, which was accepted.

(6) The Cabinet at first felt some hesitation about applying the provisions for the prevention of dumping to goods from the British Dominions as well as from foreign countries. They felt, however, that as the basis of these provisions is that dumping is an illicit and wrongful practice, it would not be justifiable to permit it in the case of the Dominions. Further, it transpired in the course of the discussion that Canada, the only Dominion from which dumping in the United Kingdom is to be apprehended at the present time, includes the United Kingdom in its anti-dumping legislation.

Having regard to the above considerations, the Cabinet agreed —

That the anti-dumping provisions of Part II should apply to all parts of the world outside the United Kingdom.

(7) The Committee had left to the decision of the Cabinet the question as to whether in Clause 9 (1) (b) the powers for prohibiting the importation of the goods specified in Part II of the Second Schedule, namely, thorium nitrate and gas mantles and gas mantle rings, should be exercisable within a period of two or three years from the termination of the present War.

The Cabinet decided —

That the period given in the Bill should be three years, but that if pressure were exercised in Parliament the Government should be prepared to concede one year, leaving the period a total of two years.

(8) The attention of the Cabinet was drawn to the fact that under Clause 10 the Board of Trade could refuse to grant a license for the importation of goods specified in the Second Schedule to the Bill, even though the applicant
was prepared to pay the prescribed fee.

The Cabinet felt that there would be strong Parliamentary opposition to this proposal, owing to the increasing fear of anything in the nature of a Trust, and owing to the objection which is felt in Parliament against giving unfettered powers to any Government Department.

The Cabinet agreed —

That the Bill should be amended so as to provide for an appeal by the applicant to the Trade Regulation Committee against the decision of the Board of Trade.

Part IV.

Temporary Regulation of Exports in certain cases.

(8) The Cabinet had under consideration the proposal of the Food Controller (Paper G.7.-96) that all foodstuffs should be omitted from Clause 16 (1), and that the following sub-clause should be added:

"The Board may by Order prohibit the exportation to any country or place specified in the Order of any articles of food or drink or any materials used in the production, manufacture or preparation of any such article."

In support of this proposal it was urged that the food situation is not sufficiently settled to warrant a removal of existing restrictions, and that it is essential that power should be reserved in the Bill to regulate the export of foodstuffs. Unlimited export would not only diminish supplies but also raise prices to the level of the effective Continental demand. A considerable number of important foodstuffs were not included in Clause 16 (1). For example, the Clause as now drafted gave no power to prohibit the exportation of livestock (which, it was explained, could not be included under the heading of "Meat"). Owing to the vacuum on the Continent in regard to livestock generally, and milch cows in particular, there was a serious risk that this country might be denuded of cattle. Similarly, power is taken to prohibit the exportation of wheat, but not
of flour; and of edible fats, but not of the raw materials out of which they are made. There is no power to prohibit the exportation of butter and cheese, oleaginous seeds, nuts, kernels and the products thereof. Against this, however, it was urged that production would be discouraged by the drastic additional sub-clause proposed by the Food Controller, and there might be a tendency to set up factories in foreign countries and thereby to attract supplies there instead of to this country if this proposal was adopted. Further, it was pointed out that until the termination of the War the prevention of a loss of supplies through excessive exportation is provided for by the powers for the allocation of foodstuffs.

Clause 16 was further criticised on the ground that sub-clause (1) provided for the exportation to any country or place specified in the Order, and sub-clause (3) conferred the power on the Board of Trade to make an exception by licence.

The Cabinet agreed --

(a) That if, when the ratification of the last of the Treaties of Peace was approaching, it was found that our food supplies were endangered by the possibility of excessive exportation owing to the lapse of the powers obtained during the War for allocating foodstuffs, the Food Controller and the President of the Board of Agriculture and Fisheries should lay fresh proposals before the Government for such special action as might be considered desirable.

(b) That the following words should be omitted from the second line of Clause 16:

"To any country or place specified in the Order",

so that the first lines of this clause will read as follows:

"The Board may by Order prohibit the exportation of any of the following articles, that is to say:--

Cold and silver. (9) At the request of the Chancellor of the Exchequer --

The President of the Board of Trade undertook to make such amendment to the Bill as would
secure to the Treasury the right, without
reference to the Trade Regulation Committee,
to license the export of gold and silver.

Second Schedule. (10) The Cabinet took note that Item 12 in Part I of the Second Schedule to the Bill, which in the draft read "Electric Carbon and Carbon Electrodes", should read "Are Laxeo Carbons and Carbon Electrodes".

The Cabinet approved that Item 13 on the list in Part I should read "Magneto and permanent magnets".

The Cabinet further agreed that —

Ferro-chrome and ferro-molybdenum should not be added to the list in Part I of the Second Schedule, as desired by the Federation of British Industries, but that if Parliament should express a general desire for their inclusion this should be conceded.

Procedure as regards the Committee Stage. While recognising that a considerable amount of time would be required, and difficulty encountered, in the passage of the Bill through a Committee upstairs in the House of Commons, the Cabinet were of opinion that it would be very difficult to find the time necessary to pass the Bill through a Committee of the House, and that on the whole it would be advisable to refer the Bill to a Committee upstairs.

Approval of the Introduction of the Bill. Subject to the above amendments, the Cabinet approved the early introduction of the Bill in Parliament.

POST-WAR POLICY (12) With reference to War Cabinet 578, Minute 1, of May 28, 1919, the Cabinet had under consideration a Memorandum by the President of the Board of Trade and the Shipping Controller on the subject of the Defensive Armament of Merchant Vessels (Paper C.P. 39).

The Cabinet took note of the fact that the Admiralty, the Shipping Controller and the Board of Trade consider that the provision of stiffening in merchant vessels generally should not now be made obligatory, and decided —

That no further action need be taken in the matter.
The Cabinet took note of a Memorandum by the Secretary of State for the Colonies (Paper C.P.-13) which stated that Lord Milner, in conjunction with the First Lord of the Admiralty (who had acted as Chairman of the Raw Materials Board) was arranging for the dissolution of the Board.

2, Whitehall Gardens, S.W.1,
November 12, 1919.
CONCLUSIONS of a Meeting of the Cabinet held at 10, Downing Street, S.W.1, on FRIDAY, NOVEMBER 14, 1919, at 11:30 a.m.

PRESENT:
The Prime Minister (in the Chair).

The Right Hon. A. Bonar Law, M.P., Lord Privy Seal.
The Right Hon. A. Chamberlain, M.P., Chancellor of the Exchequer.
The Right Hon. the Lord Birkenhead, Earl of Bfarl.
The Right Hon. W.G. Montagu, M.P., Secretary of State for India.
The Right Hon. W.S. Churchill, M.P., Secretary of State for War and Air.

The following were also present:
The Right Hon. Sir L. Worthington-Evans, Bart., M.P., Minister of Pensions.
Sir J. Tudor Walters, M.P., Paymaster-General.

Sir James Caird, K.C.B., Director-General of Housing.

Lieut.-Colonel Sir M.A. Hankey, G.C.B., Secretary.
HOUSING POLICY. (1) The Cabinet had before them the following documents on the subject of Housing Policy:—

Three Memoranda by the Minister of Health (Papers G.T.-6015, C.P.-5 and C.P.-94),

A Memorandum by the Chancellor of the Exchequer (Paper C.P.-73),

A Memorandum by the First Commissioner of Works (Paper C.P.-107).

In addition, they had before them documents on the following special aspects of the Housing problem:—

(a) SUPPLY OF LABOUR.

A Memorandum by the Minister of Labour (Paper G.T.-6122),

A Memorandum by the Secretary for Scotland (Paper G.T.-6181).

(b) WAGES AND PROFITS.

A Memorandum by the Minister of Labour (Paper G.T.-8272),

Memoranda by the Chancellor of the Exchequer (Papers G.T.-8334 and C.P.-74),

Two Memoranda by the First Commissioner of Works (Papers G.T.-8349 and C.P.-116),

A Memorandum by the Minister of Pensions (Paper G.T.-6194).

It was reported to the Cabinet that a Debate on the subject had taken place on the previous afternoon in the House of Lords, in the course of which it had been alleged that the Government scheme had broken down. The impression caused by this allegation had been strengthened by the withholding of figures by the Government spokesman. Attention had been drawn to the tacit understanding which exists between men and masters in the building trade for maintaining the present congestion and high prices by the payment of excessive wages and the refusal of any form of dilution of labour. The suggestion had been made that a Conference should be held between the Government, the municipalities, the builders and the workmen, which should be addressed by the Prime Minister or some other Minister and at which the extent to which the present housing
difficulty is attributable to labour causes should be emphasized.

The Cabinet generally agreed that some immediate action was necessary to stimulate and increase the output of houses. In England, up to November 8th, only 43,299 houses had been approved as compared with at least 500,000 required. The local authorities in England had, in many cases, whether from inertia, inexperience, inability to raise the necessary funds, or other causes, not proved equal to the task. It was stated, however, that the position in Scotland as regards the local authorities was more satisfactory.

In the course of a very full discussion, a number of proposals were made, among which the following are the more important.

**THE FIRST PROPOSAL** was one for stimulating building by private enterprise. Although, before the War, schemes for no less than 200,000 houses are alleged to have been planned and actually laid out on the ground, no progress is being made with them. This is said to be due to the fact that in present conditions they cannot be continued with prospects of a reasonable profit. Present prices are abnormally high, but in a few years' time, when the schemes are completed, prices may be expected to have fallen, and purchasers would then not be willing to pay a price based on the actual cost. Similar causes are deterring private enterprise in building, not only in urban but equally in rural districts all over the country. The proposal was to induce private enterprise to start again by means of a State subsidy equal in amount to the anticipated economic loss. For example, the sum of, say, £150 might be offered for every house built, whether to private builders, Workmen's Building Societies, Local Authorities, or landlords; but the offer
would only hold good for a few years, when the amount of the subsidy would be reviewed.

The advantages claimed for this scheme were that the grant of this subsidy would enable the industry to obtain advances from Banks and Building Societies, and thus the whole machinery of private enterprise in building would be re-started. If a profit were made on the earlier transactions, the whole trade would enter the scheme. Sooner or later, if housing was to be continued, it was essential to start private enterprise, and the sooner the better. The special advantage from the point of view of the State was that both the State and the Local Authorities would escape the difficult task of selling or letting houses and collecting rents, for which they have no suitable machinery or experience. It would be better to hand this over to persons who were accustomed to make their living by it. After a few years the State would be released from all responsibility in the matter. A variant of the scheme was that the Local Authorities should lay out the schemes, for which they are well equipped, and should then dispose of them with the aid of the subsidy to local enterprise.

The principal objections urged against this proposal were: firstly, that this was a reversion to the system of private enterprise which had actually broken down before the War. Secondly, that the recent Elections had resulted in filling the municipalities with Labour members, who would resolutely refuse to hand over their schemes to private enterprise. They would state that the private builders could only produce the houses more cheaply because they built a cheaper type of house than was permitted to the Local Authorities. Thirdly, that if the private builders were subsidised they would put all their energy into these schemes and would refuse to tender for the schemes of the Local Authorities.
which would consequently be sterilised. Fourthly, doubt as to whether it was justifiable for the State to finance this scheme in addition to the Government scheme, owing to the reluctance of the public to subscribe to Government Loans while expenditure was increasing.

It was generally agreed that the present Housing Scheme, which had been approved by Parliament, must not be thrown over. It had been adopted at a time when there was no possibility of stimulating private enterprise in the manner now proposed. In fact, it was recalled that Parliament had refused to agree to a scheme of subsidy. Considerable progress had been made with the present Housing Scheme, even though this progress was not adequate to present needs, and it would not be fair to those Local Authorities who had pressed on with the scheme to throw it over. Consequently this proposal, if adopted, must be used to supplement and not to supersede the existing Scheme.

THE SECOND PROPOSAL related to new methods of construction.

The Cabinet heard from Sir James Garmichael an account of some 12 to 14 new methods of building which were under the examination of a Special Committee of the Ministry of Health. These included various proposals for steel-frame houses, hollow bricks, hollow concrete blocks, slabs, wooden houses, mud houses, etc. One of the advantages of these schemes was that to a considerable extent they could be carried out by a different class of labour from that employed in houses of the normal type. Thus, in cases where building schemes were held up through the unwillingness of the Trades Unions to admit members from outside, or to allow dilution, a different sort of labour could be employed. Further, when the provision of houses had restored a normal requirement of labour, the steel workers and other special
forms of labour could be re-absorbed into the labour market more readily than would be the case by increasing the numbers engaged in the regular housing industry. Some of these schemes were particularly adapted to rural housing.

The principal criticism of this proposal was that the labour engaged in making concrete blocks was already within the Building Trades Union.

The third proposal was made with the object of overcoming the difficulties caused by the Trades Unions. This proposal, which was similar to that made on the previous evening in the House of Lords, was that the Prime Minister should summon a conference of the persons interested in the Housing Scheme, namely:

- The Local Authorities,
- The Employers, and
- The Trades Unions,

and in the most public manner should impress upon them the responsibility which lay with them in regard to the provision of housing accommodation. It was generally felt that nothing but pressure of public opinion would induce the building trade to take up a more reasonable attitude.

The fourth proposal was that the Board of Agriculture and Fisheries should co-operate with the Ministry of Health in carrying out the building schemes in local areas adjacent to the Board's own estates. The Board could use its special experience and expert knowledge to stimulate the very inadequate provision of houses in rural districts, which was discouraging the farmers and creating great unrest amongst ex-Service men, to many of whom undertakings had been given that houses would be built.

The fifth proposal, or group of proposals, related to the financing of the building operations.

It was alleged that many of the Local Authorities had not been able to raise the necessary funds to carry out
the Government Scheme of Housing, and the suggestion was made that the system might be adopted of raising money on the credit of the counties or districts concerned.

The Cabinet decided —

(a) That a Cabinet Committee, composed as follows:

The Minister of Health (in the Chair),
The Chancellor of the Exchequer,
The President of the Board of Agriculture,
The Secretary for Scotland,
The Paymaster-General,
The Minister of Munitions, or Mr Kellaway,
The Minister of Pensions,
The First Commissioner of Works,
The Minister of Labour,

with the following experts in permanent attendance:

Sir James Carmichael,
An Expert of the Ministry of Transport,
with
Mr H.R. Davies as representing the Prime Minister,

Mr T. Jones (Secretary),

should meet to examine these schemes and report their proposals to the Cabinet as soon as possible.

The first meeting was arranged to take place at the Ministry of Health at 3 p.m. on the same afternoon.

(b) That the Chancellor of the Exchequer should have discretion, if he considered it desirable, to assemble a Special Sub-Committee to consider the financing of the Housing Schemes.

(2) The Cabinet had before them the following documents on the subject of Rent for Small Holdings:

Memoranda by the President of the Board of Agriculture and Fisheries (Papers G.T.—7694 and G.T.—7753):

An Extract from the Minutes of the Home Affairs Committee (Paper H.A.C.—35, Minute 5).

The Cabinet approved the following recommendations of the Home Affairs Committee:
(a) That County Councils be instructed to reconsider the rents at which they let their statutory Small Holdings established before the War, so as to bring them into closer agreement with the changed value of the land:

(b) That the Councils should be instructed not to rack-rent their tenants, and especially not to take into account the improvements effected by their tenants, or the change in the rate of interest on loans:

(c) That the Councils should take the position of landowners working on a commercial basis and impose such increases as will make the rents of their Small Holdings comparable with the general level of rents of similar Holdings in the district.

IRISH RAILWAYS. (5) The Cabinet had before them a Memorandum by the Minister of Transport (Paper O.P.-79) covering a Bill designed to give statutory effect to the terms of paragraphs 10 and 12 of the Agreement made between the Government and the Railway Companies affected when the Irish Railways were taken over.

The Cabinet approved the introduction of the Bill.

EMPLOYMENT INSURANCE. (4) With reference to Cabinet 4 (19), Minute 1, the Cabinet had before them the following documents on the subject of Unemployment Insurance:

A Memorandum by the Minister of Labour
(Paper G.T.-8125),

A Memorandum by the Chancellor of the Exchequer
(Paper G.T.-8155),

A Memorandum by the President of the Board of Agriculture and Fisheries (Paper G.T.-8205),

A Memorandum by the Minister of Health
(Paper G.T.-8247).

The Cabinet took note of the point urged by the Chancellor of the Exchequer that, if it was decided to include Agriculture and Domestic Service in a scheme of Unemployment Insurance, it was essential not to abandon
their inclusion during the passage of the Bill through Parliament. If this were done, the finance of the whole scheme would be upset, since both these forms of insurance might be expected to yield a profit.

It was generally agreed that the inclusion of Domestic Service would be unpopular, owing to the absence of unemployment in domestic service, and that its passage through Parliament would be a matter of the greatest difficulty.

It was stated that the agricultural interests would resent discrimination against that industry by leaving it out of the scheme. Doubt was expressed, however, as to whether this point of view would be maintained when it was realised that, owing to the small amount of unemployment in the agricultural industry, supposing this state of affairs continued, the discrimination would be in favour of Agriculture, which would be making an excessive contribution to other forms of industry. In this connection it was suggested that Agriculture might contract out, as was contemplated for some other large industries, such as the Railways.

The Cabinet agreed—

(a) To approve the principle of a scheme of Unemployment Insurance:

(b) That in the first instance both Agriculture and Domestic Service should be left out of the Bill, and the calculations as to the amounts of the contributions by the employers, employed, and the State respectively, should be prepared on this basis. If the claims of Agriculture to be included should be pressed strongly, this decision might be re-considered:

(c) In order not to antagonise the Trades Unions and Labour interests, the Minister of Labour should aim at a rate of insurance amounting to 20/- for men and 15/- for women. This, however, should be subject to the question being first examined by a Committee composed of:
The Chancellor of the Exchequer,
The Minister of Labour,
The Minister of Health,

who should investigate the question more par­
ticularly from the point of view of the possi­
bility of a contribution by the employer of
10d. a week instead of 9d. a week, as now
contemplated for the combined Unemployment
Insurance and Health Insurance. If this was
considered feasible, the proportion of one­
quarter to be paid by the State would, it was
hoped, be slightly reduced; a course which
was considered justifiable in view of the great
financial burdens now laid upon the State.

SUPPLY OF SPIRITS.

(5) The Cabinet had before them the following documents
on the subject of the Supply of Spirits:—

A Memorandum by the Food Controller
(Paper G.T.-8411),

A Memorandum by the Chancellor of the Exchequer
(Paper C.P.-36).

The original proposal of the Food Controller was
that the quantity of spirits permitted to be released from
bond should be increased on a scale proposed in his Memo­
randum. This proposal was based on the necessity of meet­
ing the many undoubted cases of hardship existing at present
owing to the re-distribution of population and the return
of demobilised men.

Strong reasons, however, were urged in favour of
removing all restrictions on the supply of spirits. It was
pointed out that, owing to the desire of holders to conserve
their stocks; the rapid absorption of stocks by large com­
binations; the small production of spirits during the last
few years; and the operation of the Immature Spirits Act,
the amount of spirits available for the public would be only
slightly in excess of the present amount if the restrictions
were removed. Further, the increased consumption would be
counteracted by the lower strength at which spirits may be
supplied, restricted hours, and high prices. Finally, it was pointed out that the continuance of these restrictions was very unpopular, and the short supply of spirits was attributed entirely to the Government, which incurred great odium and unpopularity by their maintenance.

Against this it was pointed out that the opinion of the Churches and temperance advocates would be alienated by the removal of restrictions the effect of which had been watched during the War with the greatest interest. Further, in order to implement the promise that the benefits of liquor control during the War should not be thrown away without thorough examination, the Government had in course of preparation a measure for setting up a Commission to review the whole question of liquor restrictions. It would be preferable to postpone action until this Commission had reviewed the question.

After some discussion, the Cabinet agreed —

That the restrictions on the supply of spirits should be removed.

2, Whitehall Gardens, S.W.1,
November 14, 1919.
CONCLUSIONS of a Meeting of the Cabinet held at 10, Downing Street, C.W.1., on THURSDAY, NOVEMBER 20, 1919, at 11.30 a.m.

PRESENT:
The Prime Minister (in the Chair).

The Right Hon. A. Bonar Law, M.P.,
The Lord Privy Seal.

The Right Hon. A. J. Balfour, C.M.G., M.P.,
Lord President of the Council.

The Right Hon. A. Chamberlain, M.P.,
Chancellor of the Exchequer.

The Right Hon. E. Shortt, K.C., M.P.,
Secretary of State for Home Affairs.

The Right Hon. the Viscount Milner, C.C., C.M.G.,
Secretary of State for the Colonies.

The Right Hon. E. S. Montagu, M.P.,
Secretary of State for India.

The Right Hon. G. Addison, M.P., M.P.,
Minister of Health.

The Right Hon. Sir Robert Horne,
K.C.B., C.M.G., M.P., Minister of Labour.

The Right Hon. W. Long, M.P.,
First Lord of the Admiralty.

The Right Hon. W. E. Churchill,
M.P., Secretary of State for War and Air.

The Right Hon. Sir A. C. Geddes,
K.C.B., C.M.G., President,
Board of Trade.

The Right Hon. Sir E. Geddes,
C.C., C.M.G., M.P., Minister of Transport.

The Right Hon. R. Munro, K.C., M.P.,
Secretary for Scotland.

The Right Hon. J. J. Macpherson,
K.C., M.P., Chief Secretary for Ireland.

The Right Hon. H. A. L. Fisher, LL.D.,
M.P., President, Board of Education.

The Right Hon. the Lord Lee of Fareham, C.M.G., K.C.B.,
President, Board of Agriculture and Fisheries.

The following were also present:-

The Right Hon. Sir L. Worthington-Evans, Bart., M.P.,
Minister of Pensions.

Sir John Tudor Walters, M.P.,
Paymaster-General.

The Right Hon. Sir A. Mond, Bart.,
K.C.B., First Commissioner of Works.

Lieut.-Colonel Sir W. A. Hankey, C.M.G., Secretary.
(1) Attention was called to the large number of Questions addressed to the Prime Minister on the subject of the Blockade of Russia, including the following Question by Lord Robert Cecil:

"To ask the Prime Minister whether the blockade of Russian ports is still in force; if not, when orders were given for its removal; and what were the terms of those orders."

A draft answer to this Question, prepared in the Foreign Office, was read to the Cabinet, to the effect that the Allied Naval Forces had been ordered to turn back ships making for Russian Baltic ports, but that the question was now solved by natural causes (namely, the forming of the ice).

It was generally felt that this reply was unsatisfactory, since the turning back of ships appeared to amount to a blockade, and it transpired that not only ships carrying war material to the Bolshevist forces had been turned back, but ships carrying food for those forces.

It was agreed that—

Mr. Balfour, after consultation with an official from the Foreign Office as to the facts of the matter, should prepare a draft reply for the Prime Minister’s consideration.

In regard to another Question, asking whether, when the ice melted, orders would be issued to relax the blockade, it was generally agreed that, unless there should be some change in the present situation, the blockade should not be re-instituted.

(2) With reference to Conclusion 4 of a Conference held on November 18, 1919, the Cabinet had before them the following documents on the subject of the Hours of Employment Bill:

- A Memorandum by the Secretary for Scotland (Paper C.P. - 27).
- A Memorandum by the President of the Board of Agriculture and Fisheries (Paper C.P. - 61).
- A Memorandum by the Chief Secretary for Ireland (Paper C.P. - 163).
As the Minister of Transport wished to raise a new consideration in regard to this Bill, and as the question was reported not to be of immediate urgency, the Cabinet agreed —

To postpone consideration of the question until the following week.

HOUSING POLICY. (3) With reference to Cabinet 7 (19), Conclusion 1, the Cabinet resumed their consideration of Housing Policy, and had before them the following documents:

The Interim Report of the Cabinet Committee (Paper C.P.-152).

A first draft of a Bill, prepared in the Ministry of Health, to carry out the Recommendations of the Committee (Paper C.P.-153 A), which had not yet been before the Cabinet Committee.

The Draft Conclusions of a Meeting of the Cabinet Committee held on November 16, 1919 (Paper C.H.C.-4th Minutes).

Criticism of the Cabinet Committee's proposal was mainly confined to finance and the proposed powers to the Ministry of Health to prohibit during a given term the construction of buildings of a non-essential character.

The Minister of Health asked that his opinion might be placed on record that, whether the suggestion that money for Housing Schemes should be raised locally by the issue of small Bonds, which had been referred to Mr Cochrane's Committee, should prove feasible or not, he was convinced that the State would have to help materially in financing some of the Local Authorities, or else in the localities concerned no houses would be built.

The Cabinet were then given a full account of the difficulties which the Treasury would meet in rendering assistance to Local Authorities beyond what had already been agreed to. It was pointed out that the estimated amount required from the State for the assistance of Local Authorities with
a total rateable value of less than £200,000 would be £30,000,000 by September next. In the following two years the estimate was for a further £130,000,000. To provide this the Treasury would have to draw on the Local Loans Fund, which, however, only had liquid assets amounting to £15,000,000 and this Fund had to provide for many other demands. Practically, therefore, the Treasury was already committed to amounts totalling about £50,000,000 in the next ten months and £150,000,000 in the two following years. The best opinion in the City had been consulted, and was found to coincide with the view of the Treasury, namely, that at the present moment the Government could not borrow any more money. Possibly the situation might be better in March or April, when the revenue had been collected, and particularly if the estimates of revenue were found to balance expenditure, but no definite opinion could be obtained as to the prospects. It was suggested that the Local Authorities, some of whom had not much experience in raising money, ought to be able to raise all that was required on their own credit by the issue of some special Bonds such as were now under consideration by Mr Goschen's Committee. It was pointed out that the adoption of some such scheme of local Bond issue would have an important political effect, since it would shift to the Local Authorities the burden of responsibility for producing houses which was now generally laid on the Government.

The Cabinet generally accepted the view that in any event no encouragement ought to be held out to the Local Authorities with a rating of over £200,000 that the State could offer them any assistance. If this were done, in some cases no real effort would be made by the Local Authorities themselves. In no case should the grant of State credit facilities to such Local Authorities be even considered.
except as a last resort after every possible method of raising the money had been thoroughly explored by the Local Authorities themselves and found non-productive.

(5) The proposal that the Ministry of Health should be equipped with powers to prohibit during a given term the construction of buildings of a non-essential character in cases where the construction of such buildings was restricting the building of houses, was subjected to some criticism. It was pointed out that during the War, when first the Ministry of Munitions and subsequently the Ministry of National Service had been equipped with similar powers, they had been found most difficult and irksome to administer without seriously hampering trade. At the present time, when the State ought to give every encouragement and impetus to the re-opening of trade and industry, these difficulties would prove even greater. For example, the stoppage of the building of cinematograph theatres would inevitably react on the cinema industry, including the production of lenses by the optical industry, which was one of the key industries we were trying to foster. Also, a prohibition on the demolition of houses for the extension of factories which would give employment to labour in a district where surplus labour was available, would, it was contended, be economically unsound.

On the other hand, it was pointed out that the demolition of houses, even for the extension of a factory, and the diversion of labour to the provision of places of entertainment, particularly in neighbourhoods where there was a shortage of houses, shocked public opinion and would not be tolerated. Above all, public opinion would not stand people being evicted from decent houses for the construction of places of entertainment. Such action raised political issues of the first order. Attention was drawn to the importance of safeguarding
the construction of schools. 32,500 places were required immediately in Elementary Schools, and 40,000 places in Secondary Schools. For the encouragement of Local Authorities who were active in educational matters, the importance was urged of a public statement to the effect that the building of schools would not be held up.

There was general agreement that some powers were necessary to prevent the excessive diversion of labour to luxury building. For example, it was generally recognised that power should exist for preventing the diversion of labour from carrying out a Housing Scheme to the extension and improvement of the residences of wealthy persons. Further, it was generally agreed that it would be inconsistent for the State, while continually urging Local Authorities to push on with the Housing Scheme, to decline to assist them to obtain the necessary labour when this was actually being used in their districts for non-essential luxury building.

The suggestion was made that the difficulty might be surmounted by importing a different class of labour to build a different type of house, several of which had been referred to at the last Cabinet Meeting.

The proposals of the Committee were approved in principle, but it was agreed that the framing of the necessary legislation would require very careful drafting in order to reconcile the moral with the economical aspect of the question. This task was remitted to the Cabinet Housing Committee.

Conclusions. (6) The Cabinet agreed —

(a) To accept the recommendation of the Cabinet Committee that a subsidy should be granted to private enterprise on the lines set forth in the Memorandum by the Minister of Health (Paper G.P.-94), namely, a subsidy not exceeding £150 per house of approved type and lay-out, up to a limit of 100,000 houses to be completed within the next twelve months:
(b) To accept the proposal of the Cabinet Committee and the Minister of Health providing for the operation of the agreements reached with the Building Trade, on the understanding that the agreement with the House Builders under Section 15 (3) of the Housing Act will be worked so as to secure a good type of house and not to conflict with the subsidy arrangement:

(c) To accept the proposal of the Cabinet Committee and the President of the Board of Agriculture and Fisheries that, subject to the provisions of the Housing Acts, and after opportunity has been afforded to County Councils to help, the Board of Agriculture shall be called upon to assist the Ministry of Health in cases of defaulting rural authorities:

(d) To approve in principle, and subject to a suitable formula being found for reconciling the conflicting moral and economic considerations, the proposal of the Cabinet Committee that the Ministry of Health should be equipped with powers to prohibit during a given term the construction of buildings of a non-essential character in cases where the construction of such building was restricting the building of houses; the draft of the necessary legislation to be carefully considered by the Cabinet Housing Committee in consultation with the President of the Board of Trade or his representatives:

(e) To accept the proposal of the Cabinet Committee that the Ministry of Health should be equipped with powers to prohibit the demolition or the putting out of use of existing habitable houses:

(f) To accept the decision of the Cabinet Committee that, in the case of a Local Authority which, although not technically in default, was at the time not active in carrying out the Housing Scheme, the Minister of Health should be granted authority (in pursuance of Section 15 of the 1919 Act) to prescribe that works undertaken by the Ministry to supplement the housing scheme of such a Local Authority should form a part, for financial purposes, of the local scheme; this authority, however, to be confined to cases of the conversion of existing houses and of emergency accommodation.

(g) To take note of the following action taken or to be taken as the result of the examination of the question of housing finance by a Subcommittee of the Housing Committee:

(1) That the Treasury had written to Mr Coschen asking his Committee to examine carefully and present an Interim Report at the earliest possible date on the suggestion that money for housing schemes should be raised locally by the issue of small Bonds which would
at a later date be accepted in payment for houses should the holder of the Bonds so desire, and which the working-classes in particular should be encouraged to buy by the initiation of vigorous campaigns and by other methods in support of them.

(ii) That the Minister of Health and the Secretary for Scotland should examine carefully the cases of all those Authorities whose schemes were said to be held up on account of their inability to raise the necessary money; that the list of such Authorities should be cut down to an absolute minimum, containing only those which Dr. Addison and Mr. Munro were satisfied had done everything in their power to raise the money and still had failed to do so; that in each case an estimate should be made of the immediate and prospective liability of the Treasury if it were decided to grant these Authorities State aid in order to proceed with their schemes; and that this list should then be considered as absolutely final and should be submitted to the Chancellor of the Exchequer for consideration.

(n) To take note of the arrangement made between the Minister of Health and the Chancellor of the Exchequer whereby, in the Debate on the following day, the former should make it perfectly clear that Local Authorities were entirely incorrect if they believed that the State was in a better position than they were to undertake the financial responsibility for raising money to carry out their housing schemes; that in fact the Local Authorities, if they would only raise money on their own credit were in a better position for this than the State, whose credit had been so heavily drawn upon by the War; that the Government hoped in the near future to suggest some form of Bond which could be issued locally and on the security of the Local Authority to raise the money; and, finally, that the Government hoped to be in a position to advise the Local Authorities as to the best means of popularising the scheme.

(iii) To approve the following proposals of the Cabinet Housing Committee:

That the Prime Minister be asked to address a meeting of the principal Employers and Trade Unions in the Building Trades, in order to urge them—
(1) To co-operate on fair terms in carrying out the National Housing Programme, giving it in each district a fair measure of priority in their efforts;

(ii) In carrying out the National Housing Programme, to revert to pre-war methods and remove all trade restrictions — this to be accompanied by a guarantee against the cutting down of piece rates, etc.

(iii) To facilitate the admission into the different branches of the trade of adult workers under a short-term training system, especially of men who have served in the war, due regard being had to the preservation of standards of skill in the trade; this proposal not to be carried into effect until a decision is reached on the 4th recommendation of the Cabinet Housing Committee, which is dealt with in the following conclusion.

(j) To refer back (since this question did not arise in connection with the Debate on the following day) for the consideration of the Cabinet Housing Committee, in consultation with the Treasury, their proposal that, in order to meet any increased risk of unemployment benefit charges falling on Trade Union funds by reason of the employment of additional men, the Government should pay into the Trade Union funds for the period of three years a weekly contribution equivalent to 50 per cent. of the rate paid by the ordinary members of the Union, in respect of each of the men admitted to the short-term training scheme, preference to be given to ex-Service men:

(k) To refer to the Cabinet Housing Committee the Draft Bill to carry out the above proposals (Paper C.A. 138 A):

(l) That, as the new Housing Bill could not possibly be laid before the middle of next week, the discussion on Housing in Parliament on the following day should be raised by means of a proposal for the adjournment.

As a matter of urgency, the President of the Board of Trade invited the attention of the Cabinet to the following question relating to the price of coal.

When the price of coal had been raised by 5/- a ton the Government had given an undertaking that the price should be reduced as soon as possible. Although for some
time after the raising of the price coal had been worked at a loss, the deficit had been made good, and at the beginning of the month the accounts balanced. Output, subject to minor variations, was generally maintained. The majority of the pits were worked at a loss, and this loss was only made good by the fact that a minority, mainly engaged in producing coal for export, worked at a profit. The result was that all the smaller pits were subsidised. If the price were now lowered the result would be that the coal-pits in Lancashire, the Midlands and elsewhere, would be virtually bankrupt and the State would have to finance them. The money realised by the pits engaged in the export trade, from which the subsidy to these pits would have to be paid, would not be available until some time in the New Year, and in the meantime it was estimated that some £20,000,000 might have to be advanced by the State. It was suggested that it was too dangerous to have the whole of the coal industry subsidised by the profits made on the export trade. For example, if the activity of the industry increased and the consumption of coal became greater, and there was no corresponding rise in the amount derived from exports, the subsidy would prove insufficient. It was suggested that there should be no reduction in the price of coal to industry, which, in general, was making enormous profits notwithstanding the high prices of coal, but the following proposals were made:

(i) That there should be a limitation on export, in order to prevent the country being too much drained of coal;

(ii) That there should be a limitation on owners' profits;

(iii) That there should be a limitation on the price of domestic coal, gas and electric light, amounting to about 10/- a ton.

The proposal was criticised on the ground that the failure of the Government to reduce the price of coal would be alleged as a breach of faith.
The Cabinet decided that —

A Cabinet Committee, composed as follows:—

The Prime Minister,
The Lord Privy Seal,
The President of the Board of Trade,
The Minister of Labour,
Mr Stanley Baldwin (representing the Chancellor of the Exchequer),

The Coal Controller,

should meet at 11 a.m. in Mr Bonar Law's Room at the House of Commons on the following day to examine this question.

CONFERENCES OF MINISTERS. (a) The Cabinet took note of the Conclusions of the following Conferences of Ministers:

(a) A Conference, with the Prime Minister in the Chair, held at 10, Downing Street, on Monday, November 10, 1919: (Appendix I).

(b) A Conference, with the Prime Minister in the Chair, held at 10, Downing Street, on Tuesday, November 11, 1919: (Appendix II).

(c) A Conference, with the Prime Minister in the Chair, held at 10, Downing Street, on Wednesday, November 12, 1919: (Appendix III).

(d) A Conference, with the Prime Minister in the Chair, held at 10, Downing Street, on Friday, November 14, 1919: (Appendix IV).

(e) A Conference, with Mr Bonar Law in the Chair, held at 10, Downing Street, on Monday, November 17, 1919: (Appendix V).

Z, Whitehall Gardens, S.W.1.

November 20, 1919.
Conclusions of a Conference held at 10 Downing Street, S.W., on Monday, 10th November 1919, at 12.30 p.m.

PRESENT.

THE PRIME MINISTER (in the Chair.)

The Right Hon. A. Bonar Law, M.P.  
The Lord Privy Seal,

The Right Hon. A.J. Balfour, O.M.  
M.P., Lord President of the Council.

The Right Hon. A. Chamberlain, M.P.,  
Chancellor of the Exchequer.

The Right Hon. the Earl Curzon of Iddesleigh, K.C.G.C.S.I.,  
G.C.I.E., Secretary of State for Foreign Affairs.

The Right Hon. W.S. Churchill, M.P.  
Secretary of State for War.

The Right Hon. Sir A.C. Geddes,  
K.C.B., M.P., President, Board of Trade.

Lieutenant-Colonel Sir H.P. Hankey, G.C.B. .................. Secretary

Mr. G.M. Evans .................................................. Assistant Secretary.
(1) The Conference had before them the following Memoranda in regard to the British Organisation to be set up in connection with the League of Nations:

British Organisation.

- Note by the Secretary to the Cabinet (Paper C.T.-8369),
- Memorandum by the Secretary of State for Foreign Affairs (Paper C.F.-44),
- Telegram from Sir Eyre Crowe (No.1541) dated November 9, 1919.

The following Parliamentary Question, which was to be asked by Lieutenant-Commander Kenworthy in the House of Commons the same afternoon, was also under consideration:

"To ask the Prime Minister if he will state who will be the British representatives at the first meeting of the Council of the League of Nations; whether the House of Commons will be allowed any voice in their selection; whether papers of the proceedings will be laid upon the Table of the House of Commons; and to what Vota will the salaries and expenses of the British representatives on the Council be charged".

It was agreed -

That the Leader of the House of Commons should reply to Lieutenant-Commander Kenworthy's question in the following sense:

"The British Government will, if possible, be represented at the first meeting of the Council of the League of Nations by the Secretary of State for Foreign Affairs. This appointment must, of course, be made on the responsibility of the Government. To what extent the proceedings will be published must naturally be decided by the Council of the League. With regard to the last part of the question, it has been agreed that there shall be a separate Vote for expenditure in connection with the League of Nations, but it has not yet been decided on which Department's Estimates it shall be placed".

-1-
As regards permanent representation, it was agreed -

That the question was one which would have to be decided after discussion with our Allies, and, if pressed by a Supplementary Question, the Leader of the House should make an announcement to this effect.

The question was then discussed as to which Department should be the channel of communication between the League of Nations and the British Government.

It was clearly recognised that no question of Departmental responsibility was raised. Whichever Office was selected as the channel of communication, the responsibility of the Departments of State concerned in particular questions must not be affected, and the Foreign Office, in particular, would be very closely concerned in a very large proportion of the matters that would arise. The question for consideration was therefore limited to which Department should be the clearing-house for communications.

After considerable discussion, the Conference agreed upon the following principles which should be applied in setting up the British organisation in connection with the League of Nations:-

(1) All communications, whether to or from the League of Nations, shall be sent, for purposes of distribution among Government Departments, to a Central Office attached to the Secretariat of the Cabinet.

(2) All Government Departments concerned, even in a secondary way with these communications shall receive copies of them.

(3) The Foreign Office shall be deemed to be concerned, either in a primary or a secondary way, with all communications.

(4) Nothing in these Regulations shall be allowed to modify the traditional method of Government by Cabinet, acting upon information and advice supplied by the various Offices.

(5) The Distributing Office shall have no executive or advisory duties.

(6) The Head of the Distributing Office, attached to the Cabinet Secretariat, shall be nominated by the Prime Minister, after consultation with the Secretary of State for Foreign Affairs.
It was further decided:—

That, with the above principles as a basis for discussion, the details of the organisation should be settled between the Secretary of State for Foreign Affairs and the Lord President of the Council.

With regard to the point raised in Sir Eyre Crowe's telegram, referred to above, the Conference decided:

That the British Government should not agree to any subject being discussed at the first meeting of the Council of the League additional to that for which the meeting had originally been summoned, namely, the appointment of the Saar Delimitation Commission.

2, Whitehall Gardens, S.W.1.

November 10th, 1919.
CONCLUSIONS of a Conference held at 10, Downing St, S.W., on Tuesday, 11th November, 1919 at 6.30 p.m.

PRESENT.
The Prime Minister (In the Chair).


The Rt.Hon.J.J.Montagu, M.P., Secretary of State for India.
Field Marshal Sir H.H.Tilson, G.C.B., D.S.O., Chief of the Imperial General Staff.
The Rt.Hon.C.Addison, M.P., Minister of Health.

Brigadier General S.H.Wilson, C.B., C.M.G., Assistant Secretary.
(1) The Chancellor of the Exchequer referred to a letter of £150,000 worth of War Loan presented to the Government for cancellation, from an anonymous correspondent, signed "F.S.T." This correspondent said that he wished to give a portion of his estate as a thank-offering. He (The Chancellor of the Exchequer) had now received coupons for £150,000 worth of Four Per Cent War Loan for cancellation, and he would like to have authority to express in suitable terms the thanks of His Majesty's Government for their receipt.

The Conference agreed to the Chancellor of the Exchequer acting as proposed.

IRELAND. (2) With reference to Cabinet 5(19), Minute 2, the Minister of Education said he had seen Sir James Craig that afternoon and Sir James Craig had asked him if he might consult a Mr. Bates concerning the Irish proposals. He understood that Mr. Bates knew the mind of Ulster better than almost anyone else, and what Sir James Craig wanted to know was whether, under the strictest seal of confidence, he might give Mr. Bates an outline of the proposals of the Irish Committee and invite his views. He (Mr. Fisher) had told Sir James Craig that he was not in a position to give him approval.

Mr. Long said he thought that if Mr. Bates was consulted it was very desirable not to mention that the Cabinet had not yet come to a decision, as if this were done there would be a very strong temptation to anyone interested, as Mr. Bates was, in the affairs of Ulster to engineer an agitation in order to influence the Government.

A short discussion then ensued, but in the absence of the Prime Minister the matter was dropped.

RUSSIAN POLICY. (3) With reference to Cabinet 5(19), Minute 1, the Conference had under consideration the question of British policy in Russia.
The First Lord explained the expense, the possibility of being drawn into active operations and the strain on Naval personnel which would be entailed by leaving a small force in the Baltic during the winter months; and the Secretary of State for War described the general military situation of the Anti-Bolshevist forces in Russia, while emphasising the importance of considering the situation as a whole and of calculating the effect in each theatre of operations of the collapse of the Anti-Bolshevist forces in one or other of the remaining theatres.

The Conference decided—

(a) to adjourn the discussion until 12 noon on the following day:

(b) that the Chief of the Imperial General Staff should prepare an Appreciation of the Situation, showing to extent to which operations on one part of the front were dependent on those of another, and also the likelihood or otherwise of a successful termination to the operations on the front of Admiral Kolchak and General Denikin respectively.

2, Whitehall Gardens, S.W.1.

November 12th, 1919.
CONCLUSIONS of a CONFERENCE held at 10, Downing street, S.W., on Wednesday, 12th November, 1919, at 12 noon.

PRESENT:-

The Prime Minister (In the Chair).

The Right Hon. A. Bonar Law, M.P., Lord Privy Seal.

The Right Hon. A. Chamberlain, M.P., Chancellor of the Exchequer.


The Right Hon. Lord Birkenhead, Lord Chancellor.


The Right Hon. the Viscount Milner, G.C.B., G.C.S.I., Secretary of State for the Colonies.

The Right Hon. W. S. Churchill, M.P., Secretary of State for War & Air.

The Right Hon. E. S. Montagu, M.P., Secretary of State for India.

The Right Hon. Sir A. C. Seddes, K.C.B., M.P., President, Board of Trade.

The Right Hon. A. L. Fisher, M.P., President, Board of Education.

The Right Hon. C. Addison, M.P., Minister of Health.


Mr. Pembroke Wicks, Assistant Secretary.

Brigadier-General S. H. Wilson, C.B., C.M.G., Assistant Secretary.
RUSSIAN POLICY. (1) With reference to the Conference on November 11th, the discussion on the question of British policy in Russia was continued.

A telegram was read from the British Mission at Vladivostok (No. 6009), dated November 7th, 1919, containing the views held by General Gaidn, the 1st Chief of Staff to Admiral Kolchak, on the situation.

It was reported that the only fresh news in connection with Russia was that General Donikin's negotiations with the Ruthenians had reached a satisfactory conclusion, which meant the securing of General Donikin's left flank; and further, that the navigation of the Volga was closed by ice, which, if true, would secure the position in the Caspian.

In view of the fact that the Poles were antagonistic to the Ruthenians, it was felt that enquiry should be made as to what would be the effect on General Donikin's relations with Poland of his agreement with the Ruthenians.

During the discussion which ensured the C.I.O.S. expressed the opinion that the Finns could, if they wished, take Petrograd, but they were apparently only willing to make the attempt on conditions with which he understood we could not comply. He did not think it would be possible to expel the German forces from the Baltic without using force, and there was no force to use. In his opinion the Germans had no intention of leaving the Baltic provinces.

He was a little anxious about the seven British battalions.
which were being sent into East Prussia. He agreed with what had been said by the S/S for War as regards the Bolshevist forces being concentrated against General Denikin if the Baltic States and Poland stopped fighting. It seemed probable that Admiral Koltschak would lose Omsk; and in these circumstances the Bolshevists would be able to withdraw forces not only from North but also East Russia, and concentrate them against General Denikin, who would probably be driven back. This would inevitably have reflex actions upon the British positions in Persia and Afghanistan. It would no doubt however take some time for the Bolshevists to concentrate their forces against General Denikin. Personally he was afraid of the Germans and Bolshevists coming to terms. It was very difficult to say what was the strength of the German forces in the Baltic; they might be anything from 20,000 to 40,000 men.

The trend of the discussion at the Conference may be summarised as follows:

(a) Finland.

Although the Chief of the Imperial General Staff expressed the opinion that the Finns, from a military point of view, could, if they wished, occupy Petrograd, it was agreed that it would be useless to put pressure on the Finnish Government to undertake the operation, since they had made it clear that they would not do so without support from the Allies on a scale which the Allies were not in a position to give.

(b) Baltic Provinces.

(i) That as regards influencing the Baltic States all that could be done was to encourage them to act together, and that as already decided in the despatch to the Baltic States approved by the War Cabinet (War Cabinet 624 and Appendix III) they must be their own arbiters as to whether negotiations with the Bolshevists were entered into or not.

(ii) That the situation was very difficult in so far as General Denikin’s aspirations were not the same as those of the smaller States, and that it was doubtful if we ought to encourage the Baltic States to continue operations against the Bolshevists...
in order to relieve the pressure on General Denikin, in view of the fact that the latter was not prepared to recognise the independence claimed by the States.

(c) Siberia.

It was recognised that President Wilson had been very reluctant to interfere in Siberia, and that the interests of the United States were mainly centred on keeping the Japanese in check and it was generally agreed that the British policy had already been decided, namely, to endeavour to get the Americans and Japanese to be responsible for supporting the anti-Bolshevist forces in this theatre.

(d) South Russia.

It was pointed out that South Russia could not be completely pacified by military means alone, and that its economic development was of vital importance, and with this object in view Mr. Mackinder had been appointed as British High Commissioner to General Denikin. As regards support to General Denikin, it was agreed that the policy had already been decided.

(e) Persia and Central Asia.

It was generally agreed that the Bolshevist activity in Persia and Central Asia was one of the most troublesome problems which the British Empire had to face.

(f) General.

It was agreed that the German forces in the Baltic were in some ways the greatest source of trouble, and that, although it was not possible to prevent a certain amount of German penetration into Russia, if any re-modelling of a united Russia were to take place in the future it was most essential that it should not be done by the Germans; and again it was pointed out that to turn the Germans out of the Baltic Provinces at the present stage would to a certain extent assist the Bolshevists.
With a view to further discussion on the subject, the Conference agreed that the following action should be taken:

(i) The Secretary of State for Foreign Affairs and the Secretary of State for War should each be asked to prepare a paper showing their conception of the aims of the German force in the Baltic Provinces, and giving, if possible, the size of the force, its apparent motives, and any available information about the attitude of the German Government towards the force and the powers of that Government to control it.

(ii) The Secretary of State for War should be asked to submit a memorandum for the consideration of the Cabinet, giving his proposals and explaining in what way, if any, he suggests that the Russian policy already approved by the Cabinet should be modified.

(iii) The Secretary of State for War should be asked to obtain particulars of the agreement between General Denikin and the Ruthenians and get any information available as to the likely effect of this agreement on General Denikin's relations with Poland.

(iv) The Eastern Committee, which should be attended by the Secretary of State for War, should be asked to consider the general situation in Central Asia, both from a political and military point of view and report to the Cabinet.

2. With reference to the Prime Minister's Conference on October 31st, the Conference had before them a Memorandum prepared in the Admiralty on the question of maintaining a Naval Force in the Baltic during the Winter 1919-20.

The First Sea Lord explained that if a small force were to be left in the Baltic, there was a possibility, in fact a strong probability, of calls being made on this force by the various Baltic States for assistance; and that the refusal of such requests would without doubt lessen British prestige whereas acquiescence would inevitably lead to operations on an increasing scale, possibly culminating in the necessity of providing a force similar to that now there. Further, the expense of keeping even a small force in the Baltic would be considerable and it would be necessary to keep a similar number of ships in Home waters in order to arrange for its relief, as the conditions of service in the Baltic during the winter months would be severe and unpopular with the men. The Admiralty could, however, provide a small force, if desired.
During the discussion which ensued, it was pointed out that with a German force in the Baltic States and the proposed despatch at an early date of seven British battalions to East Prussia, it was not a very opportune moment at which to order a complete withdrawal of all British ships from the Baltic and the Conference decided:

That a small force of ships, consisting of two Light Cruisers and five Destroyers should be maintained during the winter months in the Baltic, and that this force should not be increased without reference to the Cabinet.

2. Whitehall Gardens, S.W.1.

12th November, 1919.
CONCLUSIONS of a Conference held at 10 Downing Street, S.W., on Friday, November 14th, 1919 at 3.30 p.m.

PRESEN'T:

The Prime Minister (in the Chair)
The Rt. Hon. J. I. Macpherson, K.C., M.P., Chief Secretary for Ireland
Brig.-General Sir J. Byrne, K.B.E., Inspector-General, Royal Irish Constabulary.
Mr. T. J. Smith, C.B.E., A/Deputy Inspector-General, Royal Irish Constabulary.

The Rt. Hon. Lord Birkenhead, Lord Chancellor
The Rt. Hon. E. S. Montagu, M.P., Secretary of State for India.
The Rt. Hon. H. A. L. Fisher, K.P., President of the Board of Education.
Colonel W. Edgeworth Johnstone, C.B.E., Chief Commissioner, Dublin Metropolitan Police.
Lieutenant-General Sir F. C. Shaw, K.C.B., Officer Commanding Irish Forces.

Lieutenant-Colonel Sir M.P.A. Hankey, C.B.E., Secretary, Cabinet
Captain L. F. Burgie, Assistant Secretary, Cabinet
Mr. Philip Kerr.
With reference to Cabinet 4 (19)
the Conference heard reports on the present state of
Ireland from the following:

General Sir F. C. Shaw,
Commander-in-Chief of the Forces in Ireland.

General Sir F. Byrne,
Inspector-General, Royal Irish Constabulary.

Mr. T. J. Smith,
Royal Irish Constabulary.

Col. Edgeworth Johnstone,
Chief Commissioner, Dublin Metropolitan Police.

These statements were to the effect that the pro-
claiming of Martial Law, either over the whole of Ireland
or in any part of Ireland, where an outrage had been com-
mittee, would be of little real assistance in bringing
murderers to trial and that no powers existed under Martial
Law that had not existed under the Defence of the Realm Act.
Under the latter it was not possible to inflict the death
sentence except on the charge of treason. It was also
stated that the changing of the venue of a trial from
Dublin to Belfast would not be an absolute guarantee of the
jury being free from intimidation. In addition, it was the
opinion of the police experts that the deportation of
murderers on suspicion would have a great effect in the
country, but not so great as would be the case if convic-
tion could be obtained in two or three cases and the
murderers hanged.

With regard to the moral effect of these outrages in
the Dublin Metropolitan Police, it was stated that on the
whole force this was negligible, but that in regard to the
Political Section of this Body, which consisted of ten men
only, it was having effect which was not surprising in
view of the fact that out of this small number two men
had been killed, one dangerously wounded and two had had
attacks made upon them.
After the withdrawal of the experts, the Conference discussed the policy to be adopted and agreed:

1. That on the evidence before them, the best way to secure a cessation of murder was by the conviction and the infliction of a capital sentence on some of the murderers.

2. That the delay involved in waiting until the next assizes was undesirable and, in instances where a perfectly clear case existed, an earlier trial was desirable.

3. That in two cases sufficient evidence which would not be liable to fail through intimidation was forthcoming, to ensure a conviction.

4. That the change of the place of trial from Dublin to Belfast, owing to the doubt as to whether a jury could be empanelled in Dublin which would convict, provided no guarantee of conviction and was undesirable, more particularly as it involved removal from a Roman Catholic to a Protestant district.

5. That a special tribunal of three judges should be established for the trial of cases where a conviction was reasonably assured.

6. That the necessary legislation to carry this out should be prepared for the consideration of the Cabinet with a view to early introduction in Parliament. This legislation should include power to dispense with unpaid magistrates and give power to judges to try in camera.

7. That a few suspected persons should be deported from Ireland to Great Britain where they should be interned unless they could find some other country to harbour them, in which case their departure would be permitted. The Irish Government should have authority for the immediate adoption of this course.

8. That the Irish Government withdraw the ameliorations and refuse to yield to hunger strikes in the case of convicted men.

2, Whitehall Gardens, S.W.1.
14th November, 1919.
SECRET

CONCLUSIONS of a conference held at 10, Downing Street, S.W., on Monday, November 17th, 1919, at 12 Noon.

PRESENT.

Mr. Bonar Law (In the Chair.)


The Rt. Hon. R. Munro, K.C., M.P., Secretary for Scotland.


The following was also present:

The Rt. Hon. Sir A. Mond, Bart., M.P.

First, Commissioner of Works.

Lt.-Colonel Sir M.P.A. Hankey, G.C.B., Secretary.

Captain L.F. Burgis, Assistant Secretary.

Lt.-Colonel L. Storr, C.B., Assistant Secretary.

Mr. Pembroke Wicks, Assistant Secretary.
The Conference had under consideration the following documents:

- Correspondence between the President of the Board of Trade and the Chairman of the Home Affairs Committee (Paper G.T. 8368).
- A Memorandum by the President of the Board of Trade (Paper G.T. 7812).
- A Memorandum by the Parliamentary Secretary, Board of Agriculture and Fisheries (Paper G.T. 7926).
- A Memorandum by the Chief Secretary for Ireland (Paper G.T. 7940).
- Home Affairs Committee 39, Minute 1 and Appendix,

from which it appeared that the Home Affairs Committee had approved a Government guarantee for five years in respect of a scheme put forward by the Empire Flax-growing Committee for the encouragement of flax-growing in the South of Ireland, under which two companies might borrow £100,000 and £60,000 respectively, of the profits, the Government would in each case take two-thirds and the Company one-third, and at the end of five years the Companies would have the right to purchase the buildings and machinery at one half the cost price. The Treasury had been represented at the meeting, but subsequently, at the instance of the Chancellor of the Exchequer, the Treasury refused to sanction the proposal, on the ground of principle.

It was pointed out by the Chancellor of the Exchequer that he had stated in the House of Commons that it was the policy of the Government to create no new subsidies, and he therefore felt it impossible to embark on a scheme of this kind without direct Cabinet decision.
Some discussion took place as to the operation of
the guarantee given during the War to the flax-growers in
the North of Ireland, in which it was pointed out that the
substantial profit to which the Government were entitled
under the terms of the guarantee had had to be given up
owing to the refusal of the farmers to release their crops
unless the Government relinquished their share of the pro-
fits. It was suggested that the linen industry and the
farmers, in consequence, had made enormous profits, and
that the former could well afford to advance the money
for making a new experiment in the South of Ireland. On
the other hand, it was pointed out that Government help
had been given to trade in various forms since the
Armistice; that it was highly probable that political
considerations would interfere to prevent the North from
coming to the help of the South; that, as it would be
impossible for any supply of flax to come from Russia
for a very long time, any increase in the Irish flax
crop would be of benefit to the whole trade of this country
and that we had for a long time been accustomed to give
to the South of Ireland help in matters of this kind to
a far greater extent than to any other part of the Kingdom.
It was suggested, however, that the private promoters of
the scheme ought to bear a greater share of the risk by
advancing a much more substantial amount of the money
required than was proposed in the present scheme, and
that the proposal that they should be able to buy back
the machinery and buildings at the end of five years at
half-price was inequitable.

The Conference decided :-

To approve in principle the proposals of
the President of the Board of Trade for
a scheme for the encouragement of flax-
grazing in the South of Ireland (Paper C.T.
7812); the details of the scheme
SIR HUGH LANE'S PICTURES.

The Conference had under consideration a Memorandum by the Chief Secretary for Ireland (Paper G.T.-7823) in which it was proposed that a Bill should be introduced into Parliament in order to carry into effect the provisions of an unwitnessed codicil to the will of the late Sir Hugh Lane with regard to certain pictures of the Continental School which had belonged to him and which were now in the National Gallery in London, namely, that these pictures should be vested in the Dublin Corporation; together with a Memorandum from the Trustees of the National Gallery (Paper G.T.-8283) which opposed this proposal.

In support of the Chief Secretary's proposal, it was contended --

(a) That it was the original intention of Sir Hugh Lane to leave his Collection to the Dublin Corporation, but that, owing to his irritation with that body regarding their refusal to conform to his wishes for the erection of a Venetian Gallery in Dublin for the housing of the pictures, he bequeathed them in 1913 to the National Gallery in London. But, his irritation with the Dublin Corporation being overcome, he wrote in his own hand, in 1915, the unwitnessed codicil bequeathing the Collection to the City of Dublin, on the understanding that a suitable building was provided for them within five years of his death;

(b) That there was written evidence of individuals who had seen Sir Hugh Lane just before his death, to whom he made it quite clear that his intention was to leave the pictures to the City of Dublin;

(c) That the introduction of the suggested Bill would not create a bad precedent as regards private wills, inasmuch as this was a public benefaction made to the Irish nation;

(d) That as the codicil was written in the testator's own hand and put in an envelope, sealed and addressed to his sister, who had charge of the main will, this showed that Sir Hugh Lane obviously thought that the codicil was valid in law.

It was not contended that legally the National Gallery of London was not entitled to these pictures, but it
was pointed out that, had the codicil been made in Scotland instead of in England, it would have been valid in the eyes of the law.

It was stated on the other hand --

(a) That, apart from the uncontested legal claim of the Trustees of the National Gallery to the pictures, there was very great doubt as to Sir Hugh Lane’s intention regarding the future of his collection. Inasmuch as up to the date he sailed to America he was in constant communication with the Trustees of the National Gallery regarding the exhibition of his collection at the Tate Gallery. Also, that on the 24th March 1915 (six weeks after the codicil was made) Sir Hugh Lane did not mention his changed intention to Mr. McColl, the Keeper of the Wallace Collection. In addition, at the end of March, 1915, Sir Hugh Lane had a conversation with Mr. Altken at which the subject of the destination of the French pictures was definitely raised, and Sir Hugh Lane was told that the prospects for the provision of a gallery in London for the permanent exhibition of his pictures were good; after which Sir Hugh Lane stated that he would wait for a result of the negotiations and finally decide according to the treatment he received from the authorities of London and Dublin respectively. It was also suggested that as Sir Hugh Lane was a man who constantly changed his mind, it was impossible to ascertain what his real intentions were, and in view of this the only safe ground on which to proceed was the one laid down by law.

(b) That inasmuch as it was proposed to take away from the Trustees of the National Gallery, by Act of Parliament, what was theirs by law, the National Gallery was being placed in a worse position than a private individual against whom no-one for a moment would propose to proceed in a case of this kind.

(c) Great stress was laid on the bad effect which would be produced if the State set the example of over-riding the intentions set forth in a legally attested will in favour of an instrument not legally attested.

(d) That outside evidence regarding the testator’s intention was acutely divided.

One point of view was that this was not a question to be decided on from the purely legal standpoint, and it was denied that the law represented the real substantial facts of the case. In this connection it was contended that the whole of English and Irish public opinion would be in favour of carrying out the testator’s desire expressed in the codicil.

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It was suggested that the following might be used as a preamble to the Bill proposed by the Chief Secretary:

"Whereas certain pictures belonging to the late Sir Hugh Lane have been left to the National Gallery and now belong to the Trustees of that body who represent the Nation and whereas there seems to be some doubt as to what were the final views of Sir Hugh Lane on the destination of the pictures Parliament hereby decides to transfer from the Trustees of the National Gallery in London to the Trustees of the Municipal Gallery in Dublin the future custody and legal possession of the said pictures."

It was pointed out, however, that the Trustees of the National Gallery, after carefully considering all the evidence both for and against the question whether the codicil represented the last wishes of Sir Hugh Lane, had come to the conclusion that it was not borne out by the facts, and that to give effect to such a codicil would, in the circumstances, defeat and not carry out Sir Hugh Lane's last wishes; also, that the Trustees felt it incumbent on them to oppose any steps that were taken to make it legal, by Act of Parliament, to transfer the Collection to Dublin.

The Conference decided by a majority that it was undesirable to take any steps by Act of Parliament to depart from the intention expressed in the will of Sir Hugh Lane to leave his collection of Continental Pictures to the National Gallery in London.

(3) The Conference had under consideration a letter from Mr. Balfour to Lord Curzon, covering a draft of a bi-lateral Treaty between His Majesty's Government and Greece (Paper P.-136), asking the Treaty should be formally approved by His Majesty's Government and submitted to the Greek Minister in London for the approval of the Greek Government; and a Note by the Under Secretary for State for Foreign Affairs to the Secretary of the Cabinet (Paper C.P.-50) asking whether the Cabinet had any observations to make in regard to the draft Agreement, and reporting that the Board of Trade had requested that the remaining negotiations in regard to this bi-lateral Treaty and those to be concluded...
between Poland, Czecho-Slovakia, Roumania and Serbia, should now be conducted through the usual diplomatic channels; and stating that the Secretary of State for Foreign Affairs doubted whether it was advisable immediately to make a communication in the same sense to the Roumanian Legation.

The Chancellor of the Exchequer having stated that one or two points in the Draft Agreement were still the subject of correspondence between his Department and the Board of Trade, the Conference decided —

To approve the proposals contained in the above Cabinet Papers, subject to agreement being reached between the Treasury and the Board of Trade;

and authorised —

The Secretary of State for Foreign Affairs to take the necessary action when agreement had been reached.

(4) With reference to Cabinet 7 (19), Minute 5, the Conference decided —

That the decision of the Cabinet to release the supply of whisky from all restrictions should be made public by Question and Answer in the House of Commons.

(5) With reference to Cabinet 6 (19), Minute 2, the Chief Secretary for Ireland having explained that the financial points arising out of the Irish Education Bill had been nearly all agreed with the Chancellor of the Exchequer, some discussion took place as to whether it would be possible to proceed with an Irish Education Bill in the House of Commons pending with introduction of a Home Rule Scheme.

The Conference decided —

That the Irish Education Bill should be introduced.

2, Whitehall Gardens, S.W.1.

November 17th, 1919.
CABINET 9 (19).

CONCLUSIONS of a meeting held at 10, Downing Street, S.W.1, on WEDNESDAY, NOVEMBER 26, 1919, at 11.30 a.m.

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PRESENT:

The Prime Minister (in the Chair).

The Right Hon. A. Bonar Law, M.P., Lord Privy Seal.


The Right Hon. J. I. Macpherson, K.C., M.P., Chief Secretary for Ireland.

The Right Hon. A. Chamberlain, M.I., Chancellor of the Exchequer.


The Right Hon. R. Curzon of Hadsdon, K.G., C. G. C. I., C.G.I., Secretary of State for Foreign Affairs.

The Right Hon. Sir A. Geddes, K.C.B., M.P., President of the Board of Trade.

The Right Hon. Lord Birkenhead, The Lord Chancellor.


The Right Hon. Lord Birkenhead, The Lord Chancellor.

The Right Hon. C. Addison, M.P., Minister of Health.


The Right Hon. Sir A. Geddes, K.C.B., M.P., President of the Board of Trade.

The Right Hon. E. C. Horsfall, M.P., Secretary of State for Foreign Affairs.

The Right Hon. Mr. Philip Kerr.

The Right Hon. W. Churchill, M.P., Secretary of State for War and Air.

The Right Hon. Mr. Philip Kerr.

The following were also present:

The Right Hon. W. Churchill, M.P., Secretary of State for War and Air.

Mr. Philip Kerr.

Mr. F. C. Kellaway, M.P., Parliamentary Secretary to the Ministry of Munitions.

Lieut.-Colonel Sir M. A. Hankey, G.C.B., Secretary.
THE BLOKADON OF RUSSIA.

(1) With reference to Cabinet 8 (19), Conclusion 1, the attention of the Cabinet was drawn to the following Question to be addressed to the Prime Minister in Parliament, by Colonel Malone, on November 27th:

"To ask the Prime Minister whether a ship making for Narva or any other ice-free port in Soviet Russia, with cargo consigned to Russian Soviet subjects or authorities, would be allowed to pass freely or would be stopped or interfered with by H.M. Ships in the Baltic?"

It was suggested that very shortly the approaches to Narva would be blocked by ice. The view was expressed, and not controverted, that while anything in the nature of warlike stores ought to be stopped, there would be advantages in allowing a ship laden with foodstuffs to pass.

The First Lord of the Admiralty undertook to make inquiries and to advise the Prime Minister as to the reply.

RUSSIA.

The Copenhagen Negotiations in regard to Exchange of Prisoners.

(2) The attention of the Cabinet was drawn to rumours that, in the forthcoming negotiations at Copenhagen with a view to an exchange of prisoners with the Russian Soviets, Mr O'Grady and M. Litvinoff would not confine themselves strictly to the avowed object of their meeting, and were expected to enter into political conversations. The Cabinet were informed that the instructions to Mr O'Grady were perfectly explicit. On the previous afternoon the French Ambassador had called at the Foreign Office to enquire as to these rumours, but when the instructions were read to him he had expressed himself as perfectly satisfied. The only possible basis for the suggestion was that conceivably M. Litvinoff might endeavour to secure, as a condition of the exchange of prisoners, some concession in regard to the blockade. Mr O'Grady had been instructed that in such an event he was at once to communicate with the Foreign Office and to take no action except on instructions from London.
RUSSIA. [POLICY. (3) With reference to Cabinet 8 (19), Appendix III, the suggestion was made that the material was now ready for a resumption of the discussion on Russia, either by the Cabinet itself or by the Conference which had previously dealt with the question. It was pointed out in this connection that the Secretary of State for War and the Secretary of State for Foreign Affairs had both forwarded Memoranda, as requested by the Cabinet. The attention of the Cabinet was invited more particularly to a Memorandum by the Secretary of State for Foreign Affairs on the subject of the Baltic States, which contained important information as to the origin of General Yudenitch’s operations.

The attention of the Cabinet was also drawn to the action taken by Colonel Bowlandson in the Caucasus, and the desire was expressed for further information on this matter.

With a view to an early resumption of the discussion on British policy in Russia, the Cabinet invited —

(i) The Secretary of State for Foreign Affairs to circulate Memoranda in regard to Siberia and the Trans-Caucasian States, conceived on the same lines as the Memorandum in regard to the Baltic States;

(ii) The Secretary of State for War to circulate information in regard to Colonel Bowlandson’s action in the Caucasus.

THE PRINCE OF WALES’ RETURN. (4) With reference to Cabinet 1 (19), Conclusion 2, the Cabinet agreed —

That His Majesty the King should be advised of the desire of all Cabinet Ministers to be present to meet the Prince of Wales on the platform of Victoria Station on His Royal Highness’s arrival.

The First Lord of the Admiralty undertook to communicate the time and day of arrival to the Secretary, who was instructed to notify all members of the Cabinet.

IRELAND. (5) With reference to Cabinet 5 (19), Conclusion 2, the Cabinet had before them the following documents on the subject of Irish Policy:
The Second Report of the Cabinet Committee on Ireland (Paper C.P.-137);

The Third Report of the Cabinet Committee on Ireland (Paper C.P.-190);

A Report on Financial Clauses (Paper C.P.-189);

A Memorandum by the Lord President of the Council (Paper C.P.-193).

After a full discussion, the Cabinet, without adopting any final decision on the alternative policies proposed by the Cabinet Committee and the Lord President of the Council respectively, agreed —

(a) To take note of the Second Report of the Cabinet Committee (Paper C.P.-137), in which it was unanimously decided that the introduction of a Bill would be preferable to the introduction of Resolutions;

(b) That the Cabinet Committee should proceed to work out the Bill or Bills necessary to give effect to the policy proposed in its Third Report (Paper C.P.-190);

(c) That it should be left to the discretion of the Committee to advise whether, with a view to expediting the introduction in Parliament of the main principles of the measures proposed, it would be desirable to include everything in a single Bill, or to include the large controversial political issues in one Bill and the less contentious questions of detail, which required much closer study, in a second Bill;

(d) That the Cabinet Committee should be asked to submit alternative drafts on any matters on which the Committee felt that the decision should rest with the Cabinet; these matters should include the question of the retention or otherwise by the Imperial Government of the power of levying Income Tax in Ireland;

(e) That all members of the Cabinet should carefully consider a proposal, made in the course of the discussion, that after the passage of the Second Reading of the Bill it should be remitted to a Joint Committee of both Houses, following the precedent set in the case of the Government of India Bill.

The Cabinet desired to place on record their high appreciation of the labours of the Cabinet Committee, and their thanks to its Chairman, Sir Walter Long.
With reference to Cabinet 6 (19), Appendix IV, the Cabinet had before them the draft of a Bill to amend the Criminal Law and Procedure and alter the Jurisdiction of Justices in Ireland (Paper C.P.-194).

The Bill was criticised, firstly, on the ground of its length; and, secondly, that its introduction in Parliament would arouse such passions as to jeopardise the passage of a Government of Ireland Bill. In this connection it was pointed out that the Bill would be strongly opposed in Parliament by those who favoured the grant of Home Rule to Ireland, and that, in order to overcome their opposition, it would be necessary to speak very plainly about the present condition of Ireland and the attempt of the Sinn Feiners to terrorise it by means of murder and assassination. This would arouse such indignation that the passage of any measure for the Government of Ireland, on the lines now under consideration, would be rendered very difficult.

In reply, it was pointed out that after consulting precedents the draughtsman had found that the Bill could not be shortened. The view was generally assented to that it was impossible to allow cowardly murderers to go unpunished, and that the executive must be given the necessary powers for securing convictions where ample evidence was available.

The Cabinet agreed—

(a) That the Chief Secretary for Ireland should be asked to shorten the draft of the Bill to amend the Criminal Law and Procedure and alter the Jurisdiction of Justices in Ireland;

(b) That the Chief Secretary for Ireland should be authorised to introduce the amended Bill in Parliament as soon as Parliamentary time could be found to enable it to be pushed forward rapidly;

(c) That in his first speech on the Bill the Chief Secretary should refer to the intention of the Government to introduce legislation in regard to the Government of Ireland at an early date. The nature of this statement should
depend on the progress of the Government of Ireland Bill and the future decisions of the Cabinet on the subject.

(7) With reference to the Draft Conclusions of Mr Bonar Law's Conference held on November 25th, Conclusion 4, the Cabinet were informed that the Admiralty had now carried out the ballot at the Dockyard Ports on the subject of the proposal that the men should work short time in order to avoid discharges, the Admiralty undertaking a certain amount of repair work in order to increase employment. At Chatham alone had the Admiralty scheme been accepted. At the other Dockyard Ports there had been a slight majority in favour of the scheme, but an undertaking had been given that the scheme would not be adopted unless 50 per cent. of the workers voted. This had not been the case, and in consequence the Admiralty scheme could not be put into effect. It was difficult to put the scheme into execution at Chatham only, as this would involve different treatment from the other Dockyards.

It was generally agreed that the final decision was bound up with a somewhat similar question which had arisen at Woolwich, in regard to which the Prime Minister had promised to visit Woolwich this week, as well as with the smaller question of the discharge of civilian subordinates of the Royal Air Force. The final decision should, therefore, be postponed until after the Prime Minister's visit to Woolwich. It was also generally agreed that the Admiralty should not take any course involving surrender to the men's claim to be retained in full work.

Having regard, however, to the facts that a certain amount of repair and other work could be antedated from the original programme, and that no houses were available in other parts of the country where work for the discharged men

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THE ROYAL DOCKYARDS.

Discharge of Workers.
could be found, the Cabinet agreed —

That, as an interim measure, the Admiralty should proceed only slowly with the discharges and should anticipate repair work as far as necessary to carry out this procedure.

CONFERENCE OF MINISTERS. (8) The Cabinet took note of the Conclusions of a Conference of Ministers, held on November 18, 1919 (Appendix).

E, Whitehall Gardens, S.W.1,

November 22, 1919.
CONCLUSIONS of a Conference held at 10, Downing Street, S.W. on Tuesday, November 18th, 1919, at 12 noon.

PRESENT.

The Prime Minister (in the Chair).

The Rt. Hon. A. Bonar Law, M.P.
Lord Privy Seal.

The Rt. Hon. A. J. Balfour, C.M.,
M.P., Lord President of the Council.

The Rt. Hon. E. Derrett, K.C.,
M.P., Secretary of State for Home Affairs.

The Rt. Hon. Earl Curzon of Kedleston, K.G., G.C.S.I.,
G.C.I.E., Secretary of State for Foreign Affairs.

The Rt. Hon. the Viscount Milner, G.C.B., G.C.M.G.,
Secretary of State for the Colonies.

The Rt. Hon. Lord Lee of Farsham,
G.C.B., K.C.B., President,
Board of Agriculture.

The Rt. Hon. W. Long, M.P.
First Lord of the Admiralty.

The Rt. Hon. E. S. Montagu,
M.P., Secretary of State for India.

The Rt. Hon. W. S. Churchill,
M.P., Secretary of State for War and Air.

The Rt. Hon. Sir E. Geddes,
G.C.B., C.B.E., M.P.,
Minister of Transport.

The Rt. Hon. Sir A.C. Geddes,
K.C.B., M.P., President,
Board of Trade.

The Rt. Hon. H. A. L. Fisher,
M.P., President, Board of Education.

THE FOLLOWING WERE ALSO PRESENT:

The Rt. Hon. J. H. Roberts, M.P.
Food Controller.

Field Marshal Sir H. H. Wilson,
G.C.B., D.S.O., Chief of the Imperial General Staff.

The Rt. Hon. The Earl of Crawford and Balcarres,
Chairman, Wheat Commission.

Mr. R. F. Wise, Ministry of Food.

Mr. Cecil Harmsworth, M.P.
Parliamentary Under Secretary, Foreign Office.

Colonel Leslie Wilson, G.C.M.G.,
D.S.O., M.P., Parliamentary Secretary, Ministry of Shipping.

Sir D. J. Shackleton, K.C.B.,
Permanent Secretary, Ministry of Labour.

Lt.-Colonel Sir Hamar Greenwood, Bart, K.C.B., M.P.,
Under Secretary of State, Department of Overseas Trade.

Lt.-Colonel Sir M.P.A. Hanksy, G.C.B. ....................................... Secretary.

Lt.-Colonel L. Storr, C.B. ...................................................... Assistant Secretary.

Mr. James Jones ............................................................ Assistant Secretary.

Mr. Pembroke Wicks ........................................................ Assistant Secretary.

Mr. T. St. Quintin Hill ..................................................... Assistant Secretary.
(1) It was agreed that a Conference of the following Ministers should be held on Wednesday, November 19th, 1919, at 12 Noon, to consider certain questions which had arisen in connection with the Electricity Bill:

- The Prime Minister
- The Lord Privy Seal
- The Home Secretary
- The President of the Board of Trade
- The Minister of Transport
- The Attorney General,

together with

- The Government Whips.

(2) The attention of the Conference was called to a Memorandum by the Chairman of the Supply and Transport Committee on the subject of a suggested permanent organisation for meeting strikes (Paper C.P. 97).

The Minister of Transport said that he desired the guidance of the Cabinet as to whether a nucleus organisation should be kept in being, together with certain equipment and records of volunteers, for future emergencies.

It was agreed that no final decision could be taken on any question involving expenditure without a preliminary examination of the measures proposed, and particularly in the absence of the Chancellor of the Exchequer.

It was pointed out that there was an essential difference between a Railway or a Miners' Strike, which threatened to paralyse the life of the nation, and an ordinary industrial and sectional strike, as, for example, in the cotton trade. There was no intention of interfering with the latter, but only of coming to the rescue of the community when confronted with the disasters which would arise under the former.

It was generally agreed that some nucleus should be kept in being, and the Supply and Transport Committee was authorised to continue its investigations into the character and extent of a nucleus organisation which it was thought desirable to preserve, but approval of any such organisation was withheld until the Conference had a concrete scheme before it.
The Committee was requested to consider:

(a) How far it was feasible in this country to follow the example of the United States of America and proceed by injunction?

(b) Whether legislation should be proceeded with which would authorise the Government in a national emergency to proceed by Proclamation or Order in Council when a strike threatened the life of the community.

The aspects of C.P. 97 involving expenditure were reserved until the Chancellor of the Exchequer could be present.

(3) With reference to War Cabinet 625, Minute 8, the Conference had before them the following documents:

A Note by the Secretary of the Cabinet, covering a resolution of the Supply and Transport Committee (Paper C.P.-70):

A Memorandum by the Secretary of State for War, on the Employment of Troops in Industrial Disturbances (Paper C.P.-111). The Conference approved the proposals for encouraging the formation of Special Constables instead of Citizen Guards, on the lines set forth by the Home Secretary and approved by the Supply and Transport Committee.

Subject to the qualification that the War Office should be responsible for the care of all arms, explosives, and lethal weapons generally, the Conference also approved the following measures which the Chief of the Imperial General Staff recommended should be taken (Paper C.P.-111):

(a) That existing military guards on all warlike stores and factories under the control of the Ministry of Munitions and other Government departments be withdrawn and relieved by civil watchmen or similar personnel.

(b) That, in case of industrial trouble, all protection duties and assistance to the civil power be found by the police, assisted where necessary by such organisations as Special Constables or Citizen Guards.

(c) That, in case of the Army being required as a last resource, when the situation may be getting beyond the control of the civil power, the Ministry of Transport be prepared to provide the mechanical and other transport necessary for the movement of the troops. An estimate of what would be required in such a contingency is being prepared by the War Office.

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With reference to recommendation (c) the Secretary of State for War undertook to communicate with the Ministry of Munitions and other Departments concerned with regard to the control of arms and explosives.

(4) With reference to War Cabinet 630, Minute 3, the Conference had before them a telegram which had been received from Mr. Barnes on the question of the number of hours in the working day and working week, and a reply thereto which had been drafted by the Minister of Labour, suggesting that there was no objection to an 8-hours day if six days a week were worked; but if, in order to secure a short Saturday, more hours than 6 were worked on the other days, the extra hours should not count as overtime. It was also suggested that the British Government should accept in principle the limitation of overtime to not more than 300 hours per annum for the next five years. This was intended to meet conditions on the Continent and in the United States, and, in the view of the Minister of Labour, would not seriously handicap this country, particularly as Shipping and Agriculture were excluded from the Convention.

The Conference felt considerable hesitation in approving the proposed limitation of overtime, as this country might suffer therefrom in certain critical industries.

The Conclusions in their draft form recorded the following decision of the Conference:

"(e) That the Army be relieved by the General Post Office of all responsibility for the maintenance of telegraphs, telephones and other means of communication. It will be impossible for the War Office to carry out this important duty in any future emergency, owing to the reduction of trained personnel in the technical units concerned, and to their being composed of a large proportion of recruits."

This draft decision was challenged by the Minister of Transport, whose view that this recommendation of the C.I.G.S. had not been accepted by the Conference met with support in other quarters. This part of the draft decision, therefore, has been eliminated as well as the following words in the note below (d) "The Postmaster General with regard to responsibility for telegraphs and telephones, etc." The Minister of Transport proposes to bring the question of the transference of responsibility for telegraphs, etc., from the War Office to the General Post Office before an early meeting of the Supply and Transport Committee of the Cabinet which the Secretary of State for War and the Postmaster-General will be invited to attend.
in a time of emergency, and cases were quoted where at the present time, in order to aid production, overtime at the rate of 500 hours per annum was being worked by agreement with the Trade Unions concerned.

The Conference referred the matter for decision to a Committee composed of:-

- The Minister of Labour.
- The President of the Board of Trade.
- The Minister of Transport.
- The Home Secretary.

The question to be brought again to the Cabinet only in the case of disagreement.

In the meantime, Sir David Shackleton undertook to consult leading employers on the proposal.

NEGOTIATIONS
BETWEEN
POLAND AND
GERMANY.

(5) The Conference had under consideration telegram No. 411 from Sir Horace Rumbold at Warsaw, reporting that the French Minister at Warsaw, with his concurrence, intended to enter a caveat regarding direct discussions between the Poles and Germans of details of the evacuation by the Germans of territories to be ceded by them to Poland.

The Conference considered that it was undesirable that the negotiations between the Poles and Germans should be interrupted if they were inclined to be on friendly terms with one another, particularly as the Peace Conference at Paris had already too much to do.

It was pointed out that in the event of any arrangement being come to which was contrary to the Peace Treaty, it would be ipso facto null and void.

The Conference agreed:-

That the Secretary of State for Foreign Affairs should instruct Sir Eyre Crowe that, in the opinion of His Majesty's Government, there was no objection to local discussions such as those now taking place between the Germans and the Poles, provided that any agreement arrived at were referred to the Peace Conference for approval.
The Conference had under consideration the following documents:

1. A Note by the Chancellor of the Exchequer, covering a Memorandum by Sir John Bradbury (Paper C.P.110 and C.F.-110A), proposing that the Supreme Economic Council should be brought to an end.

2. A Memorandum by Mr. Wise, the British Representative on the Permanent Committee of the Supreme Economic Council (Paper C.F.-135);

3. A Note by the Secretary of the Cabinet (Paper C.P.-40) covering a Memorandum by Mr. Wise, suggesting the formation of a Cabinet Committee on Economic Questions arising out of the discussions of the Supreme Economic Council.

The Conference felt great difficulty in discussing the question in the absence of the Chancellor of the Exchequer through indisposition. The matter, however, was represented as one of great urgency. A meeting of the Supreme Economic Council was to take place in Rome in three days' time, and it was known that the French Government would then raise a number of resolutions as to the form of international co-operation in economic matters both now and after the League of Nations had started. The French had not formulated their proposals with precision, but the Conference were given to understand that the suggestions made at the end of Mr. Wise's Memorandum (Paper C.P.-135) were in accordance with their views. They desired to keep some kind of machinery in existence until the League of Nations were able to assume control. The Supreme Economic Council was a purely inter-allied body, and under the League of Nations it would be necessary to provide representation for various neutral States. Mr. Wise's proposal was that the permanent officials of the Supreme Economic Council should work out a scheme in conjunction with the Secretariat of the League of Nations, the Supreme Economic Council continuing in the meanwhile. It was essential that the British delegates, who were leaving London on the following morning, should receive instructions as to the attitude they were to adopt on these questions.
Very strong views were expressed in favour of the suppression of the Supreme Economic Council. While it was recognised that the Council was of advantage to Continental nations, it was pointed out that experience had proved that it was of little advantage, and frequently a matter of embarrassment, to the British Government. The American and British Governments were the only ones that had anything to give, and they had constantly been exposed to pressure from Continental Governments to give more. Sometimes, as, for example, at the recent Brussels Conference, the criticism directed against the British Government had been positively offensive. The representatives of the American Government had actually ceased to attend the meetings of the Council, although there had been no formal notice of withdrawal. The British representatives were placed in an awkward position owing to the difficulty of reconciling the divergent functions between, on the one hand, doing all that was possible to assist British trade, and, on the other hand, placing British resources, through the Supreme Economic Council, at the disposal of our Allies. An illustration of this was given in the case of coal. The coal trade was an important item in our balance of trade, and high prices could be obtained from Neutrals. France and Italy, by arrangement, been given the benefit of lower rates, but the French objected even to pay this reduced price, although they themselves were selling coal to Italy at far higher prices. Moreover, they refused to limit the price to the consumer, as was done in this country. The result of the high prices we had been getting for export coal was that British industry had been subsidised to the amount of 3s. 4d. per ton.

On the other hand, it was pointed out that, even if the Supreme Economic Council itself was abolished, some of the subordinate executive bodies would have to be retained. This applied more particularly to the great purchasing organisations that had been formed all over the world for the
Very strong views were expressed in favour of the suppression of the Supreme Economic Council. While it was recognised that the Council was of advantage to Continental nations, it was pointed out that experience had proved that it was of little advantage, and frequently a matter of embarrassment, to the British Government. The American and British Governments were the only ones that had anything to give, and they had constantly been exposed to pressure from Continental Governments to give more. Sometimes, as, for example, at the recent Brussels Conference, the criticism directed against the British Government had been positively offensive. The representatives of the American Government had actually ceased to attend the meetings of the Council, although there had been no formal notice of withdrawal. The British representatives were placed in an awkward position owing to the difficulty of reconciling the divergent functions between, on the one hand, doing all that was possible to assist British trade, and, on the other hand, placing British resources, through the Supreme Economic Council, at the disposal of our Allies. An illustration of this was given in the case of coal. The coal trade was a most important item in our balance of trade, and high prices could be obtained from Neutrals. France and Italy had, by arrangement, been given the benefit of lower rates, but the French objected even to pay this reduced price, although they themselves were selling coal to Italy at far higher prices. Moreover, they refused to limit the price to the consumer, as was done in this country. The result of the high prices we had been getting for export coal was that British industry had been subsidised to the amount of 3s. 4d. per ton.

On the other hand, it was pointed out that, even if the Supreme Economic Council itself was abolished, some of the subordinate executive bodies would have to be retained. This applied more particularly to the great purchasing organisations that had been formed all over the world for the
purpose of buying meat, wheat, sugar and other commodities, and which were of great assistance in preventing the rise of prices by international competition. It was difficult, however, to isolate these bodies, since the purchase of food was inseparably connected with its transportation. Sir John Bradbury's proposal, which involved dividing up the functions of these subordinate executive bodies, was criticised on the ground that it would not be practicable to place purchase in the hands of one body and shipment and distribution in the hands of another. It was pointed out that Lord Robert Cecil, and other persons who were interested in the League of Nations, would be very disturbed if any step were taken, without consulting them, to abolish the Supreme Economic Council before the League of Nations had taken over its work. It was suggested that if the Supreme Economic Council disappeared there would be no-one to survey the economic needs of the starving parts of Europe, and it was stated that the Reparations Commission would have neither the experience nor the staff to do this. It was represented that the moment was peculiarly unfavourable for separating the British Government from the Supreme Economic Council, since this would be interpreted as an indication of British policy in the event of the United States dropping out of the League. In this latter connection, however, the Conference felt that it might not be altogether a disadvantage to let it be known to some of the Continental nations that they could not take our attitude for granted in the matter of assistance.

On a review of the above considerations, the Conference decided —

(a) That the Minister of Food, as the principal British Representative at the forthcoming meeting of the Supreme Economic Council, without announcing the withdrawal of the British Government from the Council, should be careful not to commit us to its prolongation. He should state that he had discussed the matter with his colleagues, and had found
that a very strong feeling existed against the continuance of the Council, and he should indicate that the attitude of the British Government would probably be largely influenced by that of the United States of America.

(b) That in the meantime no object would be gained by discussing the future machinery for dealing with economic questions either

(i) for the interim period

or

(ii) when the League of Nations is formed.

Belgium.

(b) The Conference had under consideration a Paper by the Secretary of State for Foreign Affairs regarding the continuance by Great Britain of a guarantee of the independence and integrity of Belgium (Paper C.P.-117).

The Secretary of State for Foreign Affairs stated that negotiations had been proceeding for some time between the Belgian and Dutch Governments for the conclusion of a Treaty of Revision of the Treaties of 1839, which declared perpetual the neutrality of Belgium and guaranteed that neutrality against attack. He thought that those negotiations were now likely to result in an Agreement, although no Agreement had been reached so far because Holland was reluctant to enter into an engagement for giving military protection to Belgium while Belgium was not satisfied unless she received substantial guarantees. He believed that the acceptance of the proposals put forward in his Memorandum of November 10th. (Paper C.P.-117) would assist the conclusion of an Agreement between Holland and Belgium. Two kinds of guarantee had been suggested. The first was larger in scope, and involved the conclusion by the French and British Governments of a Treaty with the Belgian Government guaranteeing Belgium against unprovoked attack by Germany. This proposal had recently been put forward by Baron Monceeur, but no encouragement had
had been given to him. Baron Moncheur had merely been informed that His Majesty's Government would be reluctant to enter more into engagements similar to those of 1939. Since then nothing more had been heard of the proposal. A second proposal, of narrower scope, had now been made by the French Ambassador. It was that the United Kingdom should enter into an engagement with France to guarantee the territorial integrity of Belgium pending the provision of suitable guarantees by the League of Nations. The French Government were of opinion that it would be advisable to give this temporary guarantee as it would encourage the Dutch and Belgian Governments to come to terms. The Secretary of State for Foreign Affairs was disposed to think that it would be well to give this guarantee pending the establishment of the League of Nations, provided that the period were limited to 3 or 5 years. The French were willing to give the guarantee without limit of time. While the Belgians were anxious to dissolve the arrangements of 1839, they were very anxious about what would happen in the interval before the establishment of the League of Nations.

The Conference considered that, before deciding on any guarantee to Belgium, it would be desirable to ascertain what the position was in regard to the Treaty guaranteeing the integrity of France, which had been made dependent on the cooperation of the United States. It now seemed quite probable that the United States would not enter into such an engagement, in which case our guarantee of the territorial integrity of France might have to be re-considered.

The Conference inclined to the view that we might give a guarantee of Belgian neutrality with a 5-years' time limit if the United States would join with us in guaranteeing the integrity
of French territory. If the United States would not co-operate with us in this, the whole question of our relations with France and Belgium would have to be re-considered. Some doubt was felt as to whether, if we entered into a guarantee of Belgian neutrality for 5 years, we should be able to obtain release from it at the end of that period.

The Conference decided -

That the Secretary of State for Foreign Affairs should instruct Lord Grey by telegram to ascertain the probable attitude of the United States towards the proposed Treaty guaranteeing the territorial integrity of France, and that the matter should be brought up again on receipt of Lord Grey's reply.

2, Whitchall Gardens, S.W.1.

November 18th, 1919.
CABINET 10 (19)

CONCLUSIONS of a Meeting held at 10 Downing Street, S.W.(1) on WEDNESDAY, December 3rd 1919 at 11.30 a.m.

PRESENT.

The Prime Minister (in the Chair)

The Right Hon. A. Bonar Law M.P.,
Lord Privy Seal.

The Right Hon. A. Chamberlain, M.P.,
Chancellor of the Exchequer.

The Right Hon. E. Shortt, K.C., M.P.,
Secretary of State for Home Affairs.

The Right Hon. E. S. Montagu M.P.,
Secretary of State for India.

The Right Hon. W. Long M.P.,
First Lord of the Admiralty.

The Right Hon. Sir A. C. Geddes
K.C.B., M.P., President of the Board of Trade

The Right Hon. C. Addison, M.P.,
Minister of Health.

The Right Hon. the Lord Lee of Fareham G.B.E., K.C.B.,
President of the Board of Agriculture and Fisheries

The Right Hon. R. Munro, K.C., M.P.,
Secretary for Scotland.

The Right Hon. A. J. Balfour, O.M., M.P.,
Lord President of the Council.

The Right Hon. Lord Birkenhead
The Lord Chancellor.

The Right Hon. The Earl Curzon of Kedleston, K.G., G.C.S.I.,
G.C.I.E. Secretary of State for Foreign Affairs.

The Right Hon. W. S. Churchill M.P.,
Secretary of State for War and Air.

Field-Marshal the Right Hon. the Viscount French of Ypres,
K.P., G.C.B., O.M., G.C.V.O.,
K.C.M.G., Lord Lieutenant of Ireland.

The Right Hon. J. J. Macpherson K.C.
M.P., Chief Secretary for Ireland.

The Right Hon. Sir Eric Geddes

The Right Hon. Sir Robert Horne
K.B.E., K.C., M.P., Minister of Labour.

The Right Hon. H. A. L. Fisher
M.P., President of the Board of Education.

The following were also present:-
AVY ESTIMATES. (1) The Cabinet took note of a statement explanatory of the Navy Estimates, which the First Lord of the Admiralty proposed to issue at once in order that it might be in the hands of members of the House of Commons as soon as, or immediately after, the Estimates themselves (Appendix X).

IRELAND. (2) With reference to Cabinet 9 (19), Conclusion 5, the Cabinet resumed their discussion on Irish policy.

Mr Walter Long, the Chairman of the Cabinet Committee, read the heads of the latest proposals of the Cabinet Committee, which had not yet been circulated (Appendix I).

The Prime Minister gave a summary of a conversation which he and the Lord Privy Seal had had with the Right Hon. James O'Connor, Lord Justice of Ireland. The latter had asked the Prime Minister to see him. He had reported that he would prefer County Option for Ulster, with power for the Counties to vote out of Home Rule, which would result in the six Counties remaining attached to the United Kingdom. He believed that, in the long run, this scheme would be the one best adapted to unite the six Counties to the rest of Ireland, since they would be attracted to it by the fact that taxation would almost certainly be less in the portion of Ireland under Home Rule. If, however, this was not feasible, Mr O'Connor would prefer that the Parliament for the North-West of Ireland should be for the six Counties rather than...
for Ulster as a whole. He had admitted that the Irish people lived in an atmosphere of delusions, and that Ireland was a land of delusions, where the population, who never read anything but their own newspapers, did not in the least understand the facts of the situation. They believed that the British people had only one desire, namely, to rob the Irish people of their patrimony. The best Irish citizens condemned the crime of murder, but there was no moral courage in Ireland to prompt the people to denounce the murderers.

Mr O'Conner admitted that whatever course the British Government took would be condemned by the Irish people, but he thought they would be willing to work a scheme providing for a separate Parliament for the six Counties, and no other scheme. He had stated that he was more of a Catholic than an Irishman, and had undertaken to ascertain the views of the Irish hierarchy on these questions.

The general discussion which followed was based on the hypothesis that the policy of the Union on old lines was no longer sufficient, and that some development in the direction of self-government was necessary. The discussion centred mainly round the three following proposals:

(i) That there should be a Parliament for the South and West of Ireland, but that the six Counties should be allowed to vote in favour of remaining part of the United Kingdom for all purposes:

(ii) That there should be a Parliament for the South and West of Ireland, and a Parliament for the whole of Ulster:

(iii) That there should be a Parliament for the South and West of Ireland, and a Parliament for the six Counties.

The proposal for the exclusion of the six Counties was based on the general principle of self-determination adopted by the Allied and Associated Powers, and supported by the British Government, at the Peace Conference in Paris. If the
six Counties desired to remain part of the United Kingdom, why, it was asked, should they not be permitted to decide by plebiscite in favour of it? It was pointed out, however, that the Ulster Covenanters had bound themselves to treat Ulster as a unit. They would therefore be bound to create the strongest possible opposition to the adoption of this plan. This proposal would be equally unacceptable to the Irish Nationalists and all those moderate elements in the South and West on whom the Government would have to depend ultimately for support. Consequently, the prospects of the eventual unity of Ireland would be greatly diminished by the exclusion of the six Counties. Finally, the administrative difficulties of this plan, involving separate government in respect of agriculture, roads, and other matters where the interests of the six Counties were closely bound up with those of the neighbouring Counties, were very great.

On these grounds the Cabinet agreed —

To rule out the proposal that the six Counties should be permitted to vote in favour of remaining part of the United Kingdom for all purposes.

(4) The foregoing discussion gave rise to an interchange of views as to the ultimate aim of the Government's policy.

While some views were expressed in favour of keeping Ulster, or at any rate the six Counties, permanently separate from the remainder of Ireland, the general feeling was that the ultimate aim of the Government's policy in Ireland was a united Ireland with a separate Parliament of its own, bound by the closest ties to Great Britain, but that this must be achieved with the largest possible support, and without offending the Protestants in Ulster: in fact, as Sir Edward Carson had put it, Ulster must be won by kindness; and this ultimate aim could only be achieved by something like general consent in Ireland.
The reasons both for and against a separate Parliament for the six Counties rather than for the whole of Ulster were, in the main, similar to those for and against the exclusion of the six Counties. An additional reason urged in favour of limiting the Parliament to the six Counties was that the rate of increase of population among the Roman Catholics was greater than among the Protestants, with the result that in course of time there would be a danger, if Ulster was adopted as a Parliamentary unit, that the Protestants would be swamped by a Roman Catholic majority. From an examination of the statistics, however, it transpired that in fact, whether from the immigration of Protestants or other causes, the percentage of Roman Catholics in Ulster had been decreasing for several decades, and was now only 43 per cent. of the total population. A second reason in support of this proposal was the desirability of making people under the administration of the Northern Parliament as homogeneous as possible. In view more particularly of the difficulty which the Covenanters would encounter in accepting the scheme if it were confined to the six Counties, and of the superiority of Ulster as an administrative unit, the Cabinet provisionally agreed —

That the Bill should be worked out for a Parliament for Ulster as well as for the three Southern Provinces.

It was further agreed, however —

That if, after the introduction of the measure in Parliament, it was found that the limitation of the Parliamentary area to the six Counties was more acceptable, the question might be re-considered. It was recognised, however, that the administrative problem would then require very careful examination.

The Irish Units (6) The question was raised as to whether, in the event of the adoption of the proposals before the Cabinet, the War Office could continue to raise the units hitherto recruited
in Ireland.

It was generally agreed —

That, since all questions relating to defence were reserved, the War Office could continue to recruit these units.

(7) The suggestion was made that, in view of the very limited powers reserved to the proposed Council of Ireland, and taking into consideration the fact that this Council would consist of members of the Houses of Commons of Southern and Northern Ireland, it would not be advisable to extend its functions by placing the Police under the Council's control.

It was explained, however, that the Cabinet Committee had examined this question and had come to the conclusion that whenever the Police were transferred to Irish control they should be placed in the Department of the Minister at the head of the Executive responsible for law and order; that is to say, the Minister corresponding to the Home Secretary.

(8) In connection with the discussion on Police, attention was drawn to the danger which would arise if some limitation were not placed on the numbers of Police which could be raised. It was pointed out that the experience of the recent War showed that the bases on the coast of Ireland were essential to the protection of our trade, and that their occupation or use by an enemy power might be disastrous. If the numbers of Police were not limited, they might be used instead of troops to seize these bases in collusion with the naval operations of an enemy. Attention was drawn in this connection to the large number of armed men which had recently been raised by Germany ostensibly as Police Forces.

The Cabinet agreed —

That the Chief Secretary for Ireland should draw the attention of the draughtsman of the
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The Cabinet agreed —

That the Chief Secretary for Ireland should draw the attention of the draughtsman of the
Bill to Article 162 of the Treaty of Peace with Germany, which is as follows:

"The number of employees or officials of the German States, such as Customs officers, Forest Guards and Coast Guards, shall not exceed that of the employees or officials functioning in these capacities in 1913.

The number of gendarmes and employees or officials of the local or municipal police may only be increased to an extent corresponding to the increase of population since 1913 in the districts or municipalities in which they are employed.

These employees and officials may not be assembled for military training."

The attention of the Cabinet was drawn to the proposal that the Post Office, both internal and external, should be retained in the hands of the Imperial Government, but should be transferable (except radio-telegraphy and cables) to the control of an Irish Parliament if and when such a body was constituted.

The Postmaster-General stated that he had not had an opportunity of examining these proposals. At first sight he believed them to be acceptable, but he reserved his final opinion.

(10) Sir Laming Worthington-Evans gave the Cabinet a summary of the latest proposals of the Cabinet Committee in regard to finance.

The Chancellor of the Exchequer reserved any expression of opinion on these proposals, as they differed entirely from those which had previously been presented to him.

(11) Objections were made to the proposal to give any sort of financial bonus to the South and West of Ireland, which had deserted Great Britain in its hour of need and had done their utmost to hamper the British Empire in the
prosecution of the war. It was suggested that the desire of liberty could not be strong if it was necessary to bribe Ireland to accept it.

It was pointed out, however, that under the financial proposals of the Committee the Irish Governments would not have the power to levy Income Tax or to impose anything except local taxation. The bonus had been proposed as compensation for this, in order to provide some elasticity in the financial resources of the Governments concerned.

Without finally deciding the question, which was bound up with the general financial scheme, the Cabinet agreed provisionally that the Bill should be drawn on the basis that a bonus would be granted.

(12) It was suggested that, before the questions of taxation generally and of Income Tax in particular were decided, enquiry should be made as to the position of the American and Canadian States in this respect. Diplomatically it was of great importance to be able to say that Ireland was in this respect in a position not less favourable than that of the American and Canadian States.

The Cabinet invited Sir Hacing Forthington-Evans to enquire into and report upon this question.

(13) Attention was called to the proposal that the local Irish services should come into operation under Irish control from the date prescribed for the Act to come into force. It was pointed out that, from a financial point of view, it was of the greatest importance that the cost of the local services should not be increased by any additions such as, for example, Housing and Education schemes.
(14) The Cabinet agreed —

That the Chief Secretary for Ireland, in consultation, if he desired, with one or more of his colleagues, and with such Irish officials as he might desire, should complete the draft of the Bill on the basis of the above provisional decisions, as soon as possible, with a view to its further consideration by the Cabinet.

HOUSING.

(15) With reference to Cabinet 8 (19), Conclusion 6, it was agreed —

That the Cabinet Committee on Housing should have Cabinet authority to approve the Housing Bill, which, it was explained, ought to be circulated in Parliament before the end of the week.

SUBSIDY TO PUBLIC UTILITY COMPANIES.

(16) The attention of the Cabinet was called to a Memorandum by the Minister of Health, on the subject of a subsidy to Public Utility Companies (Paper C.P.—236).

It was pointed out that this Memorandum, although involving expenditure, had been circulated to the Cabinet without previous communication with the Treasury. The War Cabinet had decided that no Estimates were to be presented to Parliament without previous submission to and approval by the Treasury (War Cabinet 553, Minute 2), and in the spirit of this decision it was very important that proposals of this kind should not be circulated without previous consultation with the Treasury.

CONFERENCE OF MINISTERS.

(17) The Cabinet took note of the Conclusions of the following Conferences of Ministers:

- Conference of Ministers held on November 19, 1919 (Appendix II);
- Conference of Ministers held on November 20, 1919 (Appendix III);
- Conference of Ministers held on November 21, 1919 (Appendix IV).

2, Whitehall Gardens, S.W.1,

December 3, 1919.
HEADS OF PROPOSAL.

1. That two Parliaments should be set up in Ireland, one for the province of Ulster, and one for the three Southern provinces, upon which should be immediately conferred all the powers of government except:

(a) Those permanently reserved to the Imperial Parliament, such as Crown, Foreign Affairs, Defence, Dignitaries, Treason, Trade outside Ireland, Wireless etc.

(b) Powers reserved to the Imperial Parliament until an All Ireland Parliament has been established.

2. That the Finance of the Irish Parliaments should be derived from:

(a) Local Taxation, 1919, £2,700,000.

(b) A transferred sum equal to the difference between the product of local taxation and the cost of local services at the date of the passage of the Act, 1919, £8,437,000.

(c) A sum equal to the annuities payable under the Land Purchase Act, 1919, £2,990,000 rising to £5,500,000.

This will start the Irish legislature with the whole present cost of the administration and a free gift of about £3,000,000 in addition. It will leave Ireland paying its present contribution to Imperial Services less the free gift of £3,000,000 as above. It is further proposed that if the yield of the taxes retained in Imperial hands increases, there should be a triennial examination of the object on which this additional revenue is spent, and if it is spent on Great Britain opposed to Imperial purposes there should be a proportionate increase of the fixed transferred sum.

3. That a Council for Ireland should be constituted consisting of 20 representatives from each of the two Parliaments with powers of private Bill legislation from the outset, and exercising such further powers as may be conferred upon it by simultaneous acts passed by the two Irish Parliaments.

4. That the two Irish legislatures should be given large constituent powers so that by simultaneous legislation they can confer upon the Council of Ireland any powers not reserved to the Imperial Parliament and can, if they so wish, convert it without reference to the Imperial Parliament into a Parliament for the whole of Ireland. Inasmuch as the appointed day will probably not be earlier than fifteen months from the passage of the Act, this will give the two Parliaments ample time in which to consider the disadvantages of a complete division of all Irish services and to make arrangements with the Council of Ireland for the operation as common services before the division comes into automatic operation.

5. That the following powers should be retained in the hands of the Imperial Government, but should be transferable on loc to the control of the Irish Parliament as soon as such a body is constituted to take the place of the Council of Ireland.
(a)Trustee Savings Bank, and Post Office, both internal and external, but not including wireless and cable.

(b) The appointment of the higher judicial offices, the numbers and salaries being fixed by the Irish Parliaments, according to Canadian precedent.

(c) Income Tax.

6. That the control of Irish police and resident magistrates should be handed over to Irish control at the end of three years or on the constitution of an Irish Parliament, subject to guarantees being afforded that all existing magistrates and constabulary will be allowed to retire with full pensions rights, and adequate financial compensation if they elect not to serve a new Irish Government.

7. That after the establishment of Irish unity, Ireland's contribution to Imperial Services, i.e., Debt, War Pensions, and Defence should be based upon her capacity to pay, ascertained then and revised thereafter every five years, customs and excise being retained as security for this contribution.

8. That representation in the Imperial Parliament should be in proportion to population which should give Ireland about 63 or 64 members.

9. That an In and Out clause should be inserted on the principle that Irish members should not be allowed to vote on any Bill whose application to Ireland is expressly excluded, or whose application is expressly limited to Great Britain.

10. That the total number of Irish elected members should be three times that of the representation of Ireland in the Imperial Parliament. This will give a total of about 180 members of whom about 126 will constitute the Parliament of South Ireland and about 65 the Parliament of North Ireland. It has the additional advantage that the same constituencies will serve for the Imperial and the Irish elections, the difference being that in the case of the Irish elections, each constituency will return three members of proportional representation, instead of the one they will return to the Imperial Parliament.

11. The Sub-Committee recommend that the Lord Lieutenant should not himself preside over the Council of Ireland, but that he should have power to nominate the President at his own discretion.
CONCLUSIONS of a Conference held
at 10 Downing Street S.W., on Wednesday
November 19th 1919 at 12 Noon.

The Prime Minister (In the Chair)
The Rt Hon A. Bonar Law M.P.,
Lord Privy Seal.
The Rt Hon A. J. Balfour, C.M.,
M.P., Lord President of the
Council.
The Rt Hon A. Chamberlain, M.P.,
Chancellor of the Exchequer.
The Rt Hon E.S. Shortt, K.C.,
M.P., Secretary of State for
Home Affairs.
The Rt Hon Earl Curzon of
Kedleston, K.G., C.M.G.,
C.B., Secretary of State for
Foreign Affairs.
The Rt Hon E.S. Montagu M.P.,
Secretary of State for India.
The Rt Hon W.S. Churchill, M.P.,
Secretary of State for War &
Air.
The Rt Hon J.I. Macpherson, K.C.,
M.P., Chief Secretary for Ireland.

The Rt Hon W. Long M.P., First
Lord of the Admiralty.
The Rt Hon R. Garden, K.C., M.P.,
Secretary for Scotland.
The Rt Hon Sir E. Geddes G.C.D.,
C.B.E., M.P., Minister of
Transport.
The Rt Hon G. Addison M.P., M.P.
Minister of Health.
The Rt Hon Sir Robert Horne
K.G., C.M.G., M.P., Minister of
Labour.
The Rt Hon Sir A.C. Geddes, K.C.B.,
M.P., President of the Board of
Trade.
The Rt Hon R.A.J. Fisher M.P.,
President of the Board of
Education.

THE FOLLOWING WERE ALSO PRESENT.
The Rt Hon Lord Inverforth,
Minister of Munitions.
Lieut-General Sir Travers Clarke,
K.C.M.G., C.B., Quartermaster
General to the Forces.

Sir J. Cadman, K.C.M.G.,
Petroleum Executive.

Lieut-Colonel Sir M.P.A. Hankey, G.C.B.,
Secretary
Mr. Pembroke Wicks, G.C.B., Assistant Secretary.
Lieut-Colonel L. Storr, C.B., Assistant Secretary.
Mr. T. St. C. Hill, Assistant Secretary.
With reference to the second Conclusion of a Conference held at 10, Downing Street, on the previous day, on the subject of a proposed permanent organisation to deal with national emergencies, the Chancellor of the Exchequer, who had been unable to be present when this question was discussed, explained that he had been informed that certain stores which were essential to the scheme were now being sold to the general public. The question was now being considered by his Department in regard to its financial aspect but in the meantime he suggested that the Disposal Board might be instructed temporarily to suspend action in respect of those articles which might be essential to the scheme.

The Conference concurred in the view taken by the Chancellor of the Exchequer, and instructed the Secretary:

(i) To ask the Minister of Munitions to postpone for a month the disposal of such stores as were involved in the scheme of the Supply and Transport Committee.

(ii) To request the Ministry of Transport to communicate a list of the stores concerned to the Ministry of Munitions for the information of the Disposal Board.

Having regard to the great importance, both from the point of view of our future relations with India and for political reasons generally, of pressing on this question, it was agreed that Thursday and Friday of next week, November 27 and 28, 1919, should be devoted to the Discussion of the Indian Reforms Bill in the House of Commons.

It was felt that, in view of the large amount of time occupied with the Indian Reforms Bill in Committee upstairs, and the harmonious arrangements that had been arrived at, it should be sufficient if two days only of Parliamentary time were reserved for it in the House of Commons.
With reference to Cabinet 1 (19), Minute 6, when it was decided that if the House of Commons desired the adoption of a system of Premium Bonds the Government should not oppose it, attention was drawn to the growing strength of the movement against Premium Bonds. The Memorandum of the Chancellor of the Exchequer, covering a letter from the Governor of the Bank of England (Paper C.P. 95) and other indications, were cited as evidence that opposition to Premium Bonds was growing both inside and outside the Government. It was consequently felt that, when receiving the Deputation of the National Free Church Council on the subject, the Prime Minister should be accompanied by Ministers who were in favour of, as well as those who were opposed to, the issue of these Bonds.

This led to a general discussion of the question of Premium Bonds, in the course of which the following reasons were urged against the proposal:

(a) That it was a highly disputable question whether they would raise any large amount of money;

(b) That Sir Robert Kindersley, who had been mainly responsible for the success of the National War Bonds, strongly condemned the project;

(c) That it was repugnant to the moral sense of the public, as indicated by protests which had been received from representatives of every religious body.

It was recognised that the Government would be placed in an embarrassing position if the Chancellor of the Exchequer, who would be bound to speak and would probably have to open the discussion on the subject, made a speech against Premium Bonds and the House subsequently decided in favour of them, in which case the Chancellor would nevertheless have to introduce the necessary legislation. It was generally agreed, however, that, in spite of this objection, if the scheme was found on examination to be detrimental to the national interests, it would be desirable for the Chancellor to give the House the reasons against its adoption.
The Conference agreed —

That the Secretary should notify Mr. Montagu and Sir L. Worthington-Evans that the Prime Minister would be glad if they, as well as Mr. Bonar Law and Mr. Chamberlain, would accompany him when he received the Deputation from the Free Churches.

(4) From the above discussions the Conference turned to consider the question of the Business of the House of Commons. A general desire was expressed that Parliament should not re-assemble immediately after Christmas. In addition to the Indian Reforms Bill, the question of Premium Bonds, and the Electrical Supply Bill, the following were mentioned as matters of great urgency:—

IRISH BILL (which was still before the Cabinet without any decision as to a Bill).

THE LAND SETTLEMENT (SCOTLAND) BILL (Report Stage),

THE COAL (LIMITATION OF PROFITS) BILL,

THE IMPORTS AND EXPORTS BILL (which was to be laid on the Table of the House that afternoon).

No decision was taken, but the trend of opinion was in favour of carrying over outstanding Bills until the next Session.

It was suggested that the precedent set by Sir William Harcourt in 1893-4, should be looked into, with a view to ascertaining whether a new Session would have to commence before March 31, 1920.

As regards immediate Parliamentary Business, the following arrangements were agreed to:—

Thursday, November 20: The Electricity Bill, as arranged (see Minute 5 below).

Friday, November 21: The Housing Bill — as arranged.

Monday and Tuesday, November 24 and 25: The Electrical Supply Bill.

Wednesday, November 26: either Premium Bonds or the Land Settlement (Scotland) Bill (Report Stage), to be arranged between the Prime Minister, the Leader of the House of Commons and Lord Edmund Talbot).

Thursday and Friday, November 27 and 28: The Indian Reforms Bill.
(5) With reference to War Cabinet 522, Minute 2, the
Minister of Transport raised a point of urgency in
connection with the Electricity Supply Bill. He stated
that the Bill had received somewhat drastic handling in
Committee upstairs in the House of Commons: in particular,
Clause 44 had been cut out of the original draft, which
proposed to transfer the general control of electrical
power from the Board of Trade to the Ministry of Transport.
The effect of this would be twofold:-

(a) It would render impracticable a scheme,
which had been devised after the most
careful consideration, of unifying and
co-ordinating electrical power throughout
the country on an identical gauge and
under a single control, with a view both
to economy and also to the rapid and
widespread development of many of our
industries, including agriculture:

and

(b) It would place electrical power under the
Board of Trade, which had no technical
staff accustomed to direct practical aor­
vice, and which was surcharged with
work of its own.

If the Committee's views were accepted by the House,
three grave mistakes would, in his opinion, be made:-

(i) The powers would be taken from the Ministry
of Transport:

(ii) They would be placed under the Board of
Trade, which was undesirable for the above
reasons:

(iii) Electrical supply would be divided up into
two parts and so under two directing agencies,
involve the separation of the industrial
from the transport user.

The President of the Board of Trade said that he
agreed generally with the above view: his Department was
anxious to see railways included in the general scheme of
trade development by more extensive use of electrical
power. His advisers were not, however, unanimous as to
the Department which should be responsible for the
direction of electrical supply, but failing the setting
up of a General Fuel Department, which was advocated
in certain quarters, he agreed that the control should
be under the Ministry of Transport.
The Home Secretary, who was in charge of the Bill, explained that the opposition in Committee upstairs was due to the fact that the Committee was largely composed of representatives of municipal, power-house, and other interests, who met on the common ground of jealously of and antagonism to Government intervention in electrical management.

The Conference agreed:---

(a) That the control of electrical supply and distribution under one Department was essential to the proper development of industry and transport in this country;

(b) That this control should be vested in the Ministry of Transport as the most appropriate Department;

(c) That if the House would not accept the Ministerial view, it would be advisable not to proceed with the Bill;

(d) That the more reasonable critics of the Bill might be reconciled to its adoption if they were told that, unless the Government view prevailed, the Bill would be dropped;

(e) That the procedure followed in the case of the Aliens Restriction Bill, when Ministers met the principal critics in the House, might be adopted with advantage in the present instance;

(f) That it was desirable that the Prime Minister, if possible, accompanied by Mr. Bonar Law, Mr. Shortt and Sir Eric Geddes, should meet the said critics with a view to reinforcing the powerful arguments urged by the Ministry of Transport.

The Home Secretary and the Whips undertook to arrange that Mr. Neville Chamberlain and Mr. A. Neil with others if necessary should meet the Prime Minister, the Lord Privy Seal, the Home Secretary and the Minister of Transport, in the Leader of the House's Room that afternoon at 4 p.m.; and also to lay upon the Table of the House the following morning a new Clause re-embodying the proposals contained in Clause 44 of the original draft.
PETROLEUM EXECUTIVE.

(6) The Conference had under consideration a Memorandum by the President of the Board of Trade (Paper C.P.-91) and a Memorandum by the First Lord of the Admiralty (Paper C.P.-115) regarding the future of the Petroleum Executive.

The feeling of the Conference was in favour of the proposal made by the First Lord, and it was decided:

(a) That the Petroleum Executive should be constituted on a permanent basis and be placed under the charge of the Under Secretary of State responsible for the Department of Overseas Trade (Sir Hamar Greenwood); the necessary arrangements for the transfer being made between Sir Hamar Greenwood and Mr. Walter Long;

(b) That the Petroleum Executive should exercise a general control over oil questions;

(c) That all Departmental oil purchases should be made in consultation with the Petroleum Executive.

ANGLO-FRENCH AGREEMENT REGARDING OIL SUPPLIES.

(7) With reference to War Cabinet 619, Minute 1, the Conference also considered the proposals in the Memorandum by the First Lord of the Admiralty (Paper C.P.-115) relating to the Anglo-French Agreement on oil supplies and the export of oil from South Russia.

The Conference decided:

That these questions should be referred to Sir Hamar Greenwood, as head of the Petroleum Executive, and that Sir Hamar Greenwood should place himself in communication with the First Lord of the Admiralty in regard to them.

RETENTION OF NATIONAL FACTORIES BY THE GOVERNMENT.

(8) The Conference had before them a Memorandum by the Minister of Munitions (Paper C.P.-105) in which authority was requested for the disposal of the following factories:

- R.M. Factory, Irvine,
- Avonmouth,
- Swindon,
- R.C.P.P. Waltham Abbey (except Southern portion),
- Ellesmere Fort,
- Gloucester,
- National Machine Gun Factory, Burton-on-Trent,
- National Small Arms Ammunition Factory, Blackpole, Worcester.

It was also proposed in the Memorandum that in the case of the last two factories the terms of sale or lease should include provisions for the retention of plant and...
the re-conversion of the factories within a specified
time to the manufacture of munitions in the event of a
national emergency.

Some discussion ensued as to the rate of disposal
of munitions factories, and it was suggested that the
Gretna Green factory should now be used for the manufacture
of cordite for the Navy as well as for the Army. During the
not War this had been practicable, as the cordite used by
the Army was not suitable for Naval use, but it was consid­
ered likely that new specifications for Naval cordite
could be agreed between the Admiralty and the War Office,
and that the manufacture of cordite for both Services could
be carried out at one factory.

The Conference decided:

(i) To approve the proposals set forth in
the Memorandum by the Minister of
Munitions (Paper C.P.-106)

(ii) To call attention to the decision given
on May 1, 1919 (War Cabinet 561, Minute 2)
to the effect:

"That the provision of training facilities
for disabled soldiers should be regarded
as having the first claim on National
Factories which were suitable for the
purpose, provided that, when a factory
was saleable, and another, for which
no purchaser could be found, could be
rendered reasonably suitable, the
Training Department should accommodate
itself to the latter".

2, Whitehall Gardens, S.W.1.
November 19, 1919.
NOTES OF A CONFERENCE HELD IN THE LEADER OF THE HOUSE'S ROOM, HOUSE OF COMMONS, ON THURSDAY, NOVEMBER 26TH, 1910, AT 4:30 PM.

PRESENT:—

The Prime Minister (In the Chair).


The Rt. Hon. H.S. Montagu, M.P., Secretary of State for India.


Lieut. Colonel L. Storr, C.B., Assistant Secretary.
The Conference had under consideration a Memorandum by the Secretary of State for the Colonies, (Appendix) regarding the issue of mandates under the League of Nations for territories captured and occupied by the Allied Powers, and suggesting that in every case where (1) A particular ex-German Colony has been assigned to X as mandatary by a unanimous resolution of the Supreme Council and (2) X is prepared to accept the mandate under the conditions unanimously agreed to by the Council, the Powers should now be asked to issue mandates to X, without delay and without waiting for the deposit of ratifications.

THE SECRETARY OF STATE FOR THE COLONIES explained that almost every day he was receiving telegrams from the Dominions clamouring for the issue of mandates, and raising very awkward questions. He had not so far circulated Papers on the subject, but he desired that the Cabinet should be cognisant of the nature of possible trouble in this connection. Months had passed since decisions were taken in Paris as to mandatory powers, and the terms of the mandates were considered at length and agreed upon; yet the actual mandates were not forthcoming. It was very difficult to explain the situation to the Dominions especially Australia, whose representations were of a most pressing character. Under the Treaty of Peace Germany ceded her colonies to the Five Principal Powers, whose representatives in Paris had agreed to whom these territories were to be assigned but the mandates could not be issued until peace had been ratified. In his view it was urgently necessary that immediate action should be taken before the Paris Conference broke up. The decision of the Council in Paris did not by itself transfer the territories in question to whom the mandates were to be assigned.
On the ratification of the Treaty, these territories would all pass to the Five Powers. A practical way of dealing with the situation would be that the Five Powers should formally transfer them to the several mandatories. The actual machinery would consist in a series of Conventions between the Five Powers on the one part and the particular mandatory on the other. Forms of such Conventions had actually been drawn up. The real point was, should the British Empire take its own line, based upon the decisions taken some months before in Paris, or should it await such definite authority from the Allied Powers?

Some discussion followed in which it was suggested that the best thing to do might be to assume that the decisions which had been taken by the Plenipotentiaries, and had been promulgated, was valid; if this validity was to be called into question, it would be for the League of Nations to do so. It was pointed out that without a formal assignment of the mandated territories legal difficulties might arise for instance, in the case of German East Africa.

THE SECRETARY OF STATE FOR FOREIGN AFFAIRS read out a note which had been prepared by Mr. Hurst of the Foreign Office, which enquired whether he should proceed with the preparation of drafts of Conventions with the various Powers concerned, whereby the said Powers would formally recognize the mandate of the British Empire for certain territories. Lord Curzon said he had been deputed by his colleagues to attend the first meeting of the League of Nations, which was to be held in a fortnight's time, and asked whether the Cabinet desired that he should prepare the drafts and submit them to the Allied and Associated representatives at the meeting.
The Conference agreed:

That the Foreign Secretary should

(a) Prepare draft Conventions, but that these should not be submitted at present to the Allied Powers, as such action might be construed as indicating that we did not consider that we were entitled to take over the control of the territories mandated to us, unless and until the Conventions had been signed:

(b) In the meantime sound the American government through our Ambassador in Washington, and find out whether the United States were likely to sign the peace:

(c) Obtain the opinion of his departmental experts in international law as to whether, in the event of only three of the Allied Powers ratifying the Peace Treaties the assignment by these three Powers to various mandates would be valid:

(d) In the event of America signing, take the opportunity of the first meeting of the League of Nations, subject to the Cabinet approving this course, to get the Conventions signed.

In the course of the above discussion attention was drawn to a telegram from Sir Eyre Crowe, dated 17th November, 1919, stating that, regarding the contemplated cessions to Italy on the Western frontier of Egypt and in Jubaland, it had always been understood by the British Delegates in Paris that no definite cessions would be made except as part of the general arrangement, which would include the question of Asia Minor and the Adriatic, and expressing the hope that there would be no departure from this understanding; as otherwise Great Britain would be deprived of her most powerful and valuable lever in future bargaining with Italy.

THE SECRETARY OF STATE FOR FOREIGN AFFAIRS said that if we made certain concessions to Italy now, we could almost certainly obtain Italian recognition of our position in Egypt which, as the High Commissioner had recently urged, would be very valuable to us at the present moment.
ether considerations, however, might outweigh this; and it
was certainly the fact that we wanted something to bargain
with in the case, for instance, of Adalia. On the whole
he was disposed to think that we should press for a general
settlement later on. The Italians were continually extending
the venue. In the case of the Adriatic, for example, they
were now opening their mouths much wider. It was not now
merely a question of Fiume and a small strip of the coast;
they wanted the whole of Yugo-Slav Istria behind it. He
himself thought the only solution of this question was for the
Italians themselves to come to some agreement with Yugos-
slav. There were several good reasons for a settlement
now; Italy wanted to re-open the question of the Egyptian
frontier, she wanted a further extension of territory in
East Africa, and she wanted more in Abyssinia. He was to see
the Italian Ambassador that evening, and the interview would
give him the opportunity of taking whatever line his
colleagues might decide upon.

The Secretary of State for the Colonies reminded the
Conference that a special clause of the Treaty of London
of 1915 laid down that in the event of France and England
obtaining substantial conquests in Africa, Italy would be
entitled to equitable consideration; and in Paris certain
provisional agreements had been reached as to what was
equivalent. None of our arrangements in Paris, however,
in his view, had any international validity until they were
formally embodied in some legal instrument.

The Conference agreed:

That cessions to Italy, all of which arose out
of a single instrument, namely, the Treaty of
London should form part of a general arrangement
with that country, which would include Africa,
the Adriatic and Asia Minor,
and requested

The Foreign Secretary to inform the
Italian Ambassador and Sir Eyre Crowe
in the above sense.

2, Whitehall Gardens,
S. W. I
21st November, 1919.
Memorandum by the Secretary of State for the Colonies.

My life is rendered a burden to me by telegrams from the Dominions (generally addressed to the Prime Minister but referred to me to suggest a reply) clamouring for the issue of "Mandates" for the Pacific Islands, German South West Africa, etc., etc.

I fully realise the awkward position in which Australia, New Zealand and South Africa are all placed through having no formal authority to legislate for or otherwise deal with the territories assigned to them by resolutions of the "Supreme Council" in Paris. For my own part I am in quite the same kind of difficulty over East Africa. Almost every day some problem arises which requires for its solution, that we should know whether we have or have not the authority of a Mandatory Power over that country.

All the spade-work necessary for the issue of Mandates has been laboriously done. The conditions to be imposed on Mandatories of the B and C classes have been approved by the "Supreme Council", and, except in the case of Togo and Camerons, with respect to which there is a hitch — France being unwilling to accept her share of these Colonies under the normal "B" Mandate — there is no substantial reason why Mandates for all the territories, whose destiny has been decided by the "Supreme Council", should not issue any day.

But there is a difficulty of form. The Treaty with Germany vests the Colonies given up by her in the Principal Allied and Associated Powers. It may be urged that, until the Treaty is brought into force by the deposit of the necessary number of ratifications, this vesting is not complete and therefore these Powers have as yet no right to dispose of the Colonies. But this argument opens up a long vista of further uncertainty. The coming into force of the Treaty is being delayed from week to week and from month to month. The action of America may lead to a great deal more delay. He would be a bold man, who ventured to assert that the Treaty will come into force this year or that the settlement, which it is intended to effect, will not have begun to crumble away before the coping stone has been put upon the edifice.

And again, even if the Treaty does come into force this year, but America stands aside, it may be argued that, while America cannot concur in the issue of Mandates under the Treaty because she is not a party to it, the four other Powers cannot dispose of the ceded Colonies without American concurrence.

I can see no way out of all this tangle, in which we have now been living for months, except to get away from technicalities and take immediate action based on the substantial merits of the case. I therefore suggest that in every case where (1) a particular ex-German Colony has been assigned to X as mandatory by a unanimous resolution of the "Supreme
"Supreme Council" and (2) X is prepared to accept the Mandate under the conditions unanimously agreed to by the Council, the Powers should now be asked to issue a Mandate to X without delay and without waiting for the deposit of ratifications. Germany has by ratifying the Treaty given up all claim to those Colonies. The Principal Allied Powers have already pledged themselves to deal with them in a particular way. Why not give effect to that pledge at once, instead of leaving the Administration of these territories, whose ultimate destination is certain, in a prolonged welter of indeterminateness and of temporary and provisional arrangements?

The invitation to do this should be addressed to the Great Powers represented at Paris before the present Conference breaks up. Even if America, in view of the uncertainty of her adhesion to the Peace Treaty, did not care to join in the issue of Mandates at the present time, I see no reason why the other Principal Allied and Associated Powers should not execute the necessary documents, leaving it to America to become a party to them if or when she was so minded.

(Initialled) M.

19th November, 1919.
CONCLUSIONS of a Conference held in Mr. Bonar Law's Room, at the House of Commons, S.W. 1, on Friday, November 21st, 1919, at 11 a.m.

PRESENT.

The Prime Minister (In the Chair).

The Rt. Hon. A. Bonar Law, M.P.,
Lord Privy Seal.

The Rt. Hon. A.C. Geddes,
K.C.B., M.P., President of the Board of Trade.

The Rt. Hon. Sir Robert Horne,
K.B.E., K.C., M.P., Minister of Labour.

Mr. A.R. Duncan, Coal Controller.

Mr. Stanley Baldwin, M.P.,
Financial Secretary,
Treasury.

Mr. T. St. Q. Hill ............... Assistant Secretary.
In accordance with a decision of the Cabinet, reached at a Meeting on the previous day (Cabinet 3 (19), Conclusion 7), the Conference met to consider the question of the Price of Coal.

The President of the Board of Trade gave a brief review of the events which led up to the 6/- increase in the price of coal, and reminded the Conference that during the Debate on the subject in the House of Commons the Government undertook to reduce the price of coal if the output exceeded the estimated figure of 217,000,000 tons for 1919. The present position was that the output for the whole period since the 6/- increase had been under the rate of 217,000,000 tons, so that if the Government regarded merely the letter of their undertaking they were not bound in any way to reduce the price of coal. It was his opinion, however, that if the undertaking were interpreted in the spirit and not in the letter, some reduction would have to be made. The reason was that larger quantities of coal had been exported at far greater prices than had ever been expected. These coal exports had provided a big profit, taking the industry as a whole, although the coal used for household purposes and industry in this country was being sold on an average at less than cost price. In effect, industrial and household coal was being subsidised out of the large profits made by export coal.

The objection to an all-round reduction in the price of coal was that the inland collieries who were not exporting would cease to pay their way, and would claim financial support from the Government. He was of opinion that industry as a whole, with the possible exception of the iron and steel industries, could very well afford to pay 5/- a ton more for coal than they were doing at present. The profits being made by industries were enormous, and he thought it was unsound to increase those profits out of temporary profits of certain coal-mines when the result
would be that many inland coal-mines would cease to pay. He desired to suggest that the profits made on export coal should be employed to effect a reduction in the price of domestic coal and coal used by public utility companies for the production of household gas and electric light, but that there should be no reduction in the price of industrial coal. It would be far easier to administer this limited reduction than a reduction over the output of the whole industry.

As regards bunker coal, this was sold at world-prices, except in the case of the United Kingdom coastwise trade. This trade was allowed to purchase coal at prices which, although less than world-prices, were still very high. He thought that it would be advisable to reduce the price of coastwise bunkers, as such a reduction would diminish the amount of the subsidy at present being paid to coastwise shipping by the Ministry of Transport under the scheme for diverting traffic from the railways to the coasting trade. As regards foreign-going ships, he understood that in the previous week bunkers cost from 105/- to 107/- per ton, as compared with 10/- per ton pre-war rates. This enormous increase in price naturally raised the cost of goods, and made it very difficult for a large number of liners to pay their way. The Shipping Controller feared that he would have to call on the Treasury to make good the difference between the Blue-Book Rates (which were based on an assumed rate of 35/- per ton for cost of coal) and the actual cost of running to shipowners. On the whole, he thought that the House of Commons might be informed that the output of coal is rising so much that action would be taken on the following lines:-

(i) The price of domestic coal would be reduced by 10/- a ton, and a similar reduction would be made in the price of coal used for the production of household gas and electricity;

(ii) The price of coastwise bunkers would be reduced:
(iii) The price of bunkers for foreign-going ships would be reduced in cases where the ships had been chartered or requisitioned by the British Government.

A general discussion followed, during the course of which it was agreed that, while the letter of the Governments undertaking in July did not call for any reduction in the price of coal, the spirit of that undertaking did require a reduction. It was also pointed out that the miners would undoubtedly point to that undertaking and accuse the Government of making huge profits out of the 6/- increase. The increase had been required to make coal pay its way, and in the face of the profit on export coal it could not be maintained.

The Conference decided:—

(a) That a statement should be made in the House of Commons to the effect that the position in the coal-mining industry had so improved that a reduction could now be made in the price of the following varieties of coal:

(i) Domestic coal and coal used for the production of household gas and electricity — a reduction of 10/- a ton;

(ii) Coastwise bunkers — a sufficient reduction to neutralise the subsidy now being paid to the coasting trade;

(iii) Foreign-going bunkers — a reduction in the case of bunkers supplied to ships chartered or requisitioned by the British Government.

The statement should make it clear that the Government had thought it well to reduce the price of coal in cases where the reduction would have the most direct effect on the cost of living, but that in the Government's opinion it was not possible to reduce the price of all coal consumed in the United Kingdom.

(b) That the export of coal should be limited, in order to prevent foreign countries from denuding this country of coal supplies;

(c) That coalowners' profits should be limited;

(d) That there should be a strict limitation on the domestic use of coal;

(e) That a scheme should be prepared to make each coal-producing district self-supporting, so as to eliminate the present discrepancy between profits in different areas.
That the preference which is at present being given to Allies importing British coal should not be abolished.

That, so far as possible, Italy should be given favourable treatment in regard to imports of British coal, and that if the Government were attacked on the ground that excessive profits on coal exports were being made at the expense of the Allies, the reply should be that a preference over other countries is given to Allied countries importing British coal.

2 Whitehall Gardens, S.W.1.

November 21, 1919.
SECRET

CABINET II (13).

CONSIDERATIONS of a Meeting held at 10, Downing Street, S.W.1, on MONDAY, DECEMBER 9, 1919, at 11.30 a.m.

The Prime Minister (in the Chair).

The Right Hon. A. Balfour, M.P., Lord Privy Seal.

The Right Hon. A. Chamberlain, M.P., Chancellor of the Exchequer.


The Right Hon. W. Churchill, M.P., Secretary of State for War and Air.


The Right Hon. J. B. Macpherson, M.P., Chief Secretary for Ireland.

The Right Hon. C. Addison, M.P., M.P., Minister of Health.


The Right Hon. Sir Auckland Geddes, K.C.S.I., M.P., President of the Board of Trade.

The Right Hon. H. A. L. Fisher, M.P., President of the Board of Education.

The Right Hon. the Lord Lisieux, C.B., K.C.B., President of the Board of Agriculture and Fisheries.

The following were also present:

The Right Hon. Sir W. Worthington-Evans, M.P., Minister of Pensions.


Mr C. A. McCarthy, K.C.M.G., Parliamentary Secretary, Ministry of Food.

Light—Colonel Sir M. A. Hankey, C.C.B., Secretary.
(1) The Cabinet had before them a Note by the Chancellor of the Exchequer covering a Memorandum on the proposals of the Old Age Pensions Committee prepared by Mr. Miller, of the Treasury, who was Secretary to the Committee (Paper 0.-204). Mr. Miller was present during a portion of the meeting to answer questions put to him by the Cabinet.

It was pointed out that the most moderate of the proposals of the Departmental Committee, which had formed the subject of Mr. Miller's Memorandum, involved an increased expenditure of £14,350,000 over present expenditure. Other proposals were now before the Cabinet for increased expenditure in connection with Health Insurance and Unemployment Insurance, both of which would cost large sums. Finally, the finance of the Irish Policy of the Government would also involve from £5,000,000 to £5,000,000 a year additional expenditure. These large sums could only be raised by means of additional taxation, and would probably involve an increase in the Income Tax. Public opinion, it was suggested, would not stand this. The present state of the Foreign Exchanges was very bad, and this could not be improved until it was possible to fund the Floating Debt. This, however, could not be achieved until we ceased to borrow on revenue account. Even the borrowing for Housing Policy would be very difficult. All this made additional taxation undesirable to the last degree. It was suggested that the proper course was for the Government to tell Parliament that they could not take the responsibility of re-examining the adoption of the Committee's proposals.

It was generally accepted, however, that if the question were left to the judgment of the House of Commons, as in the case of the cessation of Out-of-work Pension, the House would probably accept the proposals of the Committee.
The pressure from the constituencies would be so strong that only the greatest insistence on the part of the Government could induce the House to reject these proposals. Moreover, whereas on merits the case against the renewal of the Out-of-Work Donation had been strong, the case against the Committee's Old Age Pensions proposals on merits was weak. It was pointed out that when the increased cost of living was recognised by an all-round rise in wages, when many manufacturers were making huge profits, and when the national revenue was being collected on the basis of the present lower value of money, it would be very ungenerous to refuse to make a proportionate increase in the pensions of the most needy part of the population.

The Cabinet were reminded, however, that when Old Age Pensions were introduced it had never been expected that they would suffice as the sole means of subsistence of individuals. It had rather been hoped that the Pension might enable two persons, by combining resources, to eke out their existence, and that by means of the Pension old people would be welcome guests in the families of their relations. With the exception of Germany, no other country had Old Age Pensions at all. If the Pension was raised from its present war rates of 7s. 6d. to 10/-, which would be double the pre-war pension, it would probably never be practicable to lower it. It was not anticipated, however, that the cost of living would always remain at double the pre-war rates, and very likely 7s. 6d. would be a reasonable increase on the original 5/- when rates of living reached the normal.

Various suggestions were made towards a less costly scheme than that proposed by the Committee. It was suggested, for example, that some temporary increases might be
given, or that the increase should apply only to persons in receipt of the full Old Age Pension. It was pointed out that a considerable part of the money would be paid to Ireland where the cost of living had not risen to anything like the same extent as in Great Britain, and it was suggested that this might be taken into account in connection with the finance of the Government's Irish Policy.

Without approving the proposals of the Departmental Committee, the Cabinet agreed —

(a) That some increase in Old Age Pensions was necessary,

(b) That a Cabinet Committee, composed of —

- The Chancellor of the Exchequer,
- The Minister of Health,
- The Minister of Pensions,

should examine the question with a view to finding some equitable scheme which would be less costly than the proposals of the Departmental Committee;

(c) That the Lord Privy Seal should reply to questions in the House of Commons on this subject in the sense that the Government found the proposals of the committee would involve extra taxation and were examining further into the question.

AND VALUES DUTIES.

(2) With reference to War Cabinet 577, Minute 5, the attention of the Cabinet was drawn to the present position of the Select Committee of the House of Commons on the subject of Land Values Duties.

It was reported that the Chairman of the Committee, Mr. Beak, M.P., had written a letter to the Prime Minister in which he had pointed out that the Committee had reached an agreement. Mr. Haffer and the Labour Members on the Committee had wished to place before the Committee new proposals in regard to land taxation. The former Chairman of the Committee, the late Sir Thomas Whittaker, had decided that this was outside the Committee's Terms of Reference. The officials...
of the House of Commons had been appealed to and had given the same opinion as the Chairman. Mr. Rafton and the Labour Members had then stated that they would withdraw from the Committee unless they were allowed to raise these proposals. Captain Eyreman and certain other members of the Committee had then stated that if the proposals were made they would retire from the Committee.

The attention of the Cabinet was drawn to the latitude allowed by the Terms of Reference, which invited the Committee to make recommendations in regard to the retention, alteration, or repeal of the Land Values Duties. It was suggested that, by a judicious interpretation of the term "alteration", considerable scope would be given to the Committee.

The cabinet agreed —

That the Lord Privy Seal should sec Mr. Beak, and endeavour to arrange with him some method by which the Committee could continue its work.

ED T SUPPLIES. (8) With reference to Conclusion 2 of a Conference held on November 28, 1919, the Cabinet had before them the Report of a Conference on the Meat Situation (Paper C.P. 232), which contained the following recommendations:

(i) That all control of meat should be abolished at an early date.

It was thought by the Ministry of Food that it would be impossible to remove the control before December 31st, but the President of the Board of Trade was anxious that an earlier date should be decided upon, if possible.

(ii) That a scheme of compensation acceptable to the farmers should be arranged with them.

(iii) That all export restrictions on livestock (excluding milk, eggs) and meat (including canned and preserved meat) should be removed excepting the restrictions on bacon, with regard to which the Ministry of Food was unable to give an immediate opinion, but which they undertook to have examined.
In addition, the Cabinet had before them a Memorandum by the Food Controller (Paper G.F.-354).

The Cabinet were agreed unanimously in the principle of de-control.

The discussion centred, therefore, upon the proposal of the Committee for a scheme of compensation to the farmers.

It was pointed out that after March 31st, this could not be carried out without the authority of the House of Commons, where it would be very difficult to carry it. Compensation would make the farming interest unpopular in the House. Yet, if meat control was maintained, it was pointed out that its object would be to keep prices high for the benefit of the farmer, in contradiction to the original object in establishing a Food Ministry, which was, to keep prices down for the benefit of the consumer. It was stated that in normal times there were two parallel markets for meat. The higher grades were sold to those who could pay for them, and the lower grades, which included imported meat, to the poorer classes. It was explained that an announcement posted up in all the principal markets by the Ministry of Food in regard to the prices of cattle, had been interpreted by farmers in all parts of the United Kingdom as tantamount to a guarantee by the Government to purchase their fat stock of the first, second and third grades. Nevertheless, it was stated that at the time of its issue the Ministry of Food had anticipated that there would be a market for every head of cattle in the first three grades that the farmers could bring to market, and it was asserted that the farmers had ground for their belief. If the control was removed and the prices fell, the farmers would lose all faith in
Government guarantees. The actual effect of removing control, it was alleged, would be that the prices of the highest grades of cattle would rise, while those of the lower grades would fall.

It was stated that the farmers were only bringing to market 75 per cent. of the cattle that had been brought in before the War, and it was suggested that if an undertaking was given to place on the market only 75 per cent. of the imported meat placed on the market before the War, the farmers might be willing to forego control without compensation. This, however, could only be effected by continuing the control of imported meat, and it was stated that administratively this was extremely difficult.

The Cabinet agreed—

(a) That, as the President of the Board of Agriculture and Fisheries had to meet the Farmers' Advisory Council on Tuesday afternoon, the subject should be taken up at a Conference on the following morning:

(b) That, in the meantime, the Food Controller should consider the possibility of retaining the control of home-produced meat, while removing for the present the control of imported meat.

E, Whitehall Gardens, S.W.1,

December 5, 1918.

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CONCLUSIONS of a Meeting held at 10, Downing Street, S.W.1, on WEDNESDAY, DECEMBER 10, 1919, at 11.30 a.m.

FRONT:

The Prime Minister, (in the Chair).

The Right Hon. A. Bonar Law, M.P.,
Lord Privy Seal.

The Right Hon. A. Chamberlain, M.P., Chancellor of the Exchequer.


The Right Hon. R. Montagu, M.P., Secretary of State for India.


The Right Hon. R. Munro, K.C., M.P., Secretary for Scotland.

The Right Hon. G. Addison, M.P., Minister of Health.

The Right Hon. Sir A. Geddes, K.C.B., M.P., President of the Board of Trade.

The Right Hon. Lord Lee of Fareham, President of the Board of Agriculture and Fisheries.

The following were also present:-
(1) The Cabinet was informed that the King had expressed a desire that the speech for the Prorogation of Parliament should be ready for His Majesty's consideration not later than Saturday, December 30th.

Attention was drawn to the fact that the usual phraseology employed at the outset of the King's Speech was "My Lords and Gentlemen"; and in the portion relating to the House of Commons, "Gentlemen of the House of Commons". The recent election of a lady Member of Parliament would necessitate some alteration in these terms.

The Cabinet agreed —

That in the draft submitted to the King, the phrase "Members of the House of Commons" should be employed instead of "Gentlemen of the House of Commons".

(2) The Prime Minister expressed the congratulations of his colleagues and himself to the Secretary of State for India for his skilful and successful conduct of the Government of India Bill through the House of Commons.
(3) The Prime Minister stated that, in view of the fact that the Government of India Bill would probably become law before the Prorogation of Parliament, it was proposed that the King should be asked to send a message to the People of India in regard to the character of the Bill. The question had been raised as to the desirability of the Indian Legislatures being opened by the Prince of Wales in person. The King had expressed his approval of the proposal, and the Prince of Wales was willing to undertake the mission. If the Cabinet agreed, it had been proposed that the King should be asked to mention this in His Majesty's Message. The Prince of Wales proposed to make a tour of the British Self-governing Dominions during 1920, and the suggestion was that after his return to England he should, during the winter of 1920-21, visit India for the purpose of opening the Legislatures.

The Cabinet agreed —

(a) That the opening of the Indian Legislatures by the Prince of Wales in person was eminently desirable, and would have an admirable effect in India;

(b) That the Secretary of State for India, in presenting to His Majesty the draft of a statement by the King to the People of India, should refer to this proposal;

(c) That the Secretary of State for India should also include in the draft of the King’s Message some expression of confidence that the People of India would await the measures for giving effect to the Government of India Act in tranquility and without any disturbance of the peace.

(4) With reference to Cabinet 8 (19), Conclusion 6, the attention of the Cabinet was drawn to a proposal that Housing Bonds should become Trustee Securities, which proposal was coming before the House of Commons, in Committee, the same afternoon.
The question had been referred to the Lord High Chancellor, who was the constitutional authority for deciding what securities were to be reckoned as trustee securities, and the Lord Chancellor had referred it to a meeting of the Chancery Judges. A letter which had been received by the Lord Chancellor was read to the Cabinet, in which it was stated that the Chancery Judges were unanimously against the proposal (Appendix I). Attention was drawn to the last paragraph of the letter, where it was stated that the Chancery Judges had no objection to mortgage loans, raised by authorities who already have power to issue stock ranking as a trustee security, being constituted trustee securities.

In this connection it was pointed out that the Housing Bonds would practically have the guarantee of the State behind them, since, beyond the 1d. rate, the whole financial responsibility for the Housing Scheme fell on the State.

The Lord Chancellor explained that, in view of the statements which had been made to him by the Chancellor of the Exchequer and the Minister of Health, he did not feel justified in opposing the proposal.

The Cabinet agreed —

That, while the greatest respect was due to the opinion of the Chancery Judges, in view of the fact that the Chancellor of the Exchequer and the Minister of Health could see no other satisfactory way of financing the Housing Policy, and that the Lord Chancellor did not offer objection, the Government should ask the House of Commons to adopt the proposal that Housing Bonds, as well as Mortgage Loans, should be included among Trustee Securities.

With reference to Cabinet 9 (13), Appendix, the Prime Minister drew the attention of his colleagues to the importance of the work of the Supply and Transport Committee. At the present time the country was faced with the possibility of two strikes. If the negotiations in regard to the
railwaymen's wages should not be concluded by December 31st. There was the possibility of a railway strike. There was also the possibility of a strike on the question of nationalisation of the mines. There was considerable difference of opinion in the Labour Party on this question. One section of the Party advocated Parliamentary action, but the other section favoured direct action, and in a recent speech Mr Smillie had clearly shown that he did not believe in Parliamentary action. There was some danger that a strike on the question of nationalisation might be precipitated in early Spring. We therefore earnestly requested the Ministers at the head of the Departments concerned to give their close attention to the work of this Committee.

The Minister of Transport asked the Cabinet to take note that if a strike occurred the Government were in an infinitely worse position than in the case of the recent Railway Strike. The civilian Departments concerned had done their best to help the Committee, but the representatives of the Fighting Services had informed the Committee that they could give but little help. For example, the General Staff looked to the Minister of Transport to undertake the responsibility for moving troops, but if the railways were not available the Minister of Transport had no motor lorries or other means of transport available. The Chief of the Air Staff had informed him that he had not the means for maintaining wireless communication.

The Secretary of State for War stated that he had already given instructions to his Department to do their utmost to assist the Supply and Transport Committee, and the First-Lord of the Admiralty said that the Admiralty could give the same assistance as before, but that this did not amount to very much.
After some further discussion —

(a) The Prime Minister, on behalf of the Cabinet, invited the Secretary of State for War and Air, and the First Lord of the Admiralty, to associate themselves personally in the work of the Supply and Transport Committee, with a view to a report, to be made on their joint responsibility, to the Cabinet as to the position in the event of a possible strike.

(b) The Secretary of State for War undertook to give the Prime Minister a paper regarding the number of troops which would be in Great Britain and Ireland respectively in March and April, 1920.

(6) The attention of the Cabinet was called to a letter dated November 29, 1919, which had been addressed by Sir Maurice Hankey to all Departments, on the subject of the staffs of Government Departments, and which had appeared in full in "The Daily Mail" of December 5th.

It was pointed out that the version as published in "The Daily Mail" was not identical with the original letter. There had been certain slight discrepancies, and one or two sentences or portions of sentences had been omitted, giving the impression that it had been hastily copied.

The suggestion was made that action might be taken, under the Defence of the Realm Act, to compel the Editor to divulge the source of his information, but some doubts were expressed as to whether this could be done unless it could be alleged that the safety of the Realm had been endangered.

The Cabinet agreed —

That the Secretary should obtain an Opinion from the Law Officers of the Crown on the subject.

(7) With reference to Cabinet 2 (19), Conclusion 2, attention was drawn to a further leakage of information regarding the proceedings of the Cabinet Committee on Ireland.
which had appeared in "The Daily Mail" of December 5th. The article referred to, which was furnished by the Political Correspondent of "The Daily Mail", had contained a good deal of detail and had actually stated the views expressed by certain named members of the Committee. No minutes had been kept of this meeting, and the information, if correct, could only have been obtained from persons present.

It was pointed out that "The Daily Mail" report was only partially accurate.

(9) Attention was called to a leakage, which had occurred in the Irish " Freeman's Journal", of a very important decision taken by a Cabinet Conference on December 2nd, relating to the apprehension of certain malefactors and suspected persons. The carrying out of this decision required prompt action and secrecy, and, owing to this leakage, the Police had been unable to carry out their instructions.

(10) With reference to Cabinet 10 (19), Conclusion 4, the Cabinet had before them a draft of a Bill to amend the provision for the Government of Ireland (Paper C.P.-286).

(10) With reference to Cabinet 10 (19), Conclusion 4, there was some further discussion as to the ultimate aim of the Government's policy. It was pointed out that the Bill appeared to have been drafted on the assumption that this ultimate aim was a united Ireland with a single Parliament of its own. Those who were life-long Unionists would naturally prefer that there should not be a single Parliament.

The Cabinet were reminded, however, that one of the principal aims of the Government's policy was to produce a good effect in the Self-governing Dominions, as well as in
the United States of America and other foreign countries. This object, it was maintained, could not be achieved by anything short of a measure which paved the way for a single Irish Parliament if and when both the North and South of Ireland were willing to accept it.

The general trend of opinion in the Cabinet was in favour of adhering to the lines on which the Bill is at present drafted.

(Mr. Halfpenny asked that it might be placed on record that he was not in agreement with this view.)

The Representation of Ireland in the House of Commons.

Clause 16.

Attention was drawn to the provisions of Clause 16, whereby Ireland would be represented in the House of Commons by 63 Members who would not be entitled to vote on any Bill not affecting Ireland. It was explained that the Speaker would be the judge of what questions did or did not affect Ireland.

It was pointed out that the Irish Members would probably be allowed to vote on many questions, such as, for example, Nationalisation of Mines or Railways, which vitally affected the whole course of domestic policy in Great Britain. The practical effect of this might be to give Ireland a decisive voice in our domestic policy. It was suggested that this was a reason for cutting down the representation of Ireland in the House of Commons within the narrowest possible limits.

It was pointed out that Ulster claimed to remain for all purposes an integral part of the United Kingdom, and on this ground it was probable that Ulster would strongly resist either any proposal for reducing her representation in Imperial Parliament, or the "in-and-out" provision for Irish Members.
The "in-and-out" proposal was also criticised on the ground that no government would possess a stable majority in the House of Commons, since this majority would vary on each question, according as the Irish representatives were "in" or "out".

As regards Ulster's objection to the reduction in the number of Irish Members, it was suggested that if the Parliaments of the South of Ireland and the North of Ireland were regarded as part of an eventual federal system, they might each be treated as a unit, and, in this case, Ulster might be given an equal number of representatives to the South of Ireland. The Bill already treated the two Parliaments as units so far as concerned the Council of Ireland, in which each Parliament was to have equal representation. This suggestion, however, was rejected on the ground that it would furnish an undesirable precedent as regards the representation of Ireland in any federal scheme.

After some further discussion the Cabinet agreed --

(a) That, subject to the result of an interview which the Prime Minister intended to have with the Irish Members of the Government, Clause 15 of the Bill should be amended so as to reduce the number of Irish Members provided for in the Imperial Parliament to 45, the "in-and-out" portion of the Clause being retained;

(b) That the Government should be prepared to re-consider the whole Clause when they had ascertained the general opinion of the House of Commons on the question.

(12) With reference to Cabinet 10 (19), Conclusion 5, during the discussion referred to in the previous Conclusion the questions were again raised either of leaving the Six Counties out of the scheme, or of limiting the Parliament of Northern Ulster to the Six Counties.

It was stated that the trend of opinion among responsible Ulster politicians was in favour of limiting the
scheme to the Six Counties, since the idea of governing the three Ulster Counties which had a Nationalist majority was not relished.

The administrative and other reasons against the proposal either to exclude the Six Counties or to limit the Parliament for Northern Ireland to them, were again mentioned and reinforced.

It was further pointed out that the Bill in its present form possessed the advantage of fitting into any scheme for the establishment of a federal system in the United Kingdom, should such a scheme ever be adopted.

Subject to possible further consideration in the light of anything that the Ulster Members might have to say when seen (as proposed) by Members of the Government, the general view was against any alteration of the Bill in this respect.

(13) It was suggested that the administrative difficulties in regard to the exclusion of Ulster, which were at present regarded as almost insurmountable, might possibly be overcome by proposals emanating from Ulster itself. It was suggested, therefore, that provision should be made in the Bill to enable Ulster to propound such a scheme and to give its separate Parliament.

It was generally felt, however, that this would contravene the principles aimed at in the Bill.

The suggestion was made that, in the draft Bill, the term "Ulster" should be substituted for "Northern Ireland". In support of this it was pointed out that the constant reference to Parliaments for Northern Ireland and Southern Ireland and a possible Parliament for the whole of Ireland were very confusing, while the change would be acceptable to the people of Ulster.
It was explained, however, that the terms "Northern Ireland" and "Southern Ireland" had been adopted deliberately in order, if possible, to escape from the terms associated with the old and long-protracted controversy.

It was agreed —

To adhere to the phraseology employed in the draft Bill.

(15) Attention was drawn to the last sentence of Article 4(1)(3), which, it was explained, was intended to prevent the Imperial Parliament from imposing compulsory military service on Ireland without the consent of the local legislatures.

It was agreed —

That Clause 4 must be amended so as to remove the restrictions on the power of Imperial Parliament to legislate for compulsory military service in Ireland.

(15) Attention was drawn to the fact that the Committee had originally included Employment Exchanges and Unemployment Insurance among the reserved services. The reservation of these services had, however, been dropped in the present Bill. This would cause great difficulties, as there was very close association between certain parts of Ireland and certain parts of Great Britain in the question of employment. For example, the Belfast Employment Exchanges worked in very close association with the Clyde, and the same was true of Belfast and Dublin. Moreover, the Trades Unions were intimately connected.

Against this it was urged that one of the principal difficulties the Government had to meet in Labour questions was that rates of Unemployment Insurance, etc., had to be fixed on a British standard and were grossly extravagant when applied to Ireland.
The Cabinet agreed —

(17) The Cabinet invited the Cabinet Committee on Ireland to examine the Bill in the closest detail before its introduction in Parliament.

(18) With reference to Cabinet 10 (13), Conclusion 17, Appendix II (7), the Cabinet had before them a Memorandum by Sir Hamar Greenwood on the subject of the Draft Agreement with the French Government on Petroleum matters (Paper C.P.-259).

It was stated that this Agreement, which had been repudiated by the Prime Minister and M. Clemenceau when it was on the point of being concluded, was now considered as desirable by all the Government Departments concerned. The effect of it would be to give to the French a 20 per cent. holding in a Company to work the oil in Mesopotamia, while it would leave the whole control definitely in British hands.

The urgency of the question lay in the fact that, unless it was concluded at once, there was a danger, owing to the activities of the Standard Oil Company, that the French might associate themselves with American oil interests instead of working, as it were, as a junior partner with British oil interests. By means of Agreements, of which this was a part, it was hoped to secure that British interests, instead of Dutch, should control the powerful Royal Dutch Shell Combine, and this was a matter of the utmost importance.

It was explained, however, that the moment was not very opportune for finally concluding this Agreement, which was closely connected with conversations about to be entered upon by the Prime Minister with M. Clemenceau. Further, as
the Agreement had been rejected by the Prime Minister and N. Clemenceau, it was only they who could restore it.

The Prime Minister undertook, in his conversations with N. Clemenceau, to bear in mind the view of the Departments concerned, that the Agreement was a favourable one to this country. If the conversations took a turn justifying him in resuscitating the Agreement, he would not neglect to do so.

(19) With reference to Cabinet 10 (19), Conclusion 17, Appendix II (?), the Cabinet had before them a Memorandum by Sir Harold Greenwood dealing with the export of oil from South Russia (Paper C.F.—559).

It was explained that the Shell Company were anxious to obtain the permission of the British Government to take steps to bring the oil from Baku and Grozny to this country. The Shell Company owned all the oil-producing wells in these districts. A very large quantity of oil was available which was actually the property of the Shell Company.

A proposal that a British Major-General should be sent to Batum to negotiate on behalf of the Shell Company was not pressed. It was pointed out that for political reasons this proposal was undesirable.

It was further pointed out that the question was not merely one of securing oil for this country, which was admitted to be of great importance, but was also of great political significance. The oil pipeline from Baku to Batum ran through four States, namely, Azerbaijan, the Armenian State, Georgia and Batum, while the railway from Grozny to Novorossiisk ran through General Denikin's territory.

It was agreed —

That, subject to further enquiry by the Secretary of State for Foreign Affairs into the political aspects of the question, Sir Harold Greenwood should authorise the Shell Company to take steps to obtain the oil in South Russia and Trans-Caucasia.

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(20) The Cabinet took note and approved the introduction in the House of Commons of a Bill to amend the Anglo-Persian Oil Company (Acquisition of Capital) Act, 1914.

(21) The Cabinet took note of the Conclusions of the following Conferences of Ministers:

- Conference of Ministers held on November 26, 1919 (Appendix II):
- Conference of Ministers held on November 28, 1919 (Appendix III):
- Conference of Ministers held on December 2, 1919 (Appendix IV):
- Conference of Ministers held on December 5, 1919 (Appendix V):
- Conference of Ministers held on December 9, 1919 (Appendix VI):

3, Whitehall Gardens, S.W.1.
December 10, 1919.
The Royal Courts of Justice.
4th December, 1919.

My dear Schuster,

We had a meeting of the Chancery Judges yesterday afternoon whereat we fully considered your letter of the 28th ult and its enclosure, supplemented by the memoranda which appeared in yesterday's Times.

We are unanimously of opinion that the proposed Local Bonds should not be constituted a trustee security. It appears to be contemplated that all local authorities - rural and urban and as well those whose mortgage loans would not be trustee securities as those whose loans are trustee securities - should be authorized to issue these bonds. We consider the security would in many cases fall below the standard properly required for trustee investments. Further, inasmuch as the supply is to be continuous, there would be no market for realization except at a discount. We find by experience that facility of realization for purposes of distribution is almost as important for trustee securities as safety and you are no doubt aware that it was this realizability (if I may use so hideous a word) which in times past largely influenced the Court of Chancery in its preference for Consols above any other investment for funds in Court.

We see no objection to mortgage loans raised by authorities who have power to issue stock ranking as a trustee security being constituted trustee securities.

I remain,

Yours sincerely,

(sgd) Harry T. Eve.
SECRET.

CONCLUSIONS of a Conference
held at 10, Downing Street, S.W.1.,
on Tuesday, November 25th, 1919,
at 12 NOON.

PRESENT:-

The Right Hon. A. Bonar Law, M.P., (in the Chair).
The Right Hon. A. Chamberlain, M.P., Chancellor of the Exchequer.
The Right Hon. E. S. Montagu, M.P., Secretary of State for India (for Item 5).
The Right Hon. W. S. Churchill, M.P., Secretary of State for War & Air.

THE FOLLOWING WERE ALSO PRESENT:-

The Right Hon. Lord Inverforth, Minister of Munitions (for conclusions 1 and 6).

Lieutenant-Colonel Sir M. F. A. Hankey, G.C.B. Assistant Secretary.
Lieutenant-Colonel L. Storr, C.B. Assistant Secretary.
Mr. T. St. Quintin Hill Assistant Secretary.
Mr. P. Wicks Assistant Secretary.
(1) With reference to War Cabinet 209, Minute 1 (f), the
APPLEBY IRON COMPANY. Conference had under consideration a Memorandum by the Minister of Munitions (Paper C.P.-133) regarding the agreement which had been entered into with the Appleby Iron Company in September, 1917.

It was generally agreed that, while on the face of it the Government could not legally refuse to pay the claims of the Company, they had every moral right to evade fulfilling the contract if possible, as such fulfilment would amount to the payment of £2,600,000 to the Company in return of nothing. Doubts were expressed as to whether the legal position had been sufficiently explored, and it was suggested that further examination of the contract by the Law Officers was desirable.

The Conference decided:

That the Law Officers should be asked to consider afresh the whole question of the contract with the Appleby Iron Company, and to advise whether, in their opinion, it was so drawn that nothing short of the terms proposed by the Minister of Munitions was possible. In particular the Law Officers should be invited to consider whether the Minister of Munitions was bound to award anything under the terms of paragraph 3 of the letter of September 21st, 1917, from the Ministry of Munitions to the Appleby Iron Company, if he thought that the Company was otherwise sufficiently rewarded or compensated.

(2) The Conference had under consideration a Joint Memorandum by the Chancellor of the Exchequer and the Financial Secretary to the Treasury (Paper F.C.-28) regarding Financial Resolutions to Bills.

It was explained that it was difficult, now that many Bills were discussed in a Standing Committee of the House of Commons and not, as formerly, in a Committee of the Whole House, for the Government of the day to provide against the insertion in a Bill of amendments involving increased expenditure if the Financial Resolution under consideration was wide enough to permit such amendments.

The Conference decided:

(i) That in future all Financial Resolutions, like all Estimates, should be placed on the Paper in the name of the Financial Secretary to the Treasury, and that for this purpose Departments should be required to submit
the terms of their Resolutions to the Treasury for the approval of the Financial Secretary before they are placed on the Paper:

(i) That the Secretary to the Cabinet should communicate the above decision to all Government Departments.

(ii) That the Secretary to the Cabinet should communicate the above decision to all Government Departments.

(iii) That the Secretary to the Cabinet should communicate the above decision to all Government Departments.

(f) With reference to War Cabinet 593, Minute 1, regarding the distribution of the British War Medal, the Lord Privy Seal stated that he had received a letter from Sir Frederick Ponsonby referring to the divergence in procedure between the Navy and the Army in the grant of the Medal.

Some discussion ensued on the difficulties of uniformity of practice in the case of the Navy and the Army, and it appeared that, so far as the Army were concerned, distribution of the British War Medal to soldiers who had served abroad would not be completed before the expiration of four years. So far as the War Office was concerned, therefore, the question of extending distribution to those men who had not served abroad did not arise as an immediate issue.

The Conference decided:

(1) That the question of the distribution of the British War Medal to the Army should be kept distinct from that of its distribution to the Royal Navy:

(2) That the First Lord of the Admiralty should go into the matter and see if it were not possible to restrict the distribution of the Medal:

(3) That the practice of the Royal Air Force should follow that of the Army, except for minor differences in such cases as those of airmen who had ascended to attack enemy aircraft raiding this country, but who had not actually gone abroad for service.

(4) The Conference had under consideration the following documents on the question of the discharge of civilian subordinates of the Royal Air Force:

A Memorandum by the Secretary of State for Air (Paper C.P.-141),

A Minute from the Chancellor of the Exchequer to the Secretary of State for Air (Paper C.P.-169).

The Secretary of State for Air stated that he had
suggested the action outlined in his Memorandum of November 17th, because he was under the impression that the Cabinet had decided that, when the out-of-work donation ceased, there would be a slowing down of discharges from Government employment. At the moment, the civilian subordinates employed at Royal Air Force Depots were giving a great deal of trouble and were appealing to the Prime Minister, who had promised to visit Woolwich on Friday next. He thought that if these civilian employees were discharged, the result would be a great deal of agitation and trouble. As a set-off to their retention at Royal Air Force Depots, a scheme had been evolved for the release of unfit ex-service men. This scheme, if adopted, would result in a reduction of at least half of the extra cost incurred by the modification of the programme suggested in his Memorandum (Paper C.P. 141). Moreover, the retention of these men was desirable in itself as it would expedite the disposal of stores.

It was pointed out that the scheme for slowing down discharges from the Dockyards (Cabinet 4 (19)), Conclusion 1 (f)), was different from the proposals of the Secretary of State for Air, in that it was a very special remedy for an acute evil. It applied only to places such as the great Dockyard towns, where there were large and simultaneous discharges from the Navy, the Army, and from other Government employment, and where no alternative employment existed. The scheme was also conditional on men in Naval Dockyards agreeing to work short time and take less pay. As a matter of fact the scheme had been rejected by a majority of the men, and the question would have to come before the Cabinet again.

The Conference decided:

(i) That the discharges of civilian subordinates which were due to be carried out at Royal Air Force Depots should be suspended for the moment:

(ii) That the question of continuing such discharges in accordance with the standing programme should be settled by discussion between
the Chancellor of the exchequer and the Secretary of State for Air, after the question of the Dockyard discharges had been decided by the Cabinet and the Prime Minister had paid his visit to Woolwich.

(112) That the Secretary of State for Air should as far as possible, expedite the discharge of military employees at Royal Air Force Depots, with a view to substituting as permanent employees the civilian subordinates referred to in his Memorandum.

(5) With reference to War Cabinet 629 Minute 5 the Conference had before them a Memorandum by the Secretary of State for Air (Paper C.P. 63) on the question of an Air Route from Egypt to India, covering a Minute by the Chief of the Air Staff to the Chief of the Imperial General Staff asking that the War Office should give instructions to investigate and thoroughly to explore the question of establishing posts in Asia Minor on the lines indicated in the Memorandum.

It was suggested that, in view of the complications which might arise in Syria consequent on the withdrawal of the British troops, it would be desirable to postpone the matter. On the other hand, it was pointed out that all the Secretary of State for Air desired was authority to make a survey.

The Conference agreed --

That it was desirable that the matter should be settled, if possible, and requested the Secretary of State for Air to confer with the Secretary of State for Foreign Affairs, and take such action as might be agreed on between them.

(6) The Conference had under consideration a Memorandum by the Secretary of State for Foreign Affairs (Paper C.P. 173) regarding the gift of aircraft to Poland. It appeared that the offer which had been made to the Polish Government of certain aeroplanes was contrary to the decisions of the War Cabinet taken on October 16 and October 20, 1919 (War Cabinet 631, Minute 4, and War Cabinet 633, Minute 5), which stated that the stores to be given to Poland should be limited to
non-marketable munitions, and that any assistance from the War Office should form a contribution to an allied effort and not be an independent contribution. Moreover, negotiations were now on the point of conclusion between the Ministry of Munitions and a group of buyers for the sale of all aeroplanes and their engines which had been or would be declared surplus.

The Conference decided —

(i) That it would be undesirable to withdraw the offer made to the Irish Government;

(ii) That the Minister of Munitions should ascertain whether he could complete the negotiations referred to above, with the exception of the aeroplanes mentioned in the Foreign Office Memorandum (Paper C.P.179); and that, if this were not possible, he should refer the matter to the Cabinet.

2, Whitehall Gardens, S.W.1.
November 25, 1919.
CONCLUSIONS of a Conference held at
10, Downing Street, S.W.1, on Friday,
28th November, 1919, at 5.30 p.m.

PRESENT:

The Prime Minister (in the Chair)

The Rt. Hon. A. Bonar Law, M.P.,
Lord Privy Seal.

The Rt. Hon. J. I. Mackpherson, K.C.,
M.P., Chief Secretary for
Ireland.

The Rt. Hon. A. Chamberlain, M.P.,
Chancellor of the Exchequer.

The Rt. Hon. Sir A. C. Geddes,
K.C.B., M.P., President,
Board of Trade.

THE FOLLOWING WERE ALSO PRESENT:

The Rt. Hon. G. H. Roberts, M.P.,
Food Controller.

Sir H. Warren Fisher, K.C.B.,
Permanent Secretary, Treasury.

Mr. F. H. Goller, C.B., Permanent
Secretary, Ministry of Food.

Mr. C. A. McCurdy, K.C., M.I.
Parliamentary Secretary, Ministry
of Food.

Mr. Pembroke Wicks, Assistant
Secretary.

(1) The attention of the Conference was drawn, as a question of urgency, to objections raised by the Labour Party to an Order issued by the Irish Government for restricting the use of motor cars in Ireland. The object of this Order was to prevent the use of by Sinn Feiners of motor cars for raids.

The Conference agreed —

That the Order could not be revoked, but the Prime Minister stated that if the Labour Party agreed to take the responsibility for raising the question, he would not refuse to receive a Deputation.

(2) With reference to War Cabinet 635, Minute 6, the Conference had before them a Memorandum by the Food Controller (Paper C.F.-146) on the financial effects of the transactions of the Ministry of Food.

The Conference proceeded to consider the acute congestion of meat supplies owing to the heavy importation of frozen meat from Australia. It was estimated that up to June of next year there would be 75,000 tons a month of imported meat for disposal, of which the Army and Navy would consume 10,000 tons, leaving 65,000 tons for distribution. All cold storage was occupied. It was suggested, on the one hand, that the only way of clearing the accumulation was to restore complete freedom of sale by putting an end to control, including therein the system of compelling purchasers to buy only at the particular butcher with whom they were registered. It was pointed out, on the other hand, that the Ministry of Food were committed to the farmers to take home-grown meat at a guaranteed price, and that if large quantities of imported meat were released the Government would incur a liability to the farmers amounting to several millions in fulfilment of the guarantee. On the other hand, it was suggested that the Government had only committed themselves to take from farmers at a guaranteed price as much meat as was required for consumption. Against this it was urged that it would be impossible to ask the...
farmers to submit to de-control at the present time after they had made their arrangements for the season, if at the same time the market was to be broken by a flood of imported meat. It was pointed out, however, that the present consumption of meat was down to 25,000 tons a week as compared with a normal pre-war consumption of 30,000, and that if consumption were increased by 5,000 tons a week it would help to relieve the congestion. Objection was raised to the complete removal of restrictions and the stimulation of consumption to the pre-war rate, on the ground, that if the present accumulations were disposed of there would be a very serious world shortage in the following autumn, and it was considered that the crux of the problem was in fact a deficiency of cold storage, which it was impossible to build in time to prevent the meat from going bad.

It was stated that the Board of Agriculture should be able to approach the farmers with a suggestion, by way of compromise, that they should agree to de-control subject to the total amount of imported meat released not being more than the pre-war normal consumption of 16,000 tons a week.

It was suggested that farmers would not be likely to entertain this figure. Some discussion took place as to the applicability of this figure to current conditions of diminished consumption, but it was generally felt that if the farmers would agree to the release of 16,000 tons a week, or roughly 65,000 tons a calendar month, the problem of the accumulations would be solved.

The Conference decided -

That the President of the Board of Trade should confer, at 3 p.m. on the following day, with the President of the Board of Agriculture, and representatives of the Ministry of Food, and endeavour to arrive at a solution on the lines of the above discussion.
Committee, whether the officers in the Navy and Army to whom sums of money had been granted by Parliament for their distinguished services in the War were entitled to object to the money being tied up in strict settlement for the benefit of their children, and were able to demand payment of a capital sum free from restrictions. The Treasury Solicitor was of opinion that the recipients of the money granted by Parliament had no legal right to enforce payment either against the Crown or against the Treasury, and it was therefore open to the Crown to ask that the sums in question should be made the subject of strict settlement on the children of the beneficiaries. It was explained that the operative part of the Resolution in the House of Commons was the grant of a lump sum to the King, and that while the terms of the Resolution named officers individually, it was merely an empowering Resolution and did not confer any rights.

The Conference agreed —

That His Majesty's Government must insist on the sums granted, being tied up in strict settlement for the benefit of the recipients' children.

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2, Whitehall Gardens, S.W.1.

November 28, 1919.
CONCLUSIONS of a Conference held at 10 Downing Street, S.W.1., on Tuesday, December 2nd, 1919., at 11.30 a.m.

PRESENT:
The Prime Minister (in the Chair).

The Right Hon. A. Bonar Law, K.P.,
Lord Privy Seal.

The Right Hon. A.J.Balfour, O.M., M.P.,
Lord President of the Council.

The Right Hon. A. Chamberlain, M.P.,
Chancellor of the Exchequer.

The Right Hon. the Lord Birkenhead,
Lord Chancellor (for Minute 1).

The Right Hon. F.S. Shortt, K.C., M.P.,
Secretary of State for Home Affairs.

The Right Hon. the Earl Curzon of Kedleston, K.G., G.C.S.I., G.C.I.E.,
Secretary of State for Foreign Affairs.

The Right Hon. E.S. Montagu, K.P.,
Secretary of State for India.

The Right Hon. J. Long, M.P.,
First Lord of the Admiralty.

The Right Hon. J.S. Churchill, K.P.,
Secretary of State for War & Air.

Field-Marshal the Right Hon. the Viscount French of Ypres, K.P.,
O.M., G.C.B., G.C.V.O., M.C., K.C.G.M.,
Lord Lieutenant of Ireland (for Minute 1).

The Right Hon. J.L. Haepherson, K.C., M.P.,
Chief Secretary for Ireland (for Minute 1).

The Right Hon. R. Munro, K.C., M.P.,
Secretary for Scotland (for Minute 1).

The Right Hon. Sir A.C.Goddes, K.C.B., M.P.,
President, Board of Trade (for Minutes 3, 4 & 5).

The Right Hon. H.A.L. Fisher, M.P.,
President, Board of Education.

THE FOLLOWING "EX" ALSO PRESENT:

Colonel Leslie Wilson, C.M.G., D.S.C.,
M.P., Parliamentary Secretary, Ministry of Shipping, (for Minute 2).

Lieutenant-Colonel Sir L.P.M. Hankey, C.C.B.,
Secretary.

Lieutenant-Colonel L. Storr, C.B.,
Assistant Secretary.

Captain L.F. Burgis,
Assistant Secretary.

Mr. T. St. Quintin Hill,
Assistant Secretary.
With reference to War Cabinet 541, Minute 4, the Conference had before them a Memorandum by the Home Secretary (Paper C.P.-145) regarding the imprisonment of Sinn Fein prisoners in England.

The proposals of the Home Secretary related to the following questions:-

(i) Hunger-striking:

(ii) Military Guards:

(iii) Applying the Prison Regulations to Sinn Fein prisoners notwithstanding any legal difficulties that might arise.

On a review of the arguments for and against the proposals in regard to hunger-striking, as stated in the Home Secretary's Memorandum and further developed in the course of the discussion, the Conference agreed:

(a) That, having regard to the fact that the men imprisoned in this country had the alternative of deportation to a foreign country if they could find one to harbour them (Cabinet 8(19), Appendix II, Conclusion 1 (8)), it was essential, in the interests of law and order, that the Irish deportees should not be permitted, by hunger-striking, to obtain their release. As the men imprisoned in this country would, in the majority of cases, be those suspected of conspiracy to murder, it was felt that the Medical Officers would not feel the same objection towards allowing a prisoner to starve, as they did in the case of other persons:

(b) That the Home Secretary should be authorised to sanction the posting up of a notice in the prisons to the effect that prisoners would not, by hunger-striking, obtain their release:

(c) That the Irish Government should endeavour not to send to Great Britain prisoners convicted of purely political offences:

(d) That the War Office should arrange with the Home Secretary to reinforce the prison staff, as required, with military:

(e) That the Prison Regulations should be enforced, notwithstanding any legal difficulty that might arise.

The Conference agreed and took note of the following facts:-

(i) That Sergeant Bruton was being transferred from the Secret Service Branch of the Police in Ireland to the Secret Service Department in this Country:
(11) That the families of police officers who had been murdered in Ireland were receiving adequate compensation under the Malicious Injuries Act.

The Conference approved —

the statement of the Chancellor of the Exchequer that he was prepared to consider favourably the question of giving assistance to servants of the State in Ireland who were being boycotted for having performed their duty during the War, and authorised the First Lord of the Admiralty to deal with the immediate needs of the coast watchers out of Admiralty Secret Service Funds.

(2) The Conference had under consideration a Memorandum by the Shipping Controller (Paper C.P.183) regarding the return to the Northern Provincial Government of Russia of seven ice-breakers and four sealing steamers, and Memorandum by the First Lord of the Admiralty (Paper C.P.216) suggesting that two ice-breakers — the SVIATOGOR and ALEXANDER — should be retained until the British Naval forces are clear of the Baltic, and that it might be desirable to hand over one of the remaining five ice-breakers to the Latvian Government for use at Riga.

It was pointed out that the town of Riga had never possessed an ice-breaker before the War; that very probably it could not maintain the vessel; and that there were two ice-free ports within a hundred miles of Riga.

The Conference agreed —

(a) That the four sealing steamers and five of the ice-breakers in question should be returned to the Northern Provincial Government of Russia at once, but that the two remaining ice-breakers — the SVIATOGOR and the ALEXANDER — should be retained until the British Naval forces are clear of the Baltic;

(b) That the SVIATOGOR and the ALEXANDER should be returned to the Northern Provincial Government of Russia as soon as the British Naval forces have left the Baltic.

(3) With reference to Cabinet 1 (19), Conclusion 5, the Conference had before them a draft of Instructions to Mr. Mackinder (Paper C.P.225), who is being appointed as British High Commissioner and Political Representative at the Headquarters of General Denikin.
Stress was laid on the fact that Mr. Mackinder's activities were solely political, and that, although he was to keep in the closest possible touch with the military and economic Missions, these would operate independently.

It was suggested that Mr. Mackinder's task would be a particularly difficult and uncongenial one in view of the fact that, after a few months, no further supplies would be sent to General Denikin from this country, and Mr. Mackinder would therefore have nothing substantial wherewith to support his advice.

After some discussion, the Conference expressed concurrence in the Draft Instructions. In view of the importance of further information to assist the Government in formulating their Russian policy, the Conference invited:-

The Secretary of State for Foreign Affairs to add a paragraph to the Instructions directing Mr. Mackinder to send a full report on the situation in South Russia.

It was also agreed:-

On page 4, line 20, to omit the word "British" from the phrase "for the establishment of British trade and industry".

(The Secretary of State for War asked that it might be placed on record that, in his opinion, the value of the Mission was seriously impaired by the omission of any provision for placing the British Political Representative in the Caucasus under Mr. Mackinder. This, he pointed out, had been an essential object of the Mission, and it was doubtful if it would now serve any useful purpose.)

(4) With reference to War Cabinet 633, Minute 3, the Secretary of State for War informed the Conference that General Denikin would be prepared to send 6,000 tons of flour to Egypt for feeding the troops in the Mediterranean area. It was proposed that an equivalent amount of flour should be despatched by the British Government to Murmansk. Such an arrangement would economise tonnage.

The Conference agreed to the proposal of the Secretary of State for War.
With reference to Conclusion 7 of a Conference of
Ministers held on November 18th, 1919, the Conference had
before them two Memoranda by the Secretary of State for
Foreign Affairs (Papers C.P.-117 and C.P.-228) regarding
the proposed provisional guarantee of the independence and
integrity of Belgium.

It was explained that the Belgian Government desired
to abolish the old system which had been established by the
Treaty of 1839 and to complete a new Treaty with the Dutch
regarding Limburg, but, pending the establishment of the
League of Nations, they were anxious to obtain from France and
Great Britain a guarantee of Belgian integrity and independ­
ence. Holland showed the greatest reluctance to complete
the negotiations with Belgium, and it was considered that
a guarantee of Belgian integrity and independence by France
and Great Britain would facilitate the conclusion of the
Treaty between Holland and Belgium.

It was pointed out that the Belgian Government had
clearly changed their attitude. During the earlier stages
of the war they had always maintained that, if the 1839
Treaty could be abolished, Belgium would be able to make
better arrangements for her own protection. Their present
claim was that Belgium should be relieved of her responsibil­
ities under the 1839 Treaty to maintain her own neutrality,
while at the same time her integrity and independence should
continue to be guaranteed by France and Great Britain. She
desired to be a Sovereign State protected by France and
Great Britain without giving anything in return. The limit
of time in such a guarantee meant little, as, when the period
of three or five years expired, it would probably be found
impossible for France or Great Britain to withdraw the
guarantee.

On the other hand, stress was laid on the fact that
the integrity of Belgium had been a secular interest to
this country; that we should have to intervene if such integrity were menaced, even if we had not guaranteed it; and that popular opinion, as in 1914, would be solid in support of a Government which intervened in Europe in order to fulfil its written pledges. The existence of the Treaty of 1839 might be said to have saved Europe, for the consideration that she had to fulfil her obligations under the Treaty had been an important if not a decisive factor in inducing Belgium to defend herself against Germany.

A suggestion was made that, in return for guaranteeing the neutrality of Belgium, pending the establishment of the League of Nations, the British Government should demand from the Belgian Government a guarantee of Belgian neutrality.

The Conference invited:—

The Secretary of State for Foreign Affairs, in the light of the above discussion, to consider the possibility of making arrangements with the Belgian Government whereby Belgian integrity and independence would be guaranteed for a limited period by France and Great Britain, provided that Belgium undertook to maintain her neutrality.

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2, Whitehall Gardens, S.W.1

2nd December, 1919.
MINUTES of a Conference held in Mr. Bonar
Law's Room, House of Commons, 3.7.1., on Friday,
5th December, 1919, at 1 p.m.

REPRESENT.
The Rt. Hon. A. Bonar Law, M.P. (in the Chair)
The Rt. Hon. A. Balfour, O.M., M.P., Lord President of the
Council.
The Rt. Hon. Lord Birkbeck, Lord Chancellor.
The Rt. Hon. J. S. Churchill, M.P., Secretary of State
for War & Air.
The Rt. Hon. Sir Robert Home, I.M.R., M.P., Minister of
Labour.

The following were also present:
The Rt. Hon. Sir J. Bickersteth, Bart., Controller of H.M. Naval

Lord President of the Secretary of State for India.
The Rt. Hon. Sir A. C. Geddes, E.C.B., M.P., President of the
Board of Education.
The Rt. Hon. Sir E. Geddes, G.C.B., M.P., Minister of
Transport.

Lieutenant-Colonel Sir M. A. P. Lamb, C.B., C.S.I., Secretary.
Mr. T. St. Quintin Hill, Assistant Secretary.
Lieutenant-Colonel R. Y. Daniel, C.B.E., Secretary, Historical Section.
(1) The Chancellor of the Exchequer raised the question as to whether Saturday, December 27th, should be declared a general holiday in England.

After a short discussion, during which the President of the Board of Trade, in reply to a question by the Lord Privy Seal, stated that he was advised that no inconvenience would be caused to manufacturers by such a decision, it was agreed —

(a) To declare December 27th, a general Bank Holiday in England and Ireland, but to make no reference to Scotland, as it was understood that there were objections to such a holiday being declared there;

(b) To declare January 1, 1920, a Bank Holiday for banks only.

(2) With reference to War Cabinet 683, Minute 4, the Lord Chancellor raised the question of the Aliens Restriction (Amendment) Bill, which was before the House of Lords, and pointed out that there would be strong opposition to the passing of Clause 9. An amendment had been tabled putting the onus of proof on to the person who impeached the integrity of an alien, and it was almost certain that a Division would be taken early in the following week. Clause 9 as worded was, in his opinion, open to considerable criticism, and would be very difficult to defend. He had consequently had an amending clause drafted, which he would like to propose in substitution for the existing one, if the Conference agreed.

After a short discussion, during which it was pointed out that the Prime Minister and Mr Bonar Law had made a definite promise as regards the Bill in question, and that it would consequently be difficult for the Government to go back upon this undertaking, it was agreed —

That the Chancellor of the Exchequer should, as soon as possible, discuss the proposed amendment with Sir John Hutchison, Mr Curzon, Mr Bonar Law and Sir Herbert Nield, and decide on the best way of drafting an amendment, which the Chancellor of the Exchequer would then arrange for some one outside the Government to propose as an amendment when the Bill came up for discussion.
(3) The Chancellor of the Exchequer informed the Conference that a further question was being asked in the House of Commons in connection with the Regulation that no-one could be employed in the Civil Service who was not the son of a British-born subject, and that he proposed replying, as he had done before, in the sense that the Government were at liberty to employ anyone they liked in the Civil Service.

(4) The Conference had before them the following documents in connection with the publication of the First Volume of the Naval History of the War:—

A Note by the Secretary (Paper O.P.—9),

A Memorandum by the Secretary of the Historical Section of the Committee of Imperial Defence (Paper 23B—2),

A Letter from the Admiralty to the Secretary of the Cabinet, with covering Minute from the Secretary of the Cabinet to the Prime Minister (Paper 0.P.—203).

After a protracted discussion it was agreed —

(a) That the First Volume of the Naval History of the War should be published, and that the question of publishing subsequent volumes of this History should be postponed for further consideration after the publication of the First Volume:

(b) That the First Volume of the Military History, which is complete, subject to final revision, should be proceeded with, but it should not be set up in type. After this Volume has been passed by the War Office, the question of its publication should again be brought before the Cabinet:

(c) That work on the Air History should be continued, with a view to the publication of Volume I. There was a general desire that this History, which was considered less controversial than the Naval and Military Histories, should be published.

(d) That the publication of the First Volume of the Histories on Sea-borne Trade and the Merchant Navy should be approved, subject to the Depart­ments concerned raising no objection:

(e) That the preparatory work of collecting and collating material for the Second Volumes of all the Histories should continue, but the actual writing of these volumes in their final shape should not be taken up, and nothing should be set up in type until the Cabinet decide that they are to be proceeded with:
(f) It should be made clear to the authors concerned that the Government do not commit themselves in any way to undertaking that the Histories will eventually be published.

(5) With reference to War Cabinet 631, Minute 7, the Conference had before them the Report of an Inter-Departmental Conference of November 7, 1919 (Paper C.F.-105) at which the Departments concerned had agreed—

(i) "That the Ministry of Shipping, in consultation with the Ministry of Transport, should have authority to block Government traffic at the port of shipment in cases where they are satisfied, after consultation with the Departments interested, that the import would add to or cause congestion due to lack of storage accommodation in this country. Departments importing goods on Government account to be required to show to the Ministry of Transport how they propose to store the goods in this country before shipping facilities are arranged.

(ii) To appoint a Committee, consisting of representatives of the Ministry of Food, Ministry of Transport, and Ministry of Shipping, to examine the possibilities of diverting goods controlled by the Government, such as wheat and timber, from the railways to the canals or roads, and, if possible, to make arrangements for the purpose."

The Conference took note of and approved these decisions.

It was explained that a further recommendation by the Interdepartmental Conference had been withdrawn, viz:—

"That the additional cost of inland transport by methods other than railways should be included in the subsidy for coastal traffic until the railways were placed upon an economic basis."

It had been agreed that, as a matter of accounting, it was not desirable to follow this course.

(6) Some discussion took place as to whether there was a possibility of obtaining an early date results from the attempts being made by the Ministry of Transport to clear the congestion of the docks. It was explained that the Ministry of Transport were working as hard as they could with the facilities at their disposal.

The question was raised whether sufficient orders had been placed for railway wagons, and it was suggested that
many firms who were able to construct railway wagons were
unable to obtain orders. On the other hand, it was pointed
out that no firm was in a position to deliver wagons.
Owing to the iron-moulders strike it would be impossible to
obtain essential parts of the framework.

(7) The Conference had under consideration a Minute by
the Secretary (Paper C.P.--163) covering a letter from the
Vice-Chairman of the Newspaper Proprietors' Association, in
which it is stated that the practice of Government Depart­
ments, during the War, of issuing to the Press documents
marked for publication not before a certain date, causes
under peace conditions serious inconvenience and injustice;
together with a further Note by the Secretary (Paper C.P.--
223) covering letters from the Secretary of the Newspaper
Proprietors' Association in which attention is drawn to the
fact that advance copies of certain Parliamentary Reports
have been furnished to three newspapers, and suggesting that
public documents should be issued to the Press without
preference or priority, and that an order to this effect
should be issued by the Cabinet.

After a short discussion the Conference decided —

That the Secretary to the Cabinet should be
authorised to make with the Newspaper Pro­
prieters' Association such arrangements
regarding the points raised in the letters
referred to as would be acceptable to the
Association, the Government Departments,
and the Stationery Office.

8, Whitehall Gardens, S.W.1,
December 5, 1919.
DRAFT CONCLUSIONS of a Conference held at 10, Downing Street, S.W.1, on SATURDAY, DECEMBER 6, 1919, at 9-30 p.m.

PRESENT:

The Prime Minister (in the Chair),

Right Hon. A. Bonar Law, M.P., Lord Privy Seal.


The Right Hon. W. S. Churchill, M.P., Secretary of State for War.

The following were also present:

Mr Philip Kerr.

Lieut.-Colonel Sir M.F.A. Hankey, G.C.B., Secretary.
The Conference, which had been called as a matter of urgency to consider the situation in regard to the ratification of peace with Germany, had the following documents before it:

Lord Derby’s very urgent telegram No.1211, dated December 5:

Sir Eyre Crowe’s private telegram of December 5 (11-30 p.m.):

A despatch from M. Clemenceau to Baron von Lersner, Chairman of the German Delegation, Paris, dated November 22, 1919 (W.C.F. 1419):

A despatch from Baron von Lersner to M. Clemenceau on the subject of the Scape Plow incident, dated November 27, 1919 (W.C.F. 1423):

A despatch from Baron von Lersner to M. Clemenceau dated November 27, 1919 (W.C.F. 1423).

The following documents were received immediately before or during the meeting:

The first draft of M. Clemenceau’s proposed despatch to the German Government on behalf of the Supreme Council:

A second draft of M. Clemenceau’s proposed despatch, which had been considered by the Supreme Council that day:

Sir Eyre Crowe’s telegram (No.1214) containing a fresh draft of the final paragraph of M. Clemenceau’s despatch, as agreed to at the meeting of the Supreme Council that day, but which had been reserved by Sir Eyre Crowe for reference to the British Government:

A telegram from Lord Derby (No.1214) in regard to that day’s proceedings at the Supreme Council:

Note: - The draft despatch of the Supreme Council as amended by Sir Eyre Crowe’s telegram, attached in Appendix I.

The Secretary of State for Foreign Affairs read a summary of the events which had led up to the present position:

From a study of the various documents, including those received during the meeting, as well as a private letter from Lord Derby which Lord Curzon read to the Conference, the position confronting the Conference may be summed up as follows:
As soon as the attitude of the United States of America towards the Peace Treaty had become clear, and it was known that the United States Plenipotentiaries were about to leave Paris, the German experts, who had been sent to Paris to conclude the final arrangements for giving effect to the Treaty of Peace, had withdrawn to Berlin. Remonstrances had then been addressed to the German Government by the Supreme Council (V.C.P.—1416).

On December 1st. Baron von Lorsnor had replied by a verbal communication to the Secretary-General of the Peace Conference, in which he drew attention to the fact that the participation of America had been an important element in the negotiations of the Peace Treaty, and was regarded in the whole of Germany as an important guarantee. He had agreed, nevertheless, to give assent to the Treaty, but, as a compensation for this sacrifice on Germany's part, had asked for a relaxation of the Treaty in regard to the extradition of those accused of breaches of the laws of war, and for certain concessions in regard to the return of prisoners of war. He had refused to sign unconditionally a protocol dated November 1st, which had been sent by the Supreme Council to the German Delegation, and which contained a list of unfulfilled conditions of the Armistice, which Germany was asked to undertake to carry out as a preliminary to the final exchange of ratifications. The items in this protocol which Germany declined to agree to were:

(1) The demands presented in consequence of the sinking of the ships at Scapa Flow;

(2) The reservation of the right by the Allied and Associated Powers to have recourse to all measures of military or other coercion which they might judge appropriate in the event of Germany not fulfilling her obligations within the period mentioned in the protocol.

Although Baron von Lorsnor's verbal communication had been followed by a despatch from the German Government, the latter was reported to be weaker. Further it was evident that the German Government had not altogether supported Baron von Lorsnor and their experts in their action, for they had offered to M. Clemenceau to replace Baron von Lorsnor, if he was not prepared to sign. M. Clemenceau had replied that he was prepared to sign. Further, M. Clemenceau had hinted that he had secret evidence that the Germans intended to sign if the Allies maintained a firm attitude, and, although the precise nature of this information was not disclosed, the American Delegation, who had seen some of the Germans remaining in Paris in order to tell them that America was solid in this question with Great Britain, France, Italy and
and Japan, had formed the same impression.

These were the circumstances in which the Supreme Council had prepared the draft note (Appendix I) which constituted an ultimatum, threatening a rupture of the Armistice as a penalty for any further delay by Germany in signing the Protocol.

The Supreme Council was reported to be unanimous, and the urgency of the matter lay in the fact that the American plenipotentiaries are due to leave Paris on Tuesday and the United States Government have declined to consent to their remaining any longer. Mr. Polk was prepared to sign the note, but if they did not sign before Tuesday no American with authority to sign would be left in Paris.

The actual question for decision was as to whether Sir Syre Crowe should be given authority to sign this ultimatum.

While recognizing the urgency of the question and the importance of obtaining the signature of the United States plenipotentiary, and while impressed with the fact that the Supreme Council was unanimous on the subject, the Conference felt that the circumstances were not such as to justify or necessitate an ultimatum involving actual hostilities in the event of non-compliance by the Germans. It was pointed out that the Germans had not made the cancellation of the Article of the Treaty of Peace in regard to breaches of the laws of war a condition, but had merely suggested that this concession should be made in order to ease their position. The same applied to their demand in regard to the return of their prisoners of war detained in France -- a matter in which the French had adopted a somewhat harsh attitude. In regard to the German refusal to make compensation for the Scapa Flow incident, or to assent to eventual measures of military coercion, the Conference took note that the Supreme Council had agreed "to take" them "into consideration". As regards the former point it was generally felt that on merits
Mr Polk's plan, communicated through the American Ambassador in London, would have been preferable, namely, to insist on the principle of compensation, and to refer the amount to be decided on by the Reparations Commission. It was further pointed out that the present German Government was a moderate Government, believed to have the intention of honestly giving effect to the Treaty. If an ultimatum was presented in the terms now proposed, the effect might be to bring about its fall. If this should occur, its successor would probably be either a Spartacist or a military Government, both equally undesirable. In any event, if the Germans declined to yield, military action of some kind would be necessary and would have to take the form either of an advance into Germany or of a blockade. The Chief of the Imperial General Staff had reported from Paris to the Secretary of State for War that the Allied Forces were not adequate to enforce a strong military policy. Considerable forces would, the Conference thought, be required, as the Germans, though probably incapable at present of serious offensive operations, still had more than a million armed and trained men in one form or another available, and might be able to oppose an obstinate resistance. It was felt that re-mobilisation in order to enforce our policy would be highly unpopular and could only be justified for very valid reasons. The re-establishment of the blockade would be only slightly less unpopular.

On a review of all the circumstances, the Conference agreed on the following action:

(a) That the Secretary of State for Foreign Affairs should telegraph to Sir Eyre Crowe in the sense that grave misgivings were felt as to the form of the final paragraph, which threatens Germany with a definite rupture of the Armistice. The British Government are uncertain as to the wisdom of such a threat, and as to the effect that may be produced upon the German Government. They suggest the following amended version, which they earnestly trust that all Sir Eyre Crowe's colleagues will be able to accept:

"The Allies must insist, therefore, that there should be no further delay in the signature of the protocol and the conclusion of Peace."
(b) That Mr Philip Kerr should leave London at once, in order to be in Paris on Sunday, to give full explanations:

(c) That the Secretary of State for Foreign Affairs should notify Mr Philip Kerr's departure to Sir Eyre Crowe:

(d) That Mr Philip Kerr should in any event endeavour to bring about a visit by M. Clemenceau to London as early as possible.

2, Whitehall Gardens, S.W.1,
December 6, 1919.
APPENDIX I.

DRAFT NOTE TO GERMANY DELEGATION.

Proposed by the Supreme Council, December 6, 1919.

(1) The Supreme Council has considered verbal communication which "was made on behalf of the German Government on December 1.

(2) Notes of November 1 and November 22 have defined responsibility of German Government for delay of ratification of Treaty and conclusion stated therein holds good.

(3) The suggestion concerning the alleged right of Germany to demand (as compensation for the absence of the American Delegates from the Commissions until the ratification of the Treaty by the United States) a modification of the clauses of the Treaty dealing with the surrender of guilty persons and the return of prisoners of war, is not well founded. According to the final clauses of the Treaty, the Treaty is to enter into force as soon as Germany and three of the principal Allied and Associated Powers shall have ratified it; it is useless for Germany to attempt to make its putting into force dependent on a new condition, the presence of American Delegates in the Commissions.

(4) It is not correct to say that the German point of view was accepted in this respect on October 14.

(5) It is no less incorrect to state that Herren von Simon and von Lersner were invited on the 20th November to oral and written negotiations on the subject of the Protocol of November 1st: they were simply informed that, having received a note in waiting, the German Government must only in writing to those demands, and those alone, which were formulated in it.

(6) The Supreme Council considers that Article 221 of the Treaty of Peace (regarding the return of prisoners of war) is perfectly explicit and is in no need of amplification. France has already declared on several occasions that she would liberate the prisoners as soon as the Treaty was put into force; there is no reason for her to repeat it again.

(7) The Council can only take into consideration the objections raised to the demand for compensation for the destruction of the German fleet at Scapa Flow, and to the foreshadowing of eventual measures of military coercion described in the Allied note of November 1st.

(8) Before making their demand, the Allied and Associated Powers examined this question. They do not share the fears of the German Government as to the economic effects which might result therefrom for the German ports.

They adhere to the Protocol in the form in which it is drawn up.

After having received a complete list of all the floating docks, floating cranes, tugs, and dredgers, demanded by the Protocol, the Allied and Associated Powers will make known their choice, taking into account the general economic situations of the German ports.

If the German Government then considers it can show that one of the said demands is of such a nature as to affect seriously the capacity of Germany to satisfy its legitimate needs in respect of the maintenance of its river navigation or other vital economic...
interests of the said class, the German Government can present its claims to the Principal Allied and Associated Powers, who, on their part, will be prepared to examine them in a spirit of equity after hearing the views of the Reparations Commission.

(9) As regards the last paragraph of the Protocol of November 1, the Supreme Council hold that the signature of the said Protocol, and the deposit of the ratification, decide the coming into operation of the Treaty and consequently the state of Peace. It follows that execution of the provisions of the Protocol, on which the coming into operation of the Treaty of Peace is dependent, will be guaranteed by the general stipulations of that Treaty as well as by application of the ordinary rules recognised by the law of nations.

Draft proposed by the Supreme Council.

(10) Until the Treaty of Peace comes into operation the demunica-
tion of the Armistice suffices to leave the Allied Armies every latitude as regards such military measures as they might consider necessary. If the German Government continues to defer signature of the Protocol and thereby definitely to ratify the Treaty, the Supreme Council are determined without further delay to place Germany in face of a rupture of the Armistice with all the consequences which would follow therefrom.

Draft proposed by the Conference.

(10) The Allies must insist, therefore, that there should be no further delay in the signature of the Protocol and the conclusion of Peace.
Notes of a Conference held at 10, Downing Street, S.W.1, on MONDAY, DECEMBER 8, 1919, at 11–15 a.m.

PRESENT:–

The Prime Minister (in the Chair),

The Right Hon. A. Bonar Law, M.P.,
Lord Privy Seal.

The Right Hon. A. Chamberlain, M.P.,
Chancellor of the Exchequer.

The Right Hon. Sari Curzon of Kedleston, K.G., G.C.B., G.C.S.I.,
G.C.I.E., Secretary of State for Foreign Affairs.

The Right Hon. W.S. Churchill, M.P.,
Secretary of State for War and Air.

The Right Hon. W.H. Long, M.P.,
First Lord of the Admiralty.

The following was also present:–

Field Marshal Sir H.H. Wilson, G.C.B., P.S.O.,
Chief of the Imperial General Staff.

With reference to their meeting held on Saturday, December 6th, at 9-30 p.m., the Conference had before them a telegram dated December 7th. (No. 1670) from Sir Eyre Crowe, reporting the results of an interview which he and Mr. Philip Kerr had had with M. Clemenceau (Appendix).

M. Clemenceau had not been able to agree to the draft of the final paragraph of the despatch to Germany proposed by the Conference, but had agreed to accept a French draft, which was translated in the telegram as follows:

"Until the Treaty comes into force, we remind Germany once more (une derniere fois) that a denunciation of the Armistice suffices to leave the Allied Armies every latitude as regards such military measures as they may consider necessary. This being the situation (literal: dans cet esprit) we await the signature of the Protocol and the deposit of ratifications without further delay."

The Conference took note that M. Clemenceau had reiterated his firm conviction that even in this revised form the note would undoubtedly lead to Germany's immediate acceptance of the demands of the Allies. Their attention was drawn, however, to an interview reported in "The Daily Mail" with Herr Noske, the German War Minister, in which the latter had stated categorically that he would recommend the German Government not to sign the Protocol.

The Chief of the Imperial General Staff also reported that Marshal Foch was very doubtful if the Germans would sign.

While the Conference felt that the draft now proposed was less satisfactory than the draft they had themselves suggested, and that the evidence of its probable acceptance by the Germans was by no means satisfactory, nevertheless, having regard to the fact that the American plenipotentiaries would be leaving Paris on the following day, they felt that no other course was open to them than to accept the new draft, which was, at any rate, a substantial improvement on the original draft. It was therefore agreed —

That the Secretary of State for Foreign Affairs should immediately inform Sir Eyre Crowe that the new draft was accepted by the British Government, and that he had authority to sign the despatch.
It was generally agreed that the present constitution of the Supreme Council in Paris was not altogether satisfactory, and that sufficient safeguards were not provided against crises such as that now under consideration. Owing to the exigencies of political business at home, it is impossible to spare a Cabinet Minister, and Great Britain is only represented by an official of the Foreign Office. Great Britain is therefore at a disadvantage compared with France, which is represented by one of the greatest statesmen of the day. The withdrawal of the American representative was, therefore, held to provide a good opportunity for reconsidering the future of the Peace Conference, and with this object in view it was considered desirable that Sir Eyre Crowe should accompany M. Clemenceau on his forthcoming visit to London.

It was agreed —

That the Secretary of State for Foreign Affairs should instruct Sir Eyre Crowe to accompany M. Clemenceau on his forthcoming visit to London.

The attention of the Conference was invited to the latest development in the attitude of the Allied and Associated Powers towards Italy's claims in the Adriatic.

The British, French and American representatives on the Supreme Council had recently drawn up a statement of the present attitude of their respective Governments towards the Italian claims. They had proposed to communicate this statement to Signor Scialo ja, the new Italian Foreign Minister, before his departure for London. At the request, however, of the British Government, who had felt that it would embarrass them in their conversations with Signor Scialo if this memorandum had been presented, the matter had been postponed. Sir Eyre Crowe had now telegraphed pointing out that if there were any further delay in signing the memorandum it would be impossible to obtain the signature of an American plenipotentiary, since the American Delegation.
was leaving Paris on December 9th. He therefore asked for authority to sign, with a view to the memorandum being presented to Signor Scialoja on his return from London.

The Secretary of State for Foreign Affairs wished to have the views of the Conference both as to Sir Eyre Crowe's request and as to the attitude he himself should adopt towards Signor Scialoja, whom he was expecting to meet at luncheon. Would he, for example, be justified in showing Signor Scialoja the memorandum? Should he give any indication that the memorandum might be altered after his conversation with Signor Scialoja? In this latter connection he drew attention to the danger that Signor Scialoja might make an attempt to divide the British, French and American Governments on the subject.

The general opinion of the Conference was in the following sense:

(a) That the Secretary of State for Foreign Affairs would be justified in giving Signor Scialoja the gist of the memorandum, explaining to him that this was what the Allies proposed to present to the Italian Government, and that he thought that as Signor Scialoja was in London it would be only right to talk to him about it:

(b) That the Secretary of State for Foreign Affairs should reserve his decision in regard to Sir Eyre Crowe's request for authority to sign the memorandum until after he had seen Signor Scialoja:

(c) In any case, anything in the nature of an ultimatum to Italy must be avoided.

2, Whitehall Gardens, S.W. 1.

8th December, 1919.
APPENDIX.


D. 7th
E. 8th December, 1919.

No. 1670.

SUB-COMMITTEE.

Draft Note to Germany.

Mr. Kerr and I saw M. Clemenceau to-night on his return from country. He agrees to omission of second sentence of concluding paragraph of note. The first sentence of that paragraph really forms part of argument in preceding paragraph 9, which contains withdrawal from position we had taken up in Protocol. The Protocol had explicitly reserved right of Allies in case of non-fulfilment of its conditions to resort to such military measures as might be required to enforce their demands. To this Germans objected that as signature (69411) of Protocol is to coincide with coming into force we should at once come under conditions of peace which would not admit of one party proceeding to reopen hostilities without a fresh declaration of war. We have recognised force of this argument and conceded German point by saying that once peace is re-established by coming into force of treaty or deposit of ratifications, the treaty itself will afford necessary guarantees for enforcement of stipulations of Protocol and that ordinary rules of law of nations i.e. No hostilities prior to declaration of war, will apply. But we add (group under-cipherable) in first sentence of concluding paragraph, until treaty of peace does become operative, the Allies retain power to resort to military measures by simply terminating armistice.

This is a statement of fact. It is moreover merely a restatement of what was already said to Germans in note in which we invited them to sign Protocol. To withdraw this warning altogether in face of Germany having recalled her delegates in answer to request to sign Protocol seems to M. Clemenceau to go too far. He is however willing to attenuate sentence by making it quite clear that, whilst conceding German view of true position as regards resort to military measures, we recall warning already given that such resort though not compatible with a state of peace would always remain open to Allies under régime of a prolonged armistice.

M. Clemenceau would accordingly accept following wording for concluding paragraph — I translate literally from French:
Until treaty comes into force we remind Germany—once more (une deuxième fois) that a demobilization of the armistice suffices to leave Allied armies every latitude as regards such military measures as they may consider necessary. This being the situation (literally: dans cet esprit) we await signature of the Protocol and deposit of ratifications without further delay.

M. Clemenceau reiterates his firm conviction that even in this revised form the note would undoubtedly lead to Germany's prompt acceptance of our demands.

We said that of course we had no authority to accept this wording but we agreed to refer it to His Majesty's Government. He was emphatic as to his inability to go any further in his concessions to British view he had earnestly requested our acceptance. He repeated that he had already declared at Supreme Council that French Government did not in any case contemplate military operations at present juncture.

M. Clemenceau cordially agreed to come over to London on Wednesday or Thursday provided that this question was decided and out of the way.

As regards Scapa Flow reparation Mr. Polk's message as described in my telegram No. 1687 to which Prime Minister's message to Mr. Kerr refers was modified subsequently as reported in my telegram No. 1662 when he agreed to formula which I had altered to meet his objection. The sole difference between Mr. Polk's last proposal and that now adopted is that whilst he left ultimate decision entirely to Reparations Commission the version adopted retains authority of Allies and Associated Governments to decide after hearing Reparations Commission. In pressing more effectual provision which I got adopted I have throughout acted on (group undecipherable) representations of my Naval advisers who had their instructions from Admiralty. If in light of these observations you still think that we should revert to original American proposal I will raise question at tomorrow's meeting of Supreme Council on receiving your instructions to this effect.

May I remind you that Mr. Polk's departure on Tuesday December 9th makes it imperative to get note to Germans signed and despatched tomorrow. Could you therefore let me have decision as early as possible tomorrow?
CABINET 13 (19).

CONCLUSIONS of a Meeting held at 10, Downing Street, S.W.1, on FRIDAY, DECEMBER 12, 1919, at 6 p.m.

PRESENT:

The Prime Minister (in the Chair).

The Right Hon. A. Bonar Law, M.P.,
Lord Privy Seal.

The Right Hon. A. J. Dailly, C.M.,
K.C., Lord President of the Council.

The Right Hon. A. Chamberlain,
K.C., M.P., Chancellor of the Exchequer.

The Right Hon. F. Shortt, K.C.,
K.C., M.P., Secretary of State for Home Affairs.

The Right Hon. E. S. Montagu, L.P.,
K.C., M.P., Secretary of State for India.

The Right Hon. J. I. Macpherson,
K.C., M.P., Chief Secretary for Ireland.

The Right Hon. Sir A. C. Seddon,
K.C., M.P., President of the Board of Trade.

Colonel L.C.M.S. Amery, M.P.,
Acting Secretary of State for the Colonies.

The Right Hon. W. S. Churchill, M.P.,
Secretary of State for War and Air.

The Right Hon. Sir Robert Horne,

The Right Hon. Sir E. Geddes, G.C.B.,
G.C.I.E., M.P., Minister of Transport.

The Right Hon. the Lord Lee of Fareham,
President of the Board of Agriculture and Fisheries.

The Right Hon. C. Addison, M.P.,
Minister of Health.

The Prime Minister gave the Cabinet a résumé of his personal conversations with M. Clemenceau, as well as of more formal Conferences which, in company with some of his colleagues, he had had first with M. Clemenceau and other French representatives, and, later, with representatives of Italy and of the United States of America.

In addition to the question of Russia (see Minutes 2 and 3 below) the questions of the Adriatic, Turkey and Reparation were briefly touched on.

The Prime Minister read to the Cabinet a first draft which had been prepared under his instructions, setting forth the Conclusions which he thought had been reached in regard to Allied Policy in Russia, and which would form the basis of proposals which he was contemplating submitting to the Conference on the following day (Appendix).

The Secretary of State for War asked that it might be placed on record that he was not in agreement with the policy as set forth in this draft, which involved the abandonment of the anti-Bolshevist forces in Russia which we had supported up till now. In the course of a long statement on this subject he mentioned that he had paid his respects to M. Clemenceau that morning, and in a conversation he had understood that M. Clemenceau was in agreement with himself on the following points:

(1) That there should be mediation between Poland and General Denikin, with a view to the establishment of a common front from the Baltic to the Caspian;

(2) That France and England ought to co-operate in putting pressure on Esthonia not to enforce the disbandment of General Yudenitch's forces.

He hoped that these points would be taken into consideration before any agreement was finally concluded, and that
the following points would not be overlooked:—

(iii) That the anti-Bolshevist forces should be allowed to purchase warlike stores at their disposal value:

(iv) That the Russian war material captured by Germany and now actually available in Germany would, under the Treaty of Peace, be handed over to the anti-Bolshevist forces in Russia.

This would be permissible under the Treaty of Peace if the Allied and Associated Powers were regarded as the trustees for Russia. He strongly urged also that the whole policy should be kept secret, as its publication would have a most demoralising effect on the anti-Bolshevist forces, besides constituting a very serious breach of faith with Admiral Kolchak.

(3) The general view of the Cabinet in regard to any announcement of Russian Policy was that the less said the better, and that it would be sufficient to announce that no new decision had been taken, and nothing had been agreed to which changed the policy already announced by the British Government, and that the Conference had been in complete accord.

The Prime Minister undertook to raise this question with the Allies on the following day.

... ...

9, Whitehall Gardens, S.W.1.

December 19, 1919.
APPENDIX.

DRAFT CONCLUSIONS IN REGARD TO RUSSIA.

1. The Conference rejected a proposal to summon a meeting of representatives of the various anti-Bolshevist States and organisations in Russia.

2. The Russian Policy agreed to at the Conference may be summed up as follows:

   Not to enter into any further commitments as to furnishing assistance to the anti-Bolshevist elements in Russia, whether in the form of troops, war material, or financial aid; the anti-Bolshevist elements still to be free to purchase war material in the Allied countries; each Power to have discretion to leave on the spot all political or other missions which may either be attached to the anti-Bolshevist elements or the despatch of which may already have been decided upon; and to have no official relations with the Soviet Government.

3. The Conference considered that a strong Poland was in the interests of the Entente Powers, and left for further consideration the question of the form and extent of the assistance to be given.
CONCLUSIONS of a Meeting of the Cabinet held at 10, Downing Street, S.W.1, on MONDAY, DECEMBER 15, 1919, at 12.30 p.m.

PRESENT:-

The Prime Minister (in the Chair).


The Right Hon. A. Chamberlain, M.P., Chancellor of the Exchequer.

The Right Hon. E. Montagu, M.P., Secretary of State for India.


The Right Hon. R. Munro, K.C., M.P., Secretary for Scotland.

The Right Hon. Sir A. Geddes, K.C.B., M.P., President of the Board of Trade.

The Right Hon. H. A. J. Fisher, M.P., President of the Board of Education.


The Right Hon. the Lord Birkenhead, Lord Chancellor.

The Right Hon. W. S. Churchill, M.P., Secretary of State for War and Air.

The Right Hon. J. J. Maitland, M.C., M.P., Chief Secretary for Ireland.

The Right Hon. G. Addison, M.P., Minister of Health.

The Right Hon. the Lord Lee of Fareham, G.B.E., K.C.G.B., President of the Board of Agriculture and Fisheries.

The following were also present:-

The Right Hon. Sir L. Worthington Evans, Bart., M.P., Minister of Pensions.

Mr. F. C. Kellaway, M.P., Parliamentary Secretary, Ministry of Munitions.

Lieut.-Colonel Sir M. A. Hankey, G.C.M.G., Secretary.
GOVERNMENT

(1) With reference to Cabinet 12 (19), Conclusion 17, the Cabinet considered the question of the method of proceeding with the Government of Ireland Bill in the House of Commons this Session.

Two alternative proposals were made:

(i) To introduce the Bill, which could, by dint of great efforts, be ready by next week:

(ii) For a statement to be made giving the general outlines of the Government's proposals without actually laying the Bill.

It was suggested that the former course would have the disadvantage of exposing the Bill for two months to criticism and misrepresentation, without the opportunity for immediate reply which is given when Parliament is sitting. Even if perfect in draughtsmanship and in detail, it was recognised that the Bill would encounter great difficulties; there was, however, the danger that some crudity in some detail of the Bill, which had not yet been discovered, might come to light and might be fastened upon in order to ridicule and destroy the Bill.

On the other hand, by adopting the second alternative it was pointed out that it would be easy to modify the Bill to meet any sound criticisms that were made on the general proposals. Another advantage urged in favour of adopting the second alternative was that Irish politicians of more than one shade of opinion had strongly urged that whatever Bill the Government introduced should be proceeded with in order to reach a settlement of the question.

The Cabinet agreed —

(a) That the Government of Ireland Bill should not be introduced this Session.

-1-
That an announcement should be made by the Prime Minister in Parliament the next afternoon in the following sense:

"Owing to the preoccupation of the Government over preparations for and the discussions at the series of International Conferences just concluded, I am afraid I cannot make a statement on the Irish proposals of the Government this week, but hope to be in a position to do so on Monday next. As the House rises on Tuesday for some weeks, and no further progress could possibly be made with a Bill this Session, the Government thought it would conduce to more effective progress with this troubled problem if their proposals were placed now in outline before the country, with a view to the introduction of the measure early next Session."

COMPOSITION OF THE NORTHERN PARLIAMENT. The Cabinet were informed that further conversations with the Ulster leaders had confirmed that they were doubtful whether the Northern Parliament of Ireland would be able effectively to govern the three Ulster Counties where there was a Nationalist majority, and greatly preferred that the scheme should be applied only to the six Protestant Counties. Sir James Craig, in a private conversation with Sir Lamb Worthington-Evans, had suggested the establishment of a Boundary Commission to examine the distribution of population along the borders of the whole of the six Counties, and to take a vote in those districts on either side of and immediately adjoining that boundary in which there was a doubt as to whether they would prefer to be included in the Northern or the Southern Parliamentary Area.

It was pointed out that this procedure would be in consonance with the principles and practice adopted at the Peace Conference, where, whenever possible, the boundary had been adjusted on ethnological grounds. It was recognised that in Ireland, as in most of the cases dealt with by the
Peace Conference, it would be impossible to avoid the inclusion of isolated districts inhabited by Protestants in the Southern Parliamentary Area, and, vice versa, the inclusion of Roman Catholic districts in the Northern Parliamentary Area.

The Cabinet referred the question for examination by Mr Long's Cabinet Committee.

(3) With reference to Cabinet 13 (19), the Cabinet took note of the Resolutions adopted at the recent Conferences of the Allied and Associated Powers, and of the British and French Governments, held in London (Appendix I).

(4) Some discussion took place as to the nature of the announcement to be made in regard to the recent Conferences. It was pointed out that the greater publicity which was sometimes given in foreign countries in regard to these Conferences caused some feeling in the British Parliament. It was explained, however, that on the present occasion the most important subject of public interest had been in regard to Russia. There had already been several Debates in Parliament on this subject, and the British Government had given much more information in regard to it than had been given in foreign countries. Furthermore, the result of this Conference had been virtually to secure the adherence of the Allies to the policy already announced by the British Government.

It was agreed —

(a) That an announcement should be made by the Prime Minister on the same afternoon in the following sense:

"At the meetings which took place at 10, Downing Street, of representatives of France, Italy, the United States of America, Japan and Great Britain on Thursday, Friday and Saturday of last
week, important discussions took place on the conclusion of Peace with Turkey and Hungary, as to arrangements for future sittings of the Peace Conference, and as to the ratification of the Treaties already concluded, and the execution of their clauses. The economic and financial situation was examined in detail. In order to remedy the fall in the Exchange prejudicial to the two nations, the British Government agreed to the issue of a French Loan in England, the date, the amount and the conditions of which will be fixed by agreement between the two Governments. The Russian situation was also taken fully into consideration, and on this, as on all other questions, the Allies were in complete agreement. The decisions taken on this question were in complete accordance with the policy already announced to the House of Commons. It was decided to resume the Allied Conferences at an early date which would be convenient for the attendance of the Prime Ministers and Foreign Secretaries of France, Italy and Great Britain, and the representatives of the United States and Japan, in order to formulate the proposals for the Treaty with Turkey and finally dispose of the difficulties arising out of the situation in the Adriatic.

(b) That the decision of the Conference that no useful purpose would be served by attempting to summon any general Conference of the representatives of the anti-Bolshevist States at the present time should not be announced except at the Prime Minister's discretion in a supplementary answer: (Appendix J, Resolution A.5.)

(c) That it was unnecessary to announce the decision that the system of Export Licences for the exportation of coal should be provisionally prolonged by a few days in order to allow time to study the question further: (Appendix J, Resolution E.)

(5) The Cabinet took note of a statement by Mr Chamberlain that a separate Economic and Financial Agreement, not yet circulated and which was the basis of an announcement agreed to in Appendix J, Resolution E. had been signed by M. Loucheur, subject to the reference of one clause to M. Klets, the French Minister of Finance, and by himself, subject to that clause being accepted. The clause related
to the time of repayment of a sum of £90,000,000 in gold which, during the War, had been sent to this country from France in connection with the American Credits.

(6) A suggestion was made that the Prime Minister, on behalf of the Ministers who had recently conferred with M. Clemenceau in London, should send a telegram of sympathy in regard to the injury to him reported in the morning's newspapers. From enquiries made at the French Embassy, however, it appeared that no official information had yet been received on the subject.

In these circumstances the Prime Minister decided to await confirmation of the newspaper report before taking action.

(7) The Chancellor of the Exchequer reported that it was becoming evident that the Government might have to impose additional taxation next year, and that in any case changes would be necessary in the forms of taxation. Some alternative for the Excess Profits Tax might be required, and the results of the Committee on Income Tax might also render changes necessary. In view of the very difficult and novel problems involved, he would be glad to have the assistance of some of his colleagues with whom he could confer on these questions. Owing to the great pressure on the time of most of its members, he did not feel justified in asking the Prime Minister's Finance Committee of the Cabinet to undertake this additional burden.

The Cabinet invited the following Ministers to form a Committee —

Mr Bonar Law, Mr Montagu, Sir Laming Worthington-Evans, Mr Stanley Baldwin,

to assist the Chancellor of the Exchequer in regard to future taxation proposals.
(8) The suggestion was made that, owing to the abnormal profits reported in various branches of industry, an announcement should be made in Parliament, before the end of the present Session, to the effect that any new taxation on profits would be retrospective from January 1, 1920.

It was agreed --

To leave this question to be discussed between the Lord Privy Seal and the Chancellor of the Exchequer.

(9) The Secretary was instructed to place the following subjects on the Agenda for a Cabinet Meeting to be held on Wednesday, December 17, 1919:

HEALTH INSURANCE.
OLD AGE PENSIONS.

(10) The Cabinet took note of the Conclusions of a Conference of Ministers held on December 9, 1919 (Appendix II).

8, Whitehall Gardens, S.W.1.

December 15, 1919.
SECRET.

CONFERENCES

of the

ALLIED AND ASSOCIATED POWERS

and

of the

BRITISH AND FRENCH GOVERNMENTS

held at

10 DOWNING STREET, LONDON, S.W., 1.

on

THURSDAY, FRIDAY, and SATURDAY.

DECEMBER 11th. to 13th, 1919.

TEXT OF RESOLUTIONS.
POLICY IN RUSSIA.

1. The Russian policy agreed to at the Conference may be summed up as follows:

Not to enter into any further commitments beyond what has already been promised or, in the case of Siberia, may be decided upon between the Governments of the United States of America and Japan, as to furnishing assistance to the anti-Bolshevist elements in Russia, whether in the form of troops, war material, or financial aid; the anti-Bolshevist elements still to be free to purchase war material in the Allied countries; each Power to have discretion to leave on the spot all political or other missions which may either be attached to the anti-Bolshevist elements or the dispatch of which may already have been decided upon; and to leave Bolshevist Russia, as it were, within a ring fence.

2. The Conference considered that a strong Poland was in the interests of the Entente Powers and left for further consideration the question of the form and extent of the assistance to be given to her for the defence of her territories.

3. The Conference agreed that no useful purpose would be served by attempting to summon any general Conference of the representatives of the anti-Bolshevist States at the present time.

4. As regards the Border communities with non-Russian populations which have been struggling for freedom and self-government, the Allies will give them such assistance in defending their liberties as may be found desirable in the circumstances of each case as it arises.

NOTE: - An understanding was reached that each Government should announce this policy in the words and in the manner it considered most convenient but in any case not before 3 p.m. on Monday, December 15th.
It was agreed that:

1. The present session of the Peace Conference shall come to an end at Christmas or at latest within a fortnight of the first préces-verbal of the deposit of ratifications of the Treaty of Peace with Germany.

2. After the termination of the present session of the Peace Conference large questions of policy shall be dealt with by direct communication between the governments themselves, while questions of detail shall be dealt with by a Conference of Ambassadors in Paris.

3. The principles of the Treaty of Peace with Turkey shall be first discussed between the heads of Governments before the Conference meets to consider the necessary treaties.

4. The Inter-Allied Military Organisation shall be continued under the presidency of Marshal Foch at Versailles and shall be instructed:

(a) To give advice to the Allied and Associated Governments on military questions relating to the execution by Germany of the Treaty of Peace.
(b) To execute such orders as the Allied and Associated powers may give them.
It was agreed that:

A Committee should be immediately set up in London composed of legal representatives of the British, French, and Belgian Governments, in order to revise and, if possible, to cut down the list of persons accused of having committed acts in violation of the laws and customs of war under Art. 228 of the Treaty of Peace with Germany, and in order to insure that the several lists are based on similar principles.

The Attorney General of England undertook to take the initiative in summoning the Committee.
THE KAISER. (Discussed between the British and French Governments.)

It was agreed:

To proceed with the demand for the surrender of the Kaiser under Art. 227 of the Treaty of Peace with Germany immediately after the first procès-verbal of the ratification of the Treaty of Peace with Germany.
ECONOMIC QUESTIONS.

Reparations, Finance and Coal.

The Conference agreed to the following communique to be issued by M. Loucheur in Paris as the result of his conversations with Mr. Chamberlain:

An exchange of views has taken place in regard to the working of the Reparations Commission and has demonstrated the identity of view of the two Governments. The economic and financial situation has been examined in detail. In order to remedy the fall in the Exchange, prejudicial to the two Nations, the British Government has accepted the issue of a French loan in England, the date, the amount and the conditions of which will be fixed by agreement between the two Governments. Finally, it has been decided that the system of licences for the exportation of coal shall be provisionally prolonged by some days in order to allow time to study the question further.
The attitude of the United States of America to the Peace Treaty.

In view of a communication from Viscount Grey to the Prime Minister, in which the former had advised that foreign opposition to their reservations would only stiffen the Senate, it was agreed that discussion of America's attitude and the possible action of the Allies towards it should be postponed.
There is no formal resolution on the subject, but it was agreed that Lord Curzon and M. Berthelot should examine various questions connected with the Peace with Turkey and should prepare alternative drafts for consideration.
It was agreed that the French petrol experts should come over to London on the following Wednesday to meet Sir Humar-Greamwood and Sir John Gadman.
CONCLUSIONS of a Conference held at 10 Downing Street, S.W.1. on TUESDAY, 9th DECEMBER, 1919, at 11.30 a.m.

PRESENT:

The Prime Minister (in the Chair).

The Right Hon. A. Bonar Law, M.P.
Lord Privy Seal.

The Right Hon. A. Chamberlain, M.P.
Chancellor of the Exchequer.

The Right Hon. E. Churchill, M.P.
Secretary of State for War and Air.

The Right Hon. J. Macpherson, K.C., M.P.
Chief Secretary for Ireland.

The Right Hon. Sir E. Geddes, G.C.B., M.P.
Minister of Transport.

The Right Hon. The Lord Lea of Farsham, G.B.E., K.C.B., President of the Board of Agriculture and Fisheries.

THE FOLLOWING WERE ALSO PRESENT:

The Right Hon. Sir J. Maclay, Bart., Shipping Controller.

Lt.-Col. Leslie Wilson, C.M.G., D.S.O., M.P., Parliamentary Secretary, Ministry of Shipping.

The Right Hon. The Lord Inverforth, Minister of Munitions.

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Mr. Thomas Jones ................................................................. Assistant Secretary.
Lieut.-Col. L. Storr, C.B. ......................................................... Assistant Secretary.
Capt. L. P. Burgess ............................................................... Assistant Secretary.
Mr. Pembroke Hicks ............................................................... Assistant Secretary.
(1) With reference to Cabinet II (19), Conclusion 3, the Conference continued the consideration of the Meat Situation, with special reference to the effect which the decontrol of imported meat might have on its price and on the price of home-produced meat, and on the Government's undertaking to the farmers.

It was explained that the Ministry of Food, by removing all registration of customers, could automatically remove all restrictions on consumption. Further, some administrative charges would be saved by withdrawing the Ministry of Food from the position of intermediary between the Board of Trade and the Associated Importers. Emphasis was laid on the importance of the Board of Trade maintaining for the imported meat a price which, on the average, would not involve any loss to the Government. There would be reasonable complaint if the Government were found to be dumping imported meat below cost price. It was recognised that this policy might be found difficult, owing to the long period during which some of the meat had been in store, and the Government might be forced to incur some loss ultimately in getting rid of inferior qualities. On the other hand, the policy now proposed did not involve the repudiation of the bargain which had been entered into with the farmers, who would continue to receive the scheduled prices. Further, the freeing of imported meat might very well lead to the national consumption of meat reaching the pre-war level, from which it had fallen during the war. The apprehension of a probable stringency of supply next year might, it was suggested, prove to be unfounded so far as it was based on the anticipation of substantial purchases of meat by the Central European countries.

The Conference agreed to recommend the Cabinet—

(a) To decontrol imported meat:

(b) To instruct the Board of Trade to dispose of the stocks of imported meat at a price which, on the average, would avoid financial loss to the Government:
(c) To continue the control of home-produced meat, in the interest of the farmers;

(d) To withdraw the machinery for the registration of customers;

(e) To terminate the present system by which the Ministry of Food acts as intermediary between the Board of Trade and the wholesalers.

The Conference authorised --

The President of the Board of Agriculture and Fisheries and the Food Controller to intimate the above conclusions to the Conference of Farmers to be held that afternoon, and to offer the farmers the option of continuing or abolishing the control of home-produced meat, the details of the announcement to the farmers to be agreed, before the Conference met, by the Departments concerned (the Treasury, the Board of Trade, the Ministry of Food, the Board of Agriculture and Fisheries, and the Scottish Office).

(2) The Conference had before them a Memorandum by the President of the Board of Trade (Paper C.P.-251) in which he proposed that, as the Mercantile Marine was during the war a fighting force in a very real sense of the word, the members of it who had been given the British Empire Order should be placed in the Military Division of the Order, instead of in the Civil Division.

The Conference decided --

That the awards of the British Empire Order to the Mercantile Marine should not be limited by the scale applied in the Navy and Army, but should be considered on their own merits.

(3) The Conference had before them a Memorandum by the Secretary of State for War (Paper C.P.-123) on the question of erecting memorials to the British Army on the various battlefields. The Conference was asked to consider the question from the point of view of principle, as to whether public money should be spent on the erection of war memorials on the principal battlefields where the British Army had fought during the late war.

It was suggested that one monument was sufficient in each theatre of war, including Mesopotamia; that this might
take the form of an obelisk similar to the Cenotaph in Whitehall, which might thus become a national emblem; that an obelisk, similar to those erected by the Canadian Government, might be erected on the various battlefields; and that persons of eminence, outside the Government service, should be included on any Committee set up to consider the question.

The Conference agreed -

(a) To recommend in principle that public money should be spent on the erection of war memorials on some of the principal battlefields of the British forces;

(b) That a Committee should be set up to advise as to the form of the memorials;

(c) That the Secretary of State for War should arrange with the Prime Minister as to the Terms of Reference and constitution of the Committee.

(4) With reference to War Cabinet 500, Minute 9 (a), the Conference had under consideration a Note by the Secretary (Paper C.P.-224) covering a Conclusion of the Finance Committee of the Cabinet recommending that the House of Commons should be invited to appoint a Select Committee to consider the best form of permanent organisation for the provision of supplies required by Government Departments; together with the following Papers on the proposal to set up a Ministry of Supply:

A Memorandum by the First Lord, covering a Memorandum from the Admiralty (Paper G.T.-7193),

A Memorandum by the Secretary of State for India (Paper G.T.7250),

A Memorandum by the Minister of Munitions, covering draft Bill (Paper G.T.-7007),

A Memorandum by the Minister of Munitions (Paper G.T.-7007 A.)

Committee of Home Affairs 28, Minute 3: Note by the Acting Secretary (Paper G.T.-7284)

It was pointed out that as so many members of the present Government had at one time or another been in charge of the Ministry of Munitions, Ministers had themselves a far more extensive knowledge of the subject under consideration than could possibly be acquired by any Committee the House
of Commons might appoint. It was certain, moreover, that such a Committee would discover serious differences of opinion among Ministers.

On the broad merits of the question whether there should be a separate Ministry of Supply, opinions which had been held during the War had, in some cases, been changed, owing to the fact that during the next five years the Army and the Royal Air Force would be living on their surplus stores, and the number of purchases to be made would be too small to justify a separate purchasing organisation, particularly in view of the fact that any separate organisation would involve considerable duplication of staffs. The Fighting Departments, on the one hand, would require staffs to focus their demands, while the Ministry of Supply would also require staffs to examine and carry out the requisition made. Moreover, under the present system the Fighting Departments were faced with the great difficulty of not being able to know exactly what figures to put in their Estimates, owing to the fact that the estimates of cost made by the Ministry of Munitions were continually changing. It was essential, moreover, for the Air Ministry to control the technical departments for the production of aircraft. It was impossible to separate design from supply, and design must be in the hands of the Air experts. Were it a case for bulk production on a large scale, design might be separated from supply; but during the next few years there would be no bulk production. If the Navy, Army and Royal Air Force were to obtain their supplies through a separate Department, it would put them in a very difficult position and make it impossible for them to accept responsibility for their Estimates, besides involving an immense Departmental correspondence and great friction at every step in the proceedings.

It was also suggested that there would be the greatest difficulty in inducing the House of Commons to pass the proposed Bill involving the retention of the immense organisation of the Ministry of Munitions.
On the other hand, it was pointed out that the experience of the War had shown that the great Departments of the State were continuously competing with one another for labour and materials, with the result that contractors were able to play off one Department against another, and a general enhancement of prices was inevitable. It had also been found that the Departments were in the practice of making such heavy demands that in some cases they continued buying a commodity although there were altogether ten years' stocks at the disposal of the Government. In the result, many millions of money had been wasted, and this would continue unless there were a central buying agency. Moreover, it was impossible, under the present system, for the Chancellor of the Exchequer to determine at the end of any year the assets in the hands of the Government.

Further, it was suggested that the Contract Departments of the Admiralty and War Office were not sufficiently acquainted with trade conditions to know how economy could be secured by slight alterations in the patterns of articles, which would be matters of common knowledge to any trade expert, particularly, for example, in articles of every-day use, such as cutlery and domestic utensils.

It was pointed out that it was obvious that where certain stores were common to several Departments the amount required for stock, if there were a central pool, would be less than if each Department had its own reserves.

On the other hand, it was held that if a Ministry of Supply were established and other Departments simultaneously maintained their supply staffs, the last state would be worse than the first, and it was therefore suggested that the proposal for a Ministry of Supply should only be countenanced on the assumption that Departments would cease their own supply organisations.
The opinion was expressed that the personnel of the Service Departments were not sufficiently trained or sufficiently expert in technical matters to expand under war conditions, and that for that reason the supply arrangements of the Navy and Army had been bad. The design, the supervision of manufacture, and testing, had all been under the control of amateurs. At the same time, if technical matters were to be handed over to the Ministry of Munitions, the result would be to kill keenness in the Services. It was suggested, therefore, that the remedy was not to set up a large and cumbersome Ministry, but to overhaul and staff properly the technical, designing and producing Departments of the Admiralty and the War Office, and to insist upon technical matters being controlled by experts. The aim should be to organise the officials of the Service Departments on such a basis as to make it possible to expand them into a Ministry of Supply on a large scale should another great war break out. Had that been done in the past, six months would have been saved in the late war.

It was generally agreed that for the purchase of ordinary trade articles, such as boots, clothing and consumable stores, there would be a great advantage in a system of central buying, but that for that purpose a Department of a much less ambitious character than that contemplated would be sufficient.

Emphasis was laid on the fact that, while there might be a system of common production for small arms, ammunition, rifles and machine guns, the requirements of the various Services for the higher classes of ordnance were so different in character, owing to the necessity for extreme accuracy in naval ordnance, that it would be a fatal error to attempt to take away control in such matters from the Departments respectively concerned. It was also pointed out that the late Board of Admiralty had exhaustively examined the problem, and were of opinion that they could not be responsible for the efficiency
of the Fleet if the higher forms of equipment were removed from their control, and that the new Board of Admiralty appointed a few months ago were of the same opinion. The view was expressed that, inasmuch as this view was generally known outside the Services, it would be extremely difficult to carry a Bill through the House of Commons on the lines proposed.

Reference was made to the effect in time of war of the demands made on the man-power of the country owing to competition between the Supply Departments of the various Services. It was urged that, in the case of a future war, the control of the manufacturing processes of the country must be centralised, in order to avoid the overlapping demands for the exemption of men, otherwise available for the Army, made by the Admiralty, the Air Ministry and the Ministry of Munitions.

It was suggested, after further discussion, that the Fighting Departments should prepare a list of the articles which they were ready to take from a common Supply Department and that a Committee should be appointed to consider whether the Office of Works, the Stationery Office and the nucleus of a new buying organisation might not be combined into one Supply Department.

The Conference agreed:

(a) To reject the proposal to refer the matter to a select Committee of the House of Commons:

(b) That the Fighting Departments should draw up lists of stock commodities and standardised articles which might with advantage be the subject of common purchase and manufacture, and should forward the same to the Minister of Munitions, who undertook to make further proposals after consultation with the First Commissioner of Works, for the setting up of a Ministry of Supply, which, whilst leaving non-standardised Technical Supply to the Fighting Departments, would be responsible for the Stationery Office, the Office of Works, and all other supply Services, Bulk Storage of Stocks, and Factories, etc.
(5) With reference to War Cabinet 564, Minute 3, and arising out of the above discussion, the Conference proceeded to consider the question of the transfer to the Air Ministry of the Aircraft Production Department at present under the Ministry of Munitions, referred to in a Memorandum by the Secretary of State for Air (Paper C.P.-64). It was recommended in the Memorandum that if the Ministry of Supply was not to be set up, the Aircraft Production Department should inevitably come under the Air Ministry; and that if there were to be a Ministry of Supply, the responsibility for non-standardised aircraft supplies should be transferred to the Air Ministry, the responsibility for standardised aircraft supplies remaining with the Ministry of Supply.

The Conference agreed:-

That the Aircraft Production Department of the Ministry of Munitions should be transferred to the Air Ministry.

(6) Following on the above, a proposal was put forward that it was desirable to assemble a Committee, composed of members of the Fighting Services and of selected business men of the necessary technical experience, to investigate and bring to light the disadvantages from which the nation suffered during the War owing to faulty design, lack of co-operation and co-ordination between the Fighting Services and outside experts, and to inexpert technical departments, with a view to bringing design nearer to manufacture.

2, Whitehall Gardens, S.W.1.,
December 9, 1919.
SECRET

CABINET 15 (19).

CONCLUSIONS of a Meeting of the Cabinet held at 10, Downing Street, S.W.1, on WEDNESDAY, DECEMBER 17, 1919, at 12 Noon.

PRESENT:

The Prime Minister (in the Chair).

The Right Hon. A. Bonar Law, E.R.,
Lord Privy Seal.

The Right Hon. The Lord Birkenhead,
Lord Chancellor.

The Right Hon. E. Shortt, K.C.M.G.,
Secretary of State for India.

The Right Hon. W. Long, M.P.,
First Lord of the Admiralty.

The Right Hon. N. Manso, K.C.M.G.,
Secretary for Scotland.

The Right Hon. C. Addison, M.P.,
Minister of Health.

The Right Hon. Sir A. Geddes,
K.C.B., M.P., President of the Board of Trade.

The Right Hon. The Lord Lee of
Fareham, G.B.E., K.C.B., President of the Board of Agriculture and Fisheries.

The following were also present:

The Right Hon. Sir I. Worthington- Evans, Bart., M.P., Minister of Pensions.

Major the Hon. Frederick Guest,
D.S.O., M.I., Joint Parliamentary Secretary, Treasury.

Mr Stanley Baldwin, M.P.,
Financial Secretary, Treasury.

Lieutenant-Colonel Sir M.P.A. Hankey, G.C.V.O., Secretary.
The attention of the Cabinet was called to the following letter which had been addressed by Field-Marshal Lord Haig to Sir John Simon, one of the candidates in the Spen Valley Election, and had been published in some of the newspapers of the same day:

"Dear Sir John Simon, — As you say, I have no wish to enter into political controversy or to take sides in any political question. Since you write to me, however, that it is being hinted in some quarters in Spen Valley that your services in France were only make-believe and casual, I have no hesitation in saying that your work during the year you spent with the M.A.P. in France was very real and very valuable, both to the particular branch of the service to which you were attached and to the army as a whole."

It was pointed out that this interference in a political election by an officer on the Active List was not only unexampled but created a very serious precedent. It was alleged that Field-Marshal Lord Haig had refused a request by an Agent of Colonel Fairfax, one of Sir John Simon's opponents in the election, to send a similar letter to him notwithstanding the distinguished services of the latter, who had commanded a battalion, had taken part in the Battle of the Somme, had been gassed, and had been mentioned in despatches. There was a general feeling that the Field-Marshal's action should be enquired into.

It was further generally agreed that the Government ought not to allow its supporters to suffer detriment from official action of this kind.

Two alternative methods were suggested for securing redress:

(i) That Colonel Fairfax should write a letter to Field-Marshal Lord Haig formally demanding a similar statement in regard to his own war services, and that this letter should be published;

(ii) That a Question should be arranged in the
House of Commons drawing attention to the Field-Marshal's letter and making enquiry of the War Office as to what were the services either of both candidates or, alternatively, of Colonel Fairfax only.

In regard to the first alternative it was stated that Colonel Fairfax had already declined to send such a letter. Further, it was pointed out that for him to do so would be to repeat the very undesirable course already taken by Sir John Simon, and to establish the precedent more firmly; also, that Colonel Fairfax's letter could hardly be published until Field-Marshal Lord Haig's reply was available; and, as the election takes place on Saturday next, publication would be too late to give him redress.

In regard to the second proposal it was considered undesirable that the services of both candidates should be stated together in reply to a single question, as this might be regarded as a reflection on Lord Haig.

The Cabinet agreed —

(a) That Captain Guest should arrange for a Question to be put the same afternoon to the Secretary of State for War, in the following sense:—

"In regard to the published correspondence on the military services rendered by one of the candidates for the Spenn Valley, would the War Office supply the House with the record of Colonel Fairfax's services?"

Captain Guest should also arrange with the War Office to supply the material for the reply, and should endeavour to secure the return of the Secretary of State for War, who was away from London, in time to answer the Question:

(b) That the Secretary of State for War should be invited to consider the expediency of asking Field-Marshal Lord Haig to give him his reasons for writing the letter, with a view to any action which the Secretary of State or the Army Council might deem appropriate.
As a matter of urgency, the President of the Board of Trade raised the question of the powers of the Government for the prohibition of imports. He explained to the Cabinet that in issuing, during the War, the numerous Proclamations prohibiting the importation (except under licence) of many classes of goods, the Crown had relied on Section 45 of the Customs Laws Consolidation Act, 1876, which gives the Crown powers by Proclamation to prohibit the importation of arms and munitions, and any other goods. In so doing, the Crown acted on the advice of the Law Officers. Its action was not challenged until very recently; but in the case of The Attorney-General v. Brown, which related to the seizure by the Customs of a consignment of goods imported in contravention of a prohibition made by Proclamation under Section 45 of the Act above-mentioned, Mr Justice Sankey had decided that the words "and any other goods" must be interpreted ejusdem generis with "arms and ammunition". The effect of this Judgment, unless over-ruled on appeal, was to make the action of the Crown in respect of many of the prohibitions which were in force up to August 23rd, last, and the prohibitions still in force invalid, and deprived the Crown of any legal authority for maintaining any system of prohibition until the necessary legislation was enacted by Parliament. An appeal would immediately be entered, but in the meantime a position of considerable difficulty was created. The prohibitions which had been operative since August 23rd, related only to the products of the key industries scheduled to Part III of the Imports and Exports Regulation Bill, and had been continued pending the passage of that Bill; that is to say, they related to the products of those industries which, after careful consideration, the Government had decided must be carried on in this country on an adequate scale for the sake of national security.
The following three courses were suggested:

(i) That the Government should announce that, as the Crown did not accept the decision and was appealing against it, the Customs had been instructed to continue to hold any goods of the scheduled classes imported without licence, and the Government would ask Parliament at a later stage to indemnify the Customs Authorities for such action.

It was very doubtful, however, if this was a practicable policy, since, if legal proceedings were taken by any importer to require the Customs to deliver up the goods, there would be no legal defence to such action.

(ii) That Parliament should be asked to pass a short emergency Bill continuing for a limited period the prohibition of importation of the scheduled articles subject to licence, but without any licence fees, such as are contemplated in Part III of the Imports and Exports Regulation Bill.

This course, however, was generally agreed to be impracticable in the present state of Parliamentary business.

(iii) That the decision in The Attorney-General v. Brown should be accepted, and all restrictions abandoned until either the decision is reversed on appeal or the prohibitions are re-imposed under legislation.

This course meant that, for a time, goods which are the products of what are classed as "key industries" under the Imports and Exports Regulation Bill would come in freely, and no doubt every effort would be made by the foreign producers and their agents, or interested merchants here, to get as large stocks as possible into this country, and in some cases at least would have a disturbing effect on the rising domestic industries concerned. In the case of dyes and chemicals the results would not be serious, and in the classes of goods in which American competition would otherwise be keen the depreciated Exchange would act as a breakwater. On the other hand, on some classes of optical instruments, illuminating glassware and gauges, where the
The offset would be considerable.

After some discussion the Cabinet agreed —

(a) That the best course would be to announce that the Imports and Exports Regulation Bill would be pushed on with in February and would be made retrospective, not in regard to penalties, but inadvisable that goods ordered between the present time and the passing of the Act would not be permitted to enter the country except as provided in the Act. It was generally felt that this would be a deterrent to the establishment of any extensive import trade in the interval:

(b) That this policy should be announced by a Question placed on the Paper in the ordinary way, and by Answer in the House of Commons.

HEALTH INSURANCE (5) With reference to Cabinet 14 (19), Conclusion 3, the Unemployment Cabinet had before them the following documents relating to Insurance:

Memoranda by the Minister of Health (Papers C.P.—180 and C.P.—258).

Memoranda by the Chancellor of the Exchequer (Papers C.P.—211 and C.P.—233).

A Memorandum by the Minister of Pensions (Paper C.P.—303).

The Minister of Labour stated that the closely related Unemployment Insurance Bill would be introduced in the House of Commons and read for the first time on Monday next.

After the scheme had been explained to the Cabinet, the following note was read from the Chancellor of the Exchequer, who was unavoidably absent:

"Before the Cabinet decide the course which they will pursue in regard to the questions now under discussion, I think they should be informed that I have just learned that the Education Estimates will next year show an automatic increase of $11,000,000 over the current year, which itself shows an increase of $16,000,000, almost wholly automatic, over last year. This is the result of the recent Education Bill, which makes the Treasury contribution follow automatically..."
on the expenditure of Local Authorities, who themselves have only a minor interest in controlling its amount. In forecasting future expenditure for the purpose of the White Paper presented to the House I allowed only for an addition of £4,000,000 or £5,000,000 in the 'normal year'. Education alone involves us in an expenditure which can only be met by additional taxation, and affords the strongest argument for refraining from fresh commitments."

Various alternative suggestions were made for reducing the contribution by the State towards National Health Insurance. These included the following:

(i) An addition of an extra ½d. to the workers' contribution, which would bring in £1,500,000.

It was pointed out that the unemployment contribution from the workers would be 3½d. An addition of ½d. to the proposed workers' contribution of 5½d. to Health Insurance would make a round sum of 9d., which would be easier for the employer to deal with than a total of 8½d., as now proposed. It was explained, however, that the addition of ½d. would be highly inconvenient and probably unworkable from an administrative point of view, as the cards, stamps and accounting system of Health Insurance were all worked out for denominations of ½d.

(ii) The addition of 1d. to the workers' contribution.

This would bring it to the same level as was proposed to the employers, and would be a set-off to balance the various block grants which had in the last few years been made by the State. There was a strong feeling that, in view of the rise of wages, an addition of 1d. would not be unreasonable.

(iii) A proposal, to be considered with (ii), that the State contribution should rather be in the direction of relieving the local rates, on which it was proposed to place the maintenance of sanatoria in connection with Health Insurance.

The Cabinet agreed --

That the question of Health Insurance, including the above suggestions, should be referred to a Cabinet Committee composed of the following:
With reference to Cabinet 11 (19), Conclusion 1, the Cabinet had before them a Memorandum by the Chancellor of the Exchequer, giving the recommendations of the Cabinet Committee on Old Age Pensions (Paper C.I., 1919).

There was no criticism of any of the Cabinet Committee proposals, and the discussion centred mainly on the question of when the necessary legislation could be passed. Since the proposals of the Cabinet Committee involved an expenditure of some £4,000,000 to £5,000,000 per annum less than the minimum proposals of the Old Age Pensions Committee, it was realised that they would necessarily be exposed to a good deal of criticism, not only from the Labour Party but from the members of the Old Age Pensions Committee. The Cabinet felt that if the measure was postponed until next Session it would be very difficult to secure the adoption of the present proposals. The Cabinet were informed that preliminary enquiries had indicated that Mr Arthur Henderson would welcome what he regarded as an installment towards increasing Old Age Pensions, and it was possible that the Labour Party might be induced to support a measure based on the Cabinet Committee's proposals. It was recognised that there would be very strong objections in some quarters to a suspension of the Standing Rules and the rushing of the measure through Parliament in the present Session. Nevertheless, there was felt to be a possibility that the prospect of securing a relatively economical measure might weigh with the very Members who otherwise would be most likely to object, on the above grounds, to the passing of the Bill this Session.
The Cabinet agreed —

(a) To approve the proposals of the Cabinet Committee: (Appendix.)

(b) That it was highly desirable, if practicable from a Parliamentary point of view, to pass a Bill to give effect to the Cabinet Committee's proposals in the present Session, the preparation of a Bill having already been set on foot by the Chancellor of the Exchequer.

(c) That the Minister of Pensions should continue the negotiations which he had already commenced with the Labour Party with a view to securing their assent to the passage of a Bill.

(d) That, with a view to obtaining Parliamentary support to the enactment of the necessary legislation before Parliament rises, the Minister of Pensions should arrange for a Question to be put in Parliament on the subject, which should be replied to in the sense that the Government felt it would be useless to introduce the necessary legislation unless the feeling in the House of Commons in favour of securing an immediate increase in the Old Age Pensions was so strong that the House was willing to facilitate the passage of a Bill by agreeing to a suspension of the Standing Rules.

9, Whitehall Gardens, S.W.1.

December 17, 1919.
OLD AGE PENSIONS.

Memorandum by the Chancellor of the Exchequer.

The Cabinet Committee on Old Age Pensions have in conformity with the provisional decision of the Cabinet considered the question of adopting a means limit which shall be lower than the doubled limit suggested in the Minority Report of the Committee on Old Age Pensions. They recommend that the new scale should run from £26.5s.0d. a year (slightly over 10s. a week) to £47.5s.0d. a year (slightly over 18s. a week), in steps of £5.5s.0. per annum about 2/- a week.

The result will be that persons with private means of 10s. a week will receive a maximum pension of £1 a week. Persons with 18s. a week will receive a minimum pension of 2s. a week, bringing their total means up to £1 a week.

Any estimates of cost are highly speculative but the Cabinet Committee are advised that this scale will probably bring in about 220,000 new pensioners as compared with 350,000 who would be brought in by doubling the existing means scale.

The saving involved will be about £4,000,000 per annum, possibly in the first year rather more.

Under this scheme it is estimated that, as compared with the existing expenditure upon Old Age Pensions, (including the additional allowance of 2s. 6d. during the War)

These are considered preferable to 1s. steps as involving a less close assessment of means and therefore a less frequent reassessment of pensions when means vary.

This is based on Sir A. Watson's estimate that the average pension under the new scale will be £24.7s.0. per annum, i.e. about 9s. 4d. a week, instead of £25.5s.0. as estimated by Sir F. Clarke. £1,000,000 of the saving is therefore due to a reduction of the original estimate of the cost of a doubled means limit.
of about £17,650,000 per annum, the expenditure in future
will be about £28,000,000 per annum, an increase of rather
over £10,000,000 per annum of which nearly £6,000,000 is due
to increasing existing pensions and the balance to bringing
on to the Pension list a fresh body of pensioners at the new
higher rate of pension.

The Cabinet Committee also recommend for adoption :-

(1) The proposals contained in the Minority Report,
page 16, with regard to the calculation of means and
(2) The unanimous recommendations of the Committee
with regard to the Poor Law disqualification, and to
certain minor alterations in the conditions under which
pensions are at present paid.

The complete scheme to be embodied in legislation
may be summarised as follows :-

1. The maximum pension will in future be 10s. a
week as recommended in both Reports. The additional allowance
of 2s. 6d. a week given by administrative action during
the war will be absorbed in the new scale and the administra­tive concessions with regard to the calculation by means of
existing pensioners will also be terminated, subject, if
necessary, to some temporary provision for existing interests.
(This last will be a matter for administrative action and
not legislation).

The argument for this concession is that it will
benefit the poorest pensioners who are suffering great
hardships at present and who have the strongest claim if
more money is to be spent on Old Age Pensions.

\[x\] This is based on Sir A. Watson's estimate that the average
pension under the new scale will be £24.7s.0. per annum, i.e.
about 9s 4d. a week, instead of £25.5s.0. as estimated by
Sir F. Clarke. £1,000,000 of the saving is therefore due to a
reduction of the original estimate of the cost of a doubled
means limit.
2. At the same time the existing Poor Law disqualification will be removed as regards outdoor relief or the home assistance which will take its place under the recommendations of the Maclean Committee. This will enable assistance to be given from local funds in cases of special need and will obviate any necessity for further increasing the amount of pension at the expense of the Exchequer. Pension will not however be paid to inmates of poor law and other public institutions except that it may be continued to persons entering such institutions in order to obtain medical or surgical relief for a period not exceeding 3 months in order to prevent the breaking up of the home.

3. The means limit will, as above stated, run from 10s. to 18s. a week. It is estimated that an additional saving of about £1,000,000 per annum would be obtained by reducing the scale so as to run from 8s. to 16s. but it is felt that a scale which makes it possible for pensioners' means to be brought up to the round sum of £1 a week is one which will be so much more attractive and easily defensible that this additional expenditure is worth incurring.

The new means limit will go a long way towards meeting the complaints of Friendly Societies and Trade Unions that the thrift of their members is "penalized".

As a rule the permanent sick pay or pension given by Friendly Societies does not exceed 4/- a week. Trade Union pensions range from 4/- to 10/- but are almost always nearer the lower figure.

It can be said, therefore, that the receipt of these benefits will never in the absence of other means result in the reduction of the Old Age Pension.

Moreover, as the Minority point out, when claimants in receipt of such allowances are residing with friends or relations, these allowances are usually paid over towards
cost of board and lodging and the net means are thus brought within the limits required to qualify for full pension.

The situation will be further eased by the proposed exclusion of temporary sick pay from the calculation of means.

The proposals of the Minority with regard to the calculation of means (page 16 of the Report) should be adopted as they stand. These proposals are designed on the one hand to mitigate the grievances felt under the existing system and on the other hand to limit the benefit which will be obtained by persons in possession of comparatively large capital sums.

These proposals cannot be clearly explained except in the terms of the report itself which are as follows:

"There are contain further modifications which we recommend should be made in the calculation of means.

(1) The adoption of our proposal necessitates the imposition of some restriction on applicants possessed of considerable capital sums. If no such restriction were imposed a single applicant would be eligible for the minimum pension if he possessed a capital sum of £1,260, or if he were one of a married couple, a sum of £2,520. It seems to us that the grant of a pension to such an applicant could not be defended since it would enable him to preserve his capital intact, and the pension would thereby benefit not the pensioner himself but his successors. On the other hand, we are in favour of a suggestion made in evidence that small amounts deposited by the claimants in the Post Office Savings Bank or retained in the house should be ignored in calculating the means. Such sums are frequently thus kept at hand to serve for emergencies or for the payment of the funeral expenses of the pensioner. We think also that as the capital possessed by a pensioner increases in amount a more stringent method of calculating the means from that source should be adopted. We therefore suggest that the yearly value of investments and other property of the claimant which may be subject to an assessment on capital value under Section 2 [1] (a) of the Old Age Pensions Act, 1911, should be calculated on a sliding scale as follows:

- (a) The first £25 of capital value to be ignored.
- (b) The next £375 of capital value to be taken at 5 percent of such value.
- (c) Any property in excess of £400 capital value to be taken at 10 per cent as representing roughly its annuity value.

(Note. With the lower means limit suggested these amounts will become £945 and £1,390 respectively)."
Although we are in agreement with our colleagues as to the difficulty of giving effect to the suggestions made in evidence in favour of the grant of preferential treatment to particular forms of property or income nevertheless we consider that an attempt might be made to remove some of the small grievances which have caused friction in the administration of the present scheme of old age pensions. Thus we consider that temporary sick pay or sickness benefit receivable by the applicant (or the husband or wife of the applicant), under medical certificate from a friendly society, trade union, or under the National Insurance Act, 1911, for a period not exceeding 3 months in any period of 12 months after the allowance of a pension, should not be regarded as income.

We consider that this exception is justifiable on the ground that sickness in the house adds to the expense of maintenance, but we do not recommend that the concession should cover permanent sick pay. This, in the case of the aged, is frequently in the nature of a pension, and is more often associated with the disability resulting from old age itself rather than with incapacity due to any specific complaint.

We believe that it is only in exceptional circumstances at present that furniture and personal effects enter into the calculation of means. In order to obviate irritation which may arise from an investigation into this item, we think it advisable to ignore means from this source.

There is one further point in which we consider the existing Acts require amendment. Where a claimant is separated from his wife and an allowance is being paid to her by the claimant under a Separation Order, there is no provision enabling the allowance to be deducted from the claimant’s means. This involves the inclusion of the sum paid in the means of each of the couple and we consider that in future it should not be included in the means of the person actually making the payment.

4. It is proposed to adopt the minor and miscellaneous recommendations contained in paragraph 21 of the Majority Report. These cannot with clearness be more briefly summarised and a copy of the paragraph in question is accordingly appended below. It should be noted that the recommendations with regard to nationality, imprisonment and failure to work may be a controversial character and it is open to doubt whether it is desirable to reduce the period for which a claimant must have been a British subject from 20 years to 10 as proposed by the Committee.
In addition to our main scheme of reform there are certain minor points in which we consider the existing Acts require amendment:

(1) Statutory conditions for the receipt of a Pension:

(a) Nationality. - We do not feel able to support the recommendation made to us by the Board of Deputies of the British Jews that the nationality test should be waived in favour of a residence qualification only. Any privilege granted to unnaturalized aliens could only operate as a discouragement to naturalisation, and aliens in the country should take the full status of citizenship if the authorities think them suitable.

We think, however, that British subjects of alien birth should become eligible for pension 10 years (instead of 20 years) after naturalisation, provided that they have been resident in the United Kingdom for at least 20 years.

If the position of the alien is to be further improved, we consider that this should be effected by arranging reciprocity agreements within the League of Nations under which the various nationals will become entitled to whatever form of old age pension is in force in their country of settlement.

We think that the arguments for the exclusion of the alien do not apply with the same force in the case of the British-born wife of an alien, and we recommend that, if the law of nationality remains as at present, the benefits of the pension should be granted to her as though she had never lost her British nationality.

(b) Residence. - Section 3 (2) of the Act of 1911 makes residence in the United Kingdom for 12 out of the last 20 years a condition for the receipt of a pension. The intention of this Section appears to be perfectly clear and we do not consider it unreasonable. It is, however, so drafted that if the period of absence occurs near the pensionable age, the date of eligibility becomes almost indefinitely postponed. Thus a person of pensionable age who over the period of 1900 to 1919 had been absent from the United Kingdom from 1910 to 1918 would have to wait until 1930 before he could receive a pension, whereas if he had been absent from 1900 to 1908 he would become entitled in 1920. We therefore recommend that the section should be amended to make the period 12 years in the aggregate since attaining the age of 50.

In this connection our attention has been drawn to the reciprocal agreement between the Dominion of New Zealand and the Commonwealth of Australia with regard to residence, and we suggest that legislative sanction be sought to give effect to similar agreements between the United Kingdom and other parts of the Empire where Old Age Pensions are granted, so that residence in any one part shall count in any other.
(2) Statutory Disqualifications:

(a) Imprisonment. - We do not consider that the existing disqualifications for varying terms after the completion of a sentence of imprisonment can be justified. Such disqualification appears to us to be in the nature of a double punishment for the same offence, which we consider to be wrong in principle.

Apart from this it is open to the further objection that it works unevenly in different cases.

The judicial authority does not invariably know that the prisoner is or is likely to become an old age pensioner, and even where this is known the effect of the sentence on the pension may not be fully realised. Again, it is unfair that an offence which committed at the age of 59 involves no penalty beyond the imprisonment itself, should at the age of 69 involve a loss of pension in addition.

We therefore recommend the repeal of Sections 3 (2) of the Act of 1908, and Section 4 (2) and (3) of the Act of 1911, so far as they involve disqualification after the period of imprisonment, but we recommend the retention of Section 3 (3) of the Act of 1908 in order to prevent payment of the pension to inebriates who are obviously unfitted to be trusted with the pension.

(b) Failure to work. - We understand that this disqualification is rarely operative, and we think that it will be better frankly to abandon it.

(c) The disqualification of inmates of prisons and pauper or criminal lunatic asylums should continue as at present.

(3) Miscellaneous Recommendations:

(a) Date of receiving pension. - Under Section 5 (2) of the Act of 1908 a pension does not commence to accrue until the first Friday after the claim has been allowed by the Committee. Similarly an increased pension does not accrue until after the decision by the Committee.

In many cases delay has occurred between the lodging of a claim and the payment of the pension. This delay is often unavoidable and in no way reflects on the Pension Authorities, but the hardship incurred is none the less real and we recommend that each pension should date from the Friday following the receipt of the application for a pension, or the date on which the person becomes entitled to the pension, whichever is the later.
(b) Claims received on behalf of persons incapable of understanding the nature of the claim. - Under the Old Age Pensions Acts there is no express disqualification of such persons, but the Law Officers have advised that claims made by persons mentally incapable of understanding their significance could not be regarded as valid, and the Acts as they now stand make no provision for a claim to be made by other persons on their behalf.

We recommend that the cases of persons qualified for Old Age Pensions (not certified as lunatics) but as a matter of fact incapable of understanding the nature of a claim, should be met by enabling pension committees to entertain an application by a person prepared to act as “next Friend” whose application is vouched for by a Magistrate, and is accompanied by the certificate of a qualified medical practitioner.

(e) Inalienability of Pension: - Under Section 6 of the Act of 1908, any charge on the pension is void, and in the event of the bankruptcy of a pensioner it does not pass for the benefit of the creditors.

We recommend that this provision should be extended and that the Old Age Pension be expressly excluded from the calculation of means for the purpose of an instalment or a committal order under the Debtors Act, thereby making the pension inviolable against any creditors.

5. A machinery clause is also desirable to enable the Customs to increase an existing pension without having to refer the case to the Local Pension Committee, reserving of course the right of the pensioner to appeal to the Committee if he is dissatisfied with the Pension Officer’s decision. This will greatly expedite matters.

Nothing has been said in this memorandum as to the rejected proposals of the majority for universal pensions, which is fully dealt with in the minority report, or as to the proposals of individual members for still further increasing the amount of pension and for lowering the qualifying age.

The latter is dealt with in paragraph 19 of the Majority Report and it should be noted that they recommend a further enquiry into the Insurance Acts. It is almost certain that nothing will come of this, and no doubt the Government will not wish to commit themselves to such an enquiry but it may be difficult to refuse it.

(Intd.) A.O.

Treasury, S.W.
December 15th, 1919.
CABINET 16 (19).

CONCLUSIONS of a Meeting held in Mr Bonar Law's Room, House of Commons, S.W.1, on FRIDAY, DECEMBER 19, 1919, at 11-30 a.m.

PRESENT:—

The Prime Minister (in the Chair).


The Right Hon. W.S.Churchill, K.B.E., Secretary of State for War and Air.


The Right Hon. C. Addison, M.P., Minister of Health.

The Right Hon. H.A.L.Fisher, K.C., President of the Board of Education.

The following were also present:—


The Right Hon. Sir J. Maclay, Bart., Shipping Controller.

Mr F.G.Kellaway, M.P., Parliamentary Secretary, Ministry of Munitions.

The Right Hon. A. Chamberlain, M.P., Chancellor of the Exchequer.

The Right Hon. E.S. Montagu, M.P., Secretary of State for India.


The Right Hon. the Lord Lee of Fareham, G.C.B., K.C.B., President of the Board of Agriculture and Fisheries.

Lieutenant-Colonel Sir M.F.A.Hankey, G.C.E., Secretary.

Mr Philip Kerr.
(1) With reference to the statement recorded in Cabinet 15 (19), Conclusion 3, that the Unemployment Insurance Bill would be introduced in the House of Commons on Monday next, attention was drawn to the fact that this Bill had not yet been circulated to members of the Cabinet, in accordance with the precedent usually followed in the case of important Bills, and had not been examined either by the Cabinet itself or by the Home Affairs Committee. It was further stated that the Treasury were not fully informed as to the financial effects of the Bill, more especially in regard to proposals for segregating, for purposes of Unemployment Insurance, certain branches of industry.

It was explained, however, that the scheme had been discussed for some months between the Ministry of Labour and the Treasury, and had also been examined by the Government Actuary. Moreover, the only changes made since Cabinet approval was given to the general lines of the scheme during the discussions on Out-of-Work Donation, had been in the direction of reducing expenditure: for example, by omitting Agriculture and Domestic Service, and by the adoption of rates of benefit, 15/- a week for men and 12/- a week for women, in lieu of the 20/- for men and 15/- for women originally aimed at.

The suggestion was made that, instead of introducing the Bill on Monday, which would to some extent commit the Government in matters of detail, it would be wiser to follow the precedent of the Government of Ireland Bill, a statement of the main principles of the Bill being made in Parliament by the Minister of Labour.

In this connection it was explained that the reason for introducing the Bill on Monday was that Parliament strongly resented the announcement of important measures being made outside, and it was thought to be only due to the dignity of Parliament that the Bill should be read a first time in the House of Commons before it was discussed with the various organisations concerned.
It was generally felt, however, that if the main heads of the policy were first announced in the House of Commons, little objection would be felt in Parliament to the discussion of details outside with the interests concerned. It was suggested that the points on which Parliament would wish to be informed were:— the amount of the contribution to be paid by workers, by employers and by the State respectively; the amount of the benefits; and who would be included.

There was general agreement that the Unemployment Insurance Bill should be pushed on as fast as possible, but in present circumstances the following course was agreed to:—

(a) That the Bill should not be introduced this Session:

(b) That the Minister of Labour should circulate to the Cabinet a draft of the statement he proposed to make in Parliament, and that this statement should not be discussed before he made it unless this was specially desired by some member of the Cabinet.

(2) With a view to the co-ordination of the work of the various Departments, it was generally agreed —

That, even in cases where the Cabinet have already approved the general principles, Bills should be circulated to the Cabinet sufficiently long before their introduction in Parliament to enable them to be examined before they are read a first time.
(3) With reference to Cabinet 12 (19), Conclusion 1, the Cabinet had before them a preliminary draft of the King’s
Speech on the Prorogation of Parliament, based on material furnished by the various Government Departments (Paper O.P.-
314).

The draft was examined in detail, and very considerable alterations were made. It was generally agreed that the portions dealing with Labour required re-drafting in order to set forth with greater emphasis the substantial improvement in labour conditions which had been introduced by legislation enacted during the present Session of Par-
liament.

The attention of the Minister of Labour and Mr Philip Kerr was specially directed to the paragraph in question.

It was generally agreed also that the latter part of the draft required considerable re-arrangement, and that this should be on the following lines:— The paragraph dealing with the grave economic position of a large part of Europe to be followed by a paragraph dealing with the cost of living; after which should come passages dealing with ex-Service men, Pensioners, Disabled Soldiers, Provision for training soldiers and settling them on the land. These should be followed by paragraphs dealing with the principal heads of legislation, e.g., Labour, Housing, Land Acquisition, Health, Transport, Electricity, Agricultural Policy and Re-organisation, and an “omnibus” clause dealing with other legislation.

It was agreed —

That a Committee, composed as follows:—

Mr Balfour (in the Chair),
The Minister of Labour,
The Minister of Health,
The Secretary of State for India,

should meet at 3–45 p.m. in Mr Balfour’s Room at the House of Commons, with full authority from the Cabinet to re-draft the King’s Speech on the above lines, and to complete it in time to be submit-
ed to the King the same evening.
(4) With reference to Cabinet 14 (19), Conclusion 1, the Cabinet had a preliminary discussion on the statement to be made by the Prime Minister, who wished to consult his colleagues on several points.

(5) With reference to Cabinet 14 (19), Conclusion 2, the Prime Minister stated that he and some of his colleagues had the same morning held a long conference with Sir James Craig, who had again expressed his strong opinion in favour of confining the Northern Parliament of Ireland to the Six Counties. Sir James had also expressed himself strongly in favour of the proposed Boundary Commission in order to define the precise boundary of the Parliamentary Area. Sir James Craig was not pressing for the exclusion of the Six Counties from the scheme, and was prepared to try and work the Northern Parliament in the Six Counties.

There followed a long discussion, in the course of which the arguments on both sides of the question, as recorded in the Conclusions of previous discussions on this subject, were repeated.

It was strongly urged that if the ultimate aim of the Government's policy was a united Ireland, it would be better that the jurisdiction of the Northern Parliament should extend over the whole of Ulster, which included both Roman Catholics and Protestants, both urban and rural districts, and by its size was more suited to possess a separate Parliament. This course, it was recalled, had been previously adopted by the Cabinet after several prolonged discussions.

On the other hand, it was pointed out, by reference to Cabinet 12 (19), Conclusion 12, that the previous decision had been provisional and "subject to possible further consideration in the light of anything that the Ulster Members might have to say when seen (as proposed) by members of the Government".

While it was recognised that, on merits, there was much to be said for the previous provisional decision, and
that the jurisdiction of the Northern Parliament over the whole of Ulster as a geographical unit was more logical and in many ways easier to defend in Parliament, it was generally felt that it was even more important to get a scheme which, even though theoretically less perfect, would meet with more general acceptance. It was contended that even the eventual unity of Ireland would be better assured by a scheme which was acceptable to those who had to work it. Few Constitutions, it was pointed out, were theoretically perfect; least of all that of the United Kingdom, although it was well suited to the temperament of the people. A scheme which was advocated both by Sir James Craig, a representative Ulsterman, and Sir J. O'Connor, who could speak for the Irish hierarchy, would be likely to meet with a better reception than one which they both condemned. It would be difficult for the Government to force through a scheme which was unacceptable both to their friends and to their critics.

In these circumstances, the Cabinet agreed —

That the Prime Minister should explain to Parliament the following courses which were open:

(i) To apply the jurisdiction of the Northern Parliament to the whole of Ulster;

(ii) To apply it only to the Six Counties;

(iii) To apply it to the Six Counties and to have a Boundary Commission to draw the exact line of demarcation with a view to the inclusion of Protestant and Roman Catholic communities living near the border within the jurisdiction of the Northern or Southern Parliament respectively.

We should further state that the Government were inclined to lean towards the Six Counties solution, but were prepared to consider favourably the appointment of a Boundary Commission if generally desired.

(6) During the previous discussion a proposal was made, which met with considerable favour, to appoint a Boundary Commission immediately in order to advise the Government as to the precise boundary to be included in the Bill.
It was pointed out, however, that the enquiries of the Boundary Commission might produce considerable unrest at the present time, and that the Bill could be perfectly well drawn so as to provide for the subsequent determination of the boundary.

The proposal was not pressed to a final decision.

(At this point the Prime Minister withdrew and Mr. Balfour took the Chair.)

The Represent- (7) With reference to Cabinet 12 (19), Conclusion 11, the Cabinet was informed that the Cabinet Committee on Ireland, after further discussion and examination, had come to the conclusion that the 48 Irish Members, which the Cabinet had agreed should be provided for in the Bill, should be in the Imperial Parliament for all purposes, and not, as decided by the Cabinet, "in-and-out".

The new reason which had influenced the Cabinet Committee in making this recommendation was that, if the "in-and-out" portion of the clause were retained, no Irish Member would be able to serve as a Minister of the Crown. The Committee were also profoundly impressed with the great difficulty which Governments would encounter as regards their majority in the House of Commons. This majority would vary materially in a single afternoon according as the Irish Members were "in" or "out".

This fresh recommendation of the Cabinet Committee gave rise to considerable discussion, in the course of which the various reasons for and against the "in-and-out" clause, as recorded in the previous discussion on the subject, were repeated, and gave rise to some further discussion as to the proper number of Irish Members.

In this latter connection a fresh argument adduced against reducing the numbers was that, as the Imperial Parliament would be in a position to impose conscription on Ireland as well as on Great Britain, the Irish would have a grievance if they were not fully represented. It was pointed out,
however, that the same applied to the question of Peace or War, which remained in the hands of the Imperial Parliament, and that the question of compulsory military service was really only a part of that larger question.

After so a discussion the Cabinet agreed —

To accept the recommendation of the Cabinet Committee that the number of Irish Members included in the Bill should be 42 for all purposes.

Excise.

(9) With reference to Cabinet 16 (19), Conclusion 12, the mention of Excise gave rise to a discussion as to how the Prime Minister in his statement should refer to the analogy between the powers it was proposed to give to Ireland under the Government of Ireland Bill and the powers of a State in the American Union.

There was no disposition to question the desirability, from the point of view of its effect in the Dominions and in the United States of America, of mentioning this analogy, but doubts were expressed as to how far it was intended to extend: was it meant to apply to the separate Parliaments or Southern and Northern Ireland, or only to a single Irish Parliament, the achievement of which, with the consent of the two Parliaments, was provided for in the Bill?

It was recalled that the proposal had first been mentioned only in connection with the financial provisions of the Bill. At that time it had been proposed to withhold the power to levy Income Tax until a single Irish Parliament was established: but since then it had been proposed that this power, as well as other extended powers, should be granted to the Northern and Southern Parliaments, which brought their powers much nearer than had originally been contemplated to those of an American State.

It was suggested that, in these circumstances, it would be inadvisable at this stage to encourage the expectation
that services such as Excise, the Post Office and Inland Telegraphs should eventually be transferred to a single Irish Parliament. The addition of these services would give the proposed Irish Parliament powers in excess of those wielded by a State in the American Union. If the argument in favour of making the powers of these Parliaments equivalent to those of a State in the Union could be used for extending the powers, it could also be used in the opposite way, against providing powers for the Irish Parliament in excess of those of an American State. If the powers referred to were conferred on the Irish Parliament, its powers would more nearly approach to those of a Dominion, and Dominion Home Rule had never been contemplated.

On the other hand, it was urged that the omission of these powers would weaken the Bill and would remove much of the incentive towards a single Parliament.

It was suggested that the statement should be on the lines that there had been a clear-cut issue between giving Ireland the powers of a Dominion and the powers of a State in the American Union. The Government had decided on the latter. So far as it was consistent with the conditions of the United Kingdom, this latter principle would be applied. Ireland would get some of those powers now, and, if the two Parliaments agreed to set up a single Parliament, would get more.

It was suggested that there was no necessity at this stage to state exactly what those additional powers would be.

While it was recognised that a final decision could not be taken in the absence of the Prime Minister, the Secretary was asked to record the following general view —

(a) That the Prime Minister's speech should broadly represent what was included in the Bill:

(b) That it was undesirable at present to commit the Government either for or against the inclusion in the Bill of the grant to the Irish Parliament of powers in regard to Excise, Post Office and Telegraphs.
(c) That the Prime Minister should be asked to discuss the question with the Minister of Education.

(NOTE BY THE SECRETARY. The gist of this discussion was reported after the meeting to the Prime Minister, who decided to hold a further meeting on Monday next, December 22, 1919, at 12 Noon.)

With reference to Cabinet 15 (19), Conclusion 3, the Cabinet had before them a Memorandum by the Minister of Health on the question of National Health Insurance (Paper C.P.-316), explaining that it had been found impossible to reach agreement among the members of the Cabinet Committee which had been considering the proposals to amend the Health Insurance Act.

The Minister of Health stated that it was of great urgency that he should be in a position to make a statement as to the intentions of the Government on the subject before the House rose, and that this involved conferences with some of the interested parties.

The Cabinet agreed that —

The question should be left for the decision of the Prime Minister, in conference with the Cabinet Committee, namely:

The Minister of Health,
The Chancellor of the Exchequer,
The Secretary for Scotland,
The Minister of Pensions,
The Secretary of State for India,
The Financial Secretary of the Treasury,

who should, if necessary, meet the Advisory Council of the Insurance Societies and the representatives of the medical profession.

2, Whitehall Gardens, S.W.1.
December 19, 1919.
CONCLUSIONS of a Meeting held at 10, Downing Street, S.W.1, on MONDAY, DECEMBER 22, 1919, at 12 Noon.

PRESENT:-

The Prime Minister (in the Chair).

The Right Hon. A. Bonar Law, M.P., Lord Privy Seal.

The Right Hon. A. Chamberlain, M.P., Chancellor of the Exchequer.


The Right Hon. E.S. Montagu, K.C., M.P., Secretary of State for India.


The Right Hon. R. Lumma, K.C., M.P., Secretary of Scotland.

The Right Hon. C. Addison, M.P., Minister of Health.

The Right Hon. H.A.L. Fisher, M.P., President of the Board of Education.

The Right Hon. Lord Birkenhead, Lord Chancellor.

The Right Hon. W.S. Churchill, M.P., Secretary of State for War and Air.

The Right Hon. Sir Auckland Geddes, K.C.B., M.P., President of the Board of Trade.


The Right Hon. J.L. Macpherson, K.C., M.P., Chief Secretary for Ireland.


The Right Hon. Lord Lee of Fareham, G.C.B., K.C.B., President of the Board of Agriculture and Fisheries.

The following were also present:-

The Right Hon. Sir L. Woodruff Evans, K.C., M.P., Minister of Pensions.

Mr. F.G. Kellaway, M.P., Parliamentary Secretary, Ministry of Munitions.


Mr. Philip Kerr.
With reference to Cabinet 16 (10), the Cabinet continued their discussion on various points connected with the statement to be made by the Prime Minister in the House of Commons on the same afternoon.

The Cabinet were informed that no member of the Irish Nationalist Party would be present in the House during the discussion.

With reference to Cabinet 16 (10), Conclusion 9, the first point on which the Prime Minister wished to have the opinion of his colleagues was as to the line he was to take about handing over the Post Office to Ireland.

It was pointed out that neither a State in the American Union nor a State in the Dominion of Canada had the control of the Post Office. It was suggested that, from the point of view of the safety of the country in time of war, it was dangerous for the Post Office to be in other than Imperial hands. The safeguards to be provided in the Bill for obtaining security in time of war would not in practice prove adequate, since it would be difficult to operate the system with a personnel appointed by, and relying for its promotion on, a different régime. On the other hand, it was pointed out that at the present time the staff of the Post Office in Ireland was known to include many Sinn Feiners, and that the Inland Telegraphs in Ireland had not the same standard of secrecy as in Great Britain.

In view of the fact that provision was made in the Home Rule Act of 1914 for handing over the Post Office to Ireland, it was felt that the new proposals would be greatly weakened by its omission.

It was agreed —

That the Prime Minister should state that the Government was agreed in principle to hand over the Post Office to the Irish Administration, but that it would be extremely difficult to work it under two separate Administrations. Consequently, the Government would only be prepared to hand it over provided that the Northern and Southern Parliaments could agree on a joint scheme for its administration.
The next point on which the Prime Minister wished to obtain the views of his colleagues was as to appointments to the Higher Judiciary in Ireland. Should this be handed over to the Irish Administration, or retained under Imperial Parliament?

It was recalled that, under the provisions of the Home Rule Act, the Higher Judiciary was to be appointed by the Lord Lieutenant, on the advice of the Irish Government. This scheme, however, would not be workable with two Parliaments. For example, it would not be sound in practice to have two separate Courts of Appeal, one for the North and one for the South.

It was agreed that this question turned largely on the position hitherto. If, up to the present time, the Lord Lieutenant had made appointments on the advice of the Irish Government, it was felt it would not be right to reserve these appointments in the future, provided that the difficulty of the two Parliaments could be surmounted. If, on the other hand, the Lord Lieutenant had acted on the advice of the Imperial Government, there appeared no reason to change the procedure.

After this question had been adjourned for a short time to enable enquiry to be made, the Lord Chancellor and the Attorney-General informed their colleagues that, under the Act of Union, the Higher Judiciary was not one of the reserved services, and that the Lord Lieutenant had to act on the advice of the Irish Government in this matter.

It was agreed —

That the Prime Minister should state that, if arrangements could be made by the Council of Ireland for an agreement between the Northern and Southern Parliaments, the appointments of the Higher Judiciary would be transferred.
The next point on which the Prime Minister desired a decision was Transportation.

It was agreed —

That he should announce that Transportation would be handed over to the Irish Parliaments, and that, as some of the communications pass through both the Northern and the Southern areas, the two Irish Legislatures could by agreement give the control of Transportation to the Council of Ireland.

With reference to Cabinet 16 (19), Conclusions 8 and 9, the Prime Minister, who had not been present at the discussion of the questions of Customs and Excise on the previous occasion, asked for some further consideration of them.

After some discussion, the Cabinet agreed —

That the Prime Minister in his speech should state —

(1) That when Ireland is united it is open to the Imperial Parliament to review the situation and consider whether it is desirable to give Customs to the united Irish Parliament. Meanwhile, the Cabinet are of opinion that with a divided Ireland it would be quite impracticable to set up a Customs barrier between North and South.

(2) That until union is achieved between North and South, it would be undesirable, and probably impracticable, to give power with regard to Excise to either of the two Legislatures.

Note by the Secretary.

This was not precisely the conclusion as agreed to at the Cabinet Meeting, but as the result of the discussion at the Cabinet the Prime Minister, in the interval between the Meeting and his statement, made certain modifications to meet the representations of the Chancellor of the Exchequer, and the above is what the Prime Minister actually announced.
The Prime Minister asked the House of Commons to advise him as to what should be the nature of his message in regard to the allocation of the annuities under the Irish Land Purchase Act.

In the course of the discussion, it transpired that the position of these annuities, which were derived from the sale to tenants of land purchased by them from the Government under the above Act, was approximately as follows:

| Amount of annuities derived from transactions amounting to £50,100,000 already completed | about £5,000,000 |
| Amount of annuities to be derived from transactions amounting to £17,500,000, which are completed but on which payment has not yet commenced | about £1,000,000 |
| Amounts to be derived from annuities on transactions amounting to £30,000,000 still remaining to be completed | about £1,500,000 |

**TOTAL** from £5,000,000 to £6,500,000

The question arose as to whether the whole or only a portion of this total of £5,000,000 or £6,000,000 should be handed over to the Irish Parliaments.

It was pointed out that the following additions to local expenditure in Ireland had recently been or were about to be incurred:

- Old Age Pensions ..................... £1,200,000
- Health and Unemployment Insurance ..................... say £360,000.
- Housing, from £100,000 rising to £1,000,000 per annum ....... average, say, £500,000.
- Education ..................... £500,000.

**very approximate Total ... £2,500,000**

The cost of these services, it was pointed out, nearly balanced the amount to be derived from the annuities from completed transactions.
The alternatives appeared to be to hand over to the
Irish Government the above services, together with the
revenues to be derived from the uncompleted transactions,
or else to retain in the hands of Imperial Parliament both
the services themselves and the same revenues.

In favour of the former suggestion the Cabinet were
reminded that the Irish people had always complained of the
cost of applying to Ireland, where conditions of life are
different, schemes which were based on the standards of
Great Britain, and that if these services, together with the
revenues referred to, were handed over, the Irish Parliaments
would have an opportunity to demonstrate their power of more
economical administration. On the other hand, it was suggest­
ed that it would be very difficult for the new Irish Parlia­
ments to start by cutting down benefits that had been given
by Imperial Parliament and were already in operation.

The general view was in favour of handing over to the
Irish Parliament the £4,000,000 of annuities derived from
completed transactions under the Land Purchase Act, but the
question was remitted to the Minister of Pensions to work
out in conjunction with the Treasury officials and to refer
his proposals to the Chancellor of the Exchequer before
sending them to the Prime Minister.

(At this stage the Prime Minister withdrew and Mr Bonar Law took the Chair.)

(7) With reference to Cabinet 16 (19), Conclusion 1, the
Cabinet had before them a Note by the Minister of Labour
and a revised draft of the Unemployment Insurance Bill (Paper
C.P. 325).

The Cabinet were informed that the Chancellor of the
Exchequer had now concurred in the financial provisions of
the revised Bill, and it was agreed —

To reverse the previous decision, and that
the Minister of Labour should be authorised
to introduce the Bill in Parliament.
(8) With reference to Cabinet 10 (19), Appendix II (4), the attention of the Cabinet was drawn to the following Question on the Parliamentary Paper for December 22, 1919:

"To ask Mr Chancellor of the Exchequer whether he is aware that the Press is publishing the terms upon which French Premium Bonds may be acquired; and whether, in view of the emphatic condemnation of premium bonds given in this House, the Government propose taking any action to discourage or prevent dealings in the premium bonds issued by other countries."

The Attorney-General expressed a provisional opinion that dealings in foreign premium bonds would be "a sale or advertisement of dealings in a lottery", and consequently illegal, but he promised to give a considered opinion within an hour.

Subject to confirmation of his provisional opinion by the Attorney-General, it was agreed —

That the Chancellor of the Exchequer should reply to the Question in the sense that he was advised that dealings in foreign premium bonds were illegal.

(9) The attention of the Cabinet was drawn to a document circulated by Mr Balfour in regard to the state of Germany (Paper C.P.-322).

The Cabinet agreed —

That a Meeting should be held on the following day to discuss this question and the question of the supply of sugar, referred to in the Memorandum by the Minister of Food (Paper C.P.-320).

2, Whitehall Gardens, S.W.1,
December 22, 1919.
CABINET 18 (19)

CONCLUSIONS of a Meeting held in Mr. Bonar Law's Room, House of Commons, S.W., on TUESDAY, DECEMBER 23rd, 1919, at 12 Noon.

The Prime Minister (in the Chair).

Present:

The Rt. Hon. A. Bonar Law, M.P.
Lord Privy Seal.

The Rt. Hon. C. N. Barnes, M.P.

The Rt. Hon. E. Shortt, K.C., M.P.
Secretary of State for Home Affairs.

The Rt. Hon. W. S. Churchill, M.P.
Secretary of State for War & Air.

The Rt. Hon. R. Munro, K.C., M.P.
Secretary for Scotland.


The Rt. Hon. H. A. L. Fisher, M.P.,
President of the Board of Education.

The following were also present:

The Rt. Hon. G. H. Roberts, M.P.,
Food Controller (for Items 1 & 2)

Mr. R. Lyle (for Item 2).

Lt.-Gen. Neill Malcolm, C.B.,
D.S.O., Chief of the British Military Mission, Berlin
(for Item 1)

Mr. Runge. (for Item 2)

The Cabinet had before them a private letter, circulated by Mr. Balfour, which had been addressed by Lieutenant-Colonel W. Stewart Roddie, of the Inter-Allied Commission of Control, Berlin, to Sir Almeric Fitzroy, the Clerk of the Privy Council, on the subject of the situation in Germany (Paper C.P.-322). The Cabinet were much impressed by this letter, the substance of which was that if Germany was compelled to surrender for trial the persons accused of breaches of the laws of war or criminal acts, under Articles 226 and 229 of the Treaty of Peace with Germany, nothing could prevent its collapse.

Lieutenant-General Neill Malcolm, just returned from Germany, was present during this discussion, and was questioned as to his view of Colonel Roddie's letter. In reply to various questions, General Malcolm stated that Herr Noske was apt to talk in somewhat exaggerated terms, especially at a first meeting. Herr Noske's remarks, as described in the letter, were not quite a fair judicial statement of the case, and were somewhat over-coloured. In his own view, the fate of the German Government would depend on the numbers asked for and the nature of the charges against them. In reply to the Prime Minister he said that if the charges were not so much in respect of acts committed in the course of the War but rather in respect of acts of inhumanity, offences against women, prisoners, etc., their difficulties would be less. He asked to emphasize the importance of securing a fair trial of the accused in all countries, as the Germans would have no confidence in a French or Belgian Court.

The suggestion was made that the number of persons demanded should be cut down on these lines. It was pointed out that the great object of these Articles in the Treaty of Peace with Germany was their moral effect. To produce this effect a very small list was sufficient.

It was generally agreed that if a very long list was put in there would be a real danger of bringing down the present German Government.
It was agreed --

(a) That the Lord Chancellor and the Attorney-General should accompany the Prime Minister to Paris for the forthcoming Conference of the Heads of States (the date of which is not yet fixed), and that they should present to the Conference the view of the British Cabinet, namely, that the list should be cut down, and only such flagrant offences should be included as the German Government would not be disposed to dispute:

(b) That, in the meanwhile, the Lord Chancellor should consider with the Attorney-General whether anything could be done to ensure a fair trial for the accused persons, in whatever country they were tried.

SUGAR.

(2) With reference to Cabinet 2 (19), Appendix (Minute 6), the Cabinet had before them a Memorandum by the Food Controller suggesting that, in order to meet certain difficulties caused by the extravagant price being paid for prompt sugar in America, there should be a temporary reduction of the domestic sugar ration from 6 oz. to 6 oz. (Paper C.P.-320).

The proposal was criticised on the ground that to reduce the ration to private consumers when almost unlimited quantities of sweetstuffs were being sold would create a very bad political effect. Even though the effect of cutting down the ration to manufacturers might be relatively small, it was suggested that from a political point of view such action should accompany a reduction of the domestic ration.

On the other hand, it was pointed out that the effect of cutting down the manufacturers' supplies would be to create unemployment, and that this would have an even worse political effect than cutting down the domestic ration. Further, it was urged that certain trades, including the mineral waters trade (which is building up a considerable export trade, particularly since the adoption of prohibition in North America) and the dye industry, would be severely handicapped by the curtailment of the sugar ration.
The Csbinst agreed —

To approve the proposal of the Food Controller to cut down the domestic sugar ration.

The Food Controller undertook to limit the curtailment as far as possible.

THE CENSUS OF 1920.

(3) The Cabinet had before them a Memorandum by the Minister of Health, proposing (1) that instead of passing a special Act for each separate Census, a permanent Census Act should be passed, conferring powers generally in relation to the taking of the censuses; and (2) that the Bill should empower a census to be taken quinquennially (Paper C.P.-309).

The Cabinet approved the principle of a permanent Census Act, but in view of the heavy cost of a census they were not prepared at the present time to agree to a quinquennial census.

The Cabinet agreed —

That the Ministry of Health should prepare a Bill with a view to a permanent Census Act conferring powers generally in relation to the taking of censuses, which should be examined by the Home Affairs Committee.

The question of a quinquennial census was reserved.

SUPPLY OF THE SOVIET GOVERNMENT OF 30,000 TONS OF SURPLUS AMERICAN FOOD.

Exchange of Prisoners with the Soviet Government.

(4) The attention of the Cabinet was drawn to a telegram from the Foreign Office (No.1584 of December 19,1919) to the British Minister at Copenhagen, suggesting certain concessions which the Government might be prepared to consider in connection with Mr.O'Grady's renewed negotiations with M. Litvinoff on the subject of the exchange of prisoners of war with the Soviet Government. The particular item to which the attention of the Cabinet was drawn was the possible supply to the Soviet Government of 30,000 tons of surplus American food now lying at Vyborg, which have been left over from food originally shipped for relief purposes, together with a few surplus supplies still in this country.

The Secretary of State for War stated that he had asked that this question might be placed on the agenda, but...
he had since received a letter on the subject from the Secretary of State for Foreign Affairs, and he would therefore ask that the subject might be held over for the present.

(5) The Cabinet had a short discussion on the subject of the Christmas Recess and future business.

Attention was drawn to the fact that the question of the Territorial Force must be settled before January 14th, 1920, as on that date there would be a meeting of all the Territorial Force Associations, when the Government's decision would have to be announced.

The Secretary of State for War stated that he was about to circulate his proposals.

It was recognised that the future business of the Cabinet was closely connected with the date of the forthcoming Conference of Heads of States in Paris. In this connection the Prime Minister stated that he had received from Signor Nitti a telegram to the effect that he was prepared to come to London immediately after Christmas, and suggesting that he and the Prime Minister should then proceed to Paris together. Before the Prime Minister left for Paris it was important that the Cabinet should discuss the question of Turkey, and in this connection it was hoped that the results of Lord Curzon's conversations with M. Bethelot would be circulated in the interval.

It was agreed --

(a) That the Prime Minister should reply to Signor Nitti in the sense that he would be glad to meet him during the week commencing Sunday, January 4, 1920:

(b) That the next meeting of the Cabinet should also be held in the week commencing Sunday, January 4.
(6) With reference to War Cabinet 582, Minute 1, the attention of the Cabinet was drawn to the urgency of a decision on the question of the de-control of all dairy products. In this connection the Prime Minister said that he had that morning received a Deputation of Mayors of London Boroughs. The Labour Mayors had wished the Government to subsidise milk, but he had replied that this was impossible. He had then suggested that milk should be de-controlled. He was informed that the result of this would be a fall in the price of milk but a great rise in the price of home-produced butter, which might reach 6s.6d. a pound.

The Cabinet agreed --

That a Cabinet Committee, composed as follows:--

The President of the Board of Education (in the Chair)
The President of the Board of Agriculture & Fisheries,
The Food Controller,
The Minister of Health,
The Secretary for Scotland,
Mr. T. Jones (Secretary),

should meet the same afternoon at 3 p.m. with authority from the Cabinet to take a decision on this subject.

(7) With reference to War Cabinet 634, Minute 6, the Cabinet had before them a Memorandum by the Minister of Transport (Paper C.P.-267) calling the attention of the Cabinet to a recommendation he had received from the London Traffic Advisory Committee that the permanent Cenotaph should be erected elsewhere than in Whitehall, owing to the danger of accidents and interference with traffic. They also had before them a letter from the Office of Works to the Secretary of the Cabinet, strongly urging, on behalf of the First Commissioner of Works, that the previous decision should be adhered to.

There was a strong and general feeling in favour
The attention of the Cabinet was drawn to the very serious propaganda being carried out by the miners in favour of nationalisation. It was stated that the Miners’ Federation were advocating a General Election on the subject during the forthcoming year, failing which they would resort to direct action. It was further stated that the movement in favour of nationalisation had been strengthened by several circumstances. For example, in Lancashire the recent sales of cotton mills, at prices from three to six times the original capital value, had created a disturbing effect. Hitherto in Lancashire it had been the practice for the operatives not to demand increased wages until the proprietor had paid 5 per cent on his capital, and the question now arose as to whether they were first to earn 5 per cent on the inflated capital. Some of the steadiest people thought that nationalisation was the only solution of this difficulty.

In regard to coal, it was pointed out that the mine-owners themselves were resisting all control. The removal of control would involve a very heavy rise in the price of coal, or else the closing of half the collieries, and the Government could not possibly consent to it.

As regards the railways also it was pointed out that there was a tendency on the part of the management to get rid of all control, which was inconsistent with the policy adopted by the Government.

All these circumstances tended to strengthen the
movement in favour of nationalisation.

It was pointed out that the Government itself was doing very little to place the other side of the question before the public.

The Cabinet agreed --

That the Minister of Labour should place himself in communication with, and make representations to, Lord Birkenhead's Committee, which had been set up for the education of public opinion in regard to Government policy (War Cabinet 684 A., Minute 2).

(9) The Prime Minister, on behalf of the Cabinet, offered a welcome to Mr. Barnes on his return from the International Labour Conference at Washington, together with thanks and congratulations of the Cabinet on the success he had achieved in circumstances of exceptional difficulty.

2, Whitehall Gardens, S.W.

December 23, 1919.