CABINET

CONCLUSIONS OF MEETINGS OF THE CABINET

JULY 1st - OCT. 27th

1936

Nos. 48 (36) - 59 (36)

VOL. LII
AGENDA.

1. GOVERNMENT BUSINESS.

(Reference Cabinet 51 (35) Conclusion 4).

Statement by the Parliamentary Secretary to the Treasury.

2. FOREIGN AFFAIRS.

(a) The Anglo-Egyptian Treaty Negotiations.

(Reference Cabinet 43 (36) Conclusions 1 & 2).

Memorandum by the Secretary of State for Foreign Affairs on the right to appoint the Governor-General of the Sudan.
C.P. 182 (36) - already circulated.

Memorandum by the Secretary of State for Foreign Affairs on the question whether the Egyptian Delegation should be asked to come to London.
C.P. 183 (36) - already circulated.

Memorandum by the Secretary of State for Foreign Affairs on the Civil Clauses.
C.P. 184 (36) - already circulated.

(b) The Italo-Abyssinian Dispute - (If required).

(Reference Cabinet 43 (36) Conclusion 4).

3. PALESTINE.

(Reference Cabinet 43 (36) Conclusion 1).

Memorandum by the Secretary of State for Foreign Affairs.
C.P. 178 (36) - already circulated.
4. THE TWO NEW CAPITAL SHIPS.

(Reference Cabinet 29 (36) Conclusion 1).

Memorandum by the First Lord of the Admiralty.
C.P. 175 (36) - already circulated.

5. WAR OFFICE PRODUCTION.

Note by the Secretary covering extract from the Minutes of the 279th Meeting of the Committee of Imperial Defence, together with Report of a Sub-Committee.

C.F. 187 (36) - already circulated.

6. CONCLUSIONS OF HOME AFFAIRS COMMITTEE.

6th Conclusions (36) of Committee of Home Affairs - already circulated.

(i) Cattle Industry (Emergency Provisions) Bill.

(Reference Cabinet 41 (36) Conclusion 7).

Joint memorandum by the Chancellor of the Exchequer and the Minister of Agriculture and Fisheries, covering draft Bill.
H.A. 19 (36) - already circulated.

(ii) Hydrogen Cyanide (Fumigation) Bill.

(Reference Cabinet 47 (35) Conclusion 10).

Memorandum by the Home Secretary covering draft Bill.
H.A. 20 (36) - already circulated.

7. REGULATION OF WAGES IN TRANSPORT OF GOODS BY ROAD.

Joint Memorandum by the Minister of Labour and the Minister of Transport.
C.P. 185 (36) - already circulated.

8. TRUNK ROADS.

Memorandum by the Minister of Transport.
C.P. 186 (36) - already circulated.

9. RAILWAY FREIGHT REBATES SCHEME.

(Reference Cabinet 38 (35) Conclusion 7).

Memorandum by the Minister of Transport.
C.P. 161 (36) - already circulated.

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10. **Pensionable Basis of Appointment of the President of the Railway Rates Tribunal, and of Certain Other Appointments.**

Memorandum by the Minister of Transport.
C.P. 181 (36) - already circulated.

(Signed) K. F. A. Hankey.
Secretary to the Cabinet.

2, Whitehall Gardens, S.W.1.
June 30th, 1936.
CONCLUSIONS of a Meeting of the Cabinet held at 10, Downing Street, S.W.1, on WEDNESDAY, the 1st July, 1936, at 11.0 a.m.

PRESENT:
The Right Hon. J. Ramsay MacDonald, M.P.,
Lord President of the Council. (In the Chair)

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

The Right Hon.
Sir John Simon, G.C.S.I.,
K.C.V.O., O.B.E., K.C., M.P.,
Secretary of State for Home Affairs.

The Right Hon.
A. Duff Cooper, D.S.O., M.P.,
Secretary of State for War.

The Right Hon.
The Viscount Swinton, G.B.E.,
M.C., Secretary of State for Air.

The Right Hon.
Sir Godfrey Collins, K.B.E.,
C.M.G., M.P., Secretary of State for Scotland.

The Right Hon.
Walter Runciman, M.P., President of the Board of Trade.

The Right Hon.
Sir Thomas Inskip, C.B.E., K.C.,
M.P., Minister for the Co-Ordination of Defence.

The Right Hon.
Sir Kingsley Wood, M.P.,
Minister of Health.

THE FOLLOWING WERE ALSO PRESENT:

Viscount Cranborne, M.P.,
Parliamentary Under-Secretary of State for Foreign Affairs.
(For Conclusions 6, 7, 8, 9 and 10.

Colonel Sir M.P.A. Hankey, G.C.B., G.C.M.G., G.C.V.O. Secretary

Captain The Right Hon.
K.D. Margesson, M.C., M.P.,
Parliamentary Secretary to the Treasury.
(For Conclusion 1)
THE PRIME MINISTER'S ABSENCE.

1. In the absence of the Prime Minister the Chair was taken by the Lord President of the Council.
2. The Parliamentary Secretary to the Treasury made a statement on the position of Parliamentary Business to the following effect:

Including today (Wednesday, 1st July) up to Friday, 31st July,

Number of days – whole days.
Fridays... 5

Supply.
Allotted days ...... 9¾
Appropriation Bill ...... 2 .... 11½.

Finance Bill.
Conclusion of Report stage tonight .......... 1
3rd Reading ............. ½ .... 1¾
Adjournment for the Summer Recess...
(Friday, 31st July)

Leaving 7 days for all other Business, –

Education (Scotland) Bill:
Report and 3rd Reading ...... 1

Midwives Bill: Report and
3rd Reading ................. 1

Unemployment Assistance Regulations .............. 3

The 2 days (1 whole day and 2 Fridays)
which remain will probably all be required for the Cattle Continuation Money Resolution and Bill and the Malta Bill (H.L.)

It is hoped to save ½ a day on the Report Stage of the Finance Bill tonight, and apart from this ½ day there is no margin whatsoever for any Contingencies, and the following Business will have to be taken as opportunity offers before Eleven or after Eleven o'clock, –

Air Navigation Bill: 3rd Reading;
Crown Lands Bill: 3rd Reading;
Post Office (Sits) Bill (H.L.): Committee and 3rd Reading;
Firearms (Amendment) Bill (H.L.): Report and 3rd Reading;
Isle of Man (Customs) Bill: all Stages;
Regency Bill: all Stages; (See Conclusion 3).
Trial of Peers Bill (H.L.): all Stages. (See Conclusion 4).
5 main Consolidation Bills to come from the Lords, one of which - the Public Health Bill - may provoke debate.

There will be the usual number of Summer Supplementary Estimates including one or two New Services for Secret Service, Cattle, Gas-masks, etc.

Lords Amendments to Bills, particularly to the Tithe Bill.

Import Duties Orders for Iron and Steel, Potatoes, Milk products and Agricultural Tractors which are likely to be debated.

There is also a Sea Fishing Order and a number of India and Burma draft Orders. While these Orders are Exempted Business, there will be the usual protest at important Orders being taken after Eleven.

Any debate on the Argentine Trade Agreement and the Danish Agreement, if signed before the end of July, would have to be steered on to an Allotted Supply day or the Appropriation Bill, with the good will of the Opposition, and any further debates on Defence, Food Supply, and the Naval Agreement and the Dardanelles, would have similarly to be dealt with.

In order to achieve the present programme a large measure of co-operation in all parts of the House will be necessary, and the reluctance which the House has shown since Easter to sit after 11.30 p.m. or midnight will have in some way to be overcome.

In view of the strong desire to rise at the end of July, the House will probably be ready to co-operate in clearing up outstanding Business now before Parliament, but the Opposition, as all Oppositions do at this period, will make their co-operation dependent upon a pledge that no new major Bill is brought forward and that only business which is absolutely essential is dealt with.

The Cabinet agreed —

To approve the programme submitted to them by the Parliamentary Secretary to the Treasury and summarised above.
3. In the course of the discussion on Parliamentary Business referred to in the preceding Conclusion, the Parliamentary Secretary to the Treasury drew attention to the difficulty of finding time for the passage of the Regency Bill.

The Home Secretary reported that, in accordance with the decision of the Cabinet, he had shown the draft of the Bill to the Leaders of the Opposition. The Leader of the Labour Opposition did not like the Bill, and the Home Secretary himself thought he could see his way to a better draft and was in communication with Parliamentary Counsel on the subject. It would not be possible, however, for him to re-draft, introduce and pass the Bill before the end of the present month. If the King should go abroad, therefore, arrangements would have to be made on the same lines as in the past.

The Cabinet agreed —

That it would not be possible to pass the Regency Bill before the Parliamentary Recess.
4. In the course of the discussion on Parliamentary Business summarised in Conclusion 2, the Parliamentary Secretary to the Treasury mentioned that it would be difficult to find time to pass the Trial of Peers (Abolition of Privileges) Bill, which had already been passed by the House of Lords.

The Cabinet agreed —

That it would not be possible to find time to pass the Trial of Peers (Abolition of Privileges) Bill through the House of Commons before the Parliamentary Recess.
5. The Minister of Labour gave the Cabinet an explanation of the announcement he had made on the previous day that the Unemployment Assistance Regulations would be published on July 14th. The reason for this delay was that in his calculations he had had to make allowance for the following five elements:

   (1) The completion of the Regulations.
   (2) The issue of a White Paper.
   (3) The work of the Cabinet Committee.
   (4) Printing and publishing.
   (5) Possible disagreement by the Board.

The Regulations were in draft and very nearly ready, but he had to be quite sure that they embodied the decisions of the Cabinet. A good deal of the White Paper also was in draft, but every sentence had to be examined, as the presentation of the case was all-important. He hoped to circulate these documents to the Committee Cabinet not later than Saturday morning. If the Cabinet Committee could take its decision by the 8th and agreement was reached by the Unemployment Assistance Board, he thought it possible that the Regulations might be published by the 10th. It was impossible, however, to be sure of this, and the earliest safe date he had been able to give, after consultation with his officials, was the 14th, which he believed was a firm date.

He was not yet in a position to report agreement on the part of the Unemployment Assistance Board. Owing to the bereavement of one of the members of the Board the Chairman had had to go to Derbyshire for a funeral and the work of the Board had been unavoidably delayed.
In the course of a short discussion the Minister of Labour was asked to do his utmost to expedite matters, and, with this object in view, to let the Cabinet Committee have any parts of the draft White Paper that were ready, for the earliest possible consideration.

The Minister did not anticipate being able to circulate either the Regulations or the White Paper before the morning of Saturday, July 4th, though his Department had already received instructions to treat their preparation as a day and night task.

The Cabinet agreed —

(a) That the Cabinet Committee on the Regulations of the Unemployment Assistance Board should meet on Monday, July 6th, at 11 a.m., in the Treasury Board Room:

(b) That the Minister of Labour should, in the meantime, circulate to them the Draft Regulations and the draft White Paper at the earliest possible moment and in any event not later than the morning of Saturday, July 4th:

(c) That it would only be necessary for the Cabinet to meet in the event of disagreement by the Unemployment Assistance Board:

(d) That the Cabinet Committee should endeavour to complete its work by July 8th.
GERMANY AND THE LOCARNO TREATY.

Previous Reference: Cabinet 41 (26), Conclusion 4.

6. Geneva Telegram No. 89, of July 1st, from the Secretary of State for Foreign Affairs, was handed round at the outset of the Cabinet for consideration as a matter of urgency (Appendix). It contained a recommendation from the Secretary of State for Foreign Affairs that he should be authorised to accept a proposal for a meeting of the Locarno Powers (other than Germany) at Brussels on July 16th.

In the course of the discussion the first point raised was as to whether it was wise to include Italy in the proposed meeting. In favour of the proposal it was pointed out that Italy had been represented at meetings of the Locarno Powers (other than Germany) that had taken place when that country was subject to active sanctions. By July 16th sanctions would have been removed. Italy was one of the Locarno Powers, and the proposed meeting at Brussels would not have the status of the Locarno Powers other than Germany (who had broken the Locarno Treaty) unless Italy was represented. It was suggested also that this was a particularly good way of getting Italy back into co-operation with other European Powers, more especially if the invitation was sent not by the three Powers (the United Kingdom, France and Belgium) but by the Belgian Prime Minister as the host at the Brussels meeting.

On the other hand, doubts were expressed as to the effect of the inclusion of Italy on public opinion in this country, which had been a good deal embittered by the fact of Italy’s successful issue from sanctions.

A second consideration that was raised was as to what would be the effect of a meeting of the Locarno Powers (other than Germany) not only on the German
Government but on persons in this country who criticised the Government as anti-German. Germany, it was recalled, was one of the Locarno Powers, and the German Government might well resent another meeting being held without their presence, more especially if Italy was present. In this connection apprehensions were expressed as to certain phrases in the telegram: for example, reference to "M. Van Zeeland's own purpose of placing Germany on defensive": M. Van Zeeland's suggestion that events "had allowed Germany to escape from consequences of her own action"; and the suggestion that if Herr Hitler refused this new chance of co-operation "then the situation would be to that extent clarified". These passages of the telegram, it was suggested, were inconsistent with some others, such as the statement of M. Van Zeeland's desire that the Powers represented at the Brussels meeting should "make a joint approach to Germany which would offer Herr Hitler a new chance of co-operation", and that there was a ten to one chance that Herr Hitler would accept a new opportunity of co-operation, and the expression of M. Blum's and M. Van Zeeland's desire "to negotiate with Germany as an equal".

The Cabinet were reminded, however, that if an approach was to be made to Herr Hitler it would be better now than later, for the reason that after the Olympic Games, about to be held in Berlin, Herr Hitler was likely to be more difficult to deal with. It was thought possible that the Foreign Secretary had been moved by the consideration that if no reply to the British Questionnaire was received in the near future the French and Belgian Governments would
declare that the negotiations had broken down and that the agreement providing for that contingency must come into force.

Another suggestion was that possibly M. Blum and M. Van Zeeland, who for some time had desired a meeting of the Locarno Powers, had concerted this proposal in order to force the hand of the Foreign Secretary. In that event the Cabinet might hesitate to accept, though public opinion might react badly to a refusal when it was known that M. Blum and M. Van Zeeland had pressed this proposal.

The issues before the Cabinet, it was suggested, were as follows:

(1) Whether the proposed Brussels Meeting should be held?

(2) Whether it was necessary to invite Italy?

(3) What was to be the Agenda? Was it to form a bloc against Germany? Was it to place Germany on the defensive? Was it to drive Germany into a corner where she could not avoid answering the Questionnaire, or was it to offer Herr Hitler a new chance of co-operation?

One suggestion was that before a decision was taken it was desirable to ascertain from His Majesty's Ambassador in Berlin what would be the probable effect of the Conference on the German attitude.

While there was very strong disinclination on the part of the Cabinet to reject the recommendation of the Secretary of State for Foreign Affairs, the general view was that rather more information was required: for example, as to what the Belgian Prime Minister had in mind in his suggestion that the Powers should make a joint approach to Germany.
Moreover, the issues at stake were felt to be of such great importance that before taking a decision the Cabinet would be glad of an opportunity to discuss the matter with the Foreign Secretary personally.

The Cabinet agreed —

That the Parliamentary Under-Secretary of State for Foreign Affairs should communicate by telephone with the Secretary of State for Foreign Affairs (at Geneva) and inform him of the general trend of the Cabinet discussion, and more particularly of their desire for personal contact before a decision was taken. He was asked to suggest that the Foreign Secretary should inform M. Van Zeeland of this and should ask him in particular what he had in mind as to the form of joint approach to Germany, and as to the subjects to be discussed at, and the purpose of, the proposed Conference.
The Cabinet had before them a Memorandum by the Secretary of State for Foreign Affairs (C.P.-184 (36)) attaching texts of suggested Articles for inclusion in the proposed Anglo-Egyptian Treaty, to deal with the following matters:

1. The cessation of the military occupation of Egypt.

2. Reciprocal diplomatic representation by Ambassadors instead of as hitherto by a High Commissioner in the case of the United Kingdom and by a Minister in the case of Egypt.


5. Protection of foreigners.

6. The capitulatory regime.

7. Abrogation of any existing agreements, etc., inconsistent with the present Treaty.

8. Settlement of any disputes over the application or interpretation of the Treaty provisions (which the High Contracting Parties fail to settle by direct negotiations) in accordance with the provisions of the Covenant (i.e., a general disputes clause to be carefully distinguished from the revision clauses, viz., Article 9, last paragraph, and Article 14);

together with Notes to be exchanged between the High Contracting Parties on the future of the European Bureau of the Public Security Department of the Ministry of the Interior and the (British) Director of the Bureau, the European element in the Egyptian Police and the British Commandants, the nationality of any foreign officials engaged by the Egyptian Government.
After a short discussion the Cabinet agreed:

(a) To approve the proposals of the Secretary of State for Foreign Affairs in C.P. 184 (36).

(b) That as the above decision would result eventually in conversations with the French on the question of the capitulations, the Foreign Office and Board of Trade should confer as to the attitude to be adopted in the event of France proposing in return the abolition of our rights in Morocco which were a factor in the important British trade in that country.

(c) That the provision under which the British Government recognises the responsibility of the Egyptian Government for the protection of foreigners (C.P. 184 (36) Annex I, N) might be open to criticism and would be improved by the proposal of the Secretary of State for Foreign Affairs in C.P. 184 (36), paragraph 4, but that in view of the much more important concessions that had already been made in order to secure a treaty, it would be a mistake to insist on a modification on this point.
8. The Cabinet took note of a Memorandum by the Secretary of State for Foreign Affairs (C.P.-182 (36)) on the question raised at the Meeting referred to in the margin as to whether there was any risk that, at the end of 20 years, the League of Nations, at the instance of Egypt, might be able to secure the right for Egypt to appoint the Governor-General of the Sudan. The answer to this enquiry seemed to be that the position of the British Governor-General was assured constitutionally by the proviso under the Condominium Agreement of 1899 that the Governor-General shall be appointed by the Egyptian Sovereign on nomination by His Majesty's Government: if the Constitution of the Sudan were changed at the instance of the League of Nations, this and other provisos and safeguards might be modified: but (a) it seemed inexpedient to draw attention to any such contingency in the present negotiations; (b) presumably our influence with the League of Nations would prevent the League recommending a change of constitutional practice that would seem contrary to the legitimate interests of His Majesty's Government and the Sudanese Administration and which would be contrary to the terms of an agreement in which both parties had concurred without time limit. After calling attention to a relevant passage at the top of page 3 of C.P.-176 (36), the Secretary of State added that His Majesty's High Commissioner would seek agreement with the Egyptian Delegation on the Sudan Article set out in Annex "A" to C.P.-176 (36), subject as regards paragraph 7 (which deals with the indebtedness of the Sudan to Egypt) to the results of the discussion about to be held between the Treasury and the Foreign Office, with the assistance of the Governor-General.
9. The Cabinet had before them a Memorandum by the Secretary of State for Foreign Affairs (C.P.-183 (36)) stating that Nahas Pasha was anxious to carry through the concluding stages of the negotiation of an Anglo-Egyptian Treaty in London. His Majesty's High Commissioner had been told that he was at liberty to tell Nahas Pasha that we should be glad to agree with him that the signature of a Treaty should take place in London. On the question of whether the negotiations should be transferred to London (as Nahas Pasha wished) once the Military Clauses and the Sudan Clauses had been agreed to, while the Secretary of State would prefer that agreement should be reached on the whole Treaty before the Egyptian Delegation visited this country, there might be advantage from the point of view of speed if the negotiations on the Civil Clauses took place in London.

The Parliamentary Under-Secretary of State for Foreign Affairs said that Sir Miles Lampson's report on this point had not yet been received.
9. The Cabinet had before them a Memorandum by the Secretary of State for Foreign Affairs (C.P.-183 (36)) stating that Nahas Pasha was anxious to carry through the concluding stages of the negotiation of an Anglo-Egyptian Treaty in London. His Majesty's High Commissioner had been told that he was at liberty to tell Nahas Pasha that we should be glad to agree with him that the signature of a Treaty should take place in London. On the question of whether the negotiations should be transferred to London (as Nahas Pasha wished) once the Military Clauses and the Sudan Clauses had been agreed to, while the Secretary of State would prefer that agreement should be reached on the whole Treaty before the Egyptian Delegation visited this country, there might be advantage from the point of view of speed if the negotiations on the Civil Clauses took place in London.

The Parliamentary Under-Secretary of State for Foreign Affairs said that Sir Miles Lampson's report on this point had not yet been received.
10. The Cabinet had before them a Note by the Secretary of State for Foreign Affairs (C.P.-178 (36)) circulating to his colleagues a Memorandum he had prepared in the Foreign Office to show the situation in various Arab countries in the Middle East whose relations with the United Kingdom might be unfavourably affected by the present troubles in Palestine.

The Secretary of State for the Colonies said he had in course of preparation a memorandum on the larger issues of the Palestine situation, the completion of which was only awaiting certain appreciations that he had called for from the High Commissioner in Palestine. He asked the Cabinet to delay discussion of C.P. 178 (36) until his own memorandum was available.

In the course of a short discussion, questions were asked as to the extent and time limit of Jewish emigration at the present time; the months in which it was proposed the Royal Commission should carry out its inquiry; the possibility of more active repressive measures; the reply to be made to the offer from the Government of Saudi Arabia, with a view to restraining the Arab countries adjacent to Palestine from expressing resentment.

The Secretary of State for the Colonies said that most of these matters would be dealt with in his report. As soon as he was in a position to do so, he would advise the Foreign Office as to how the offer from Saudi Arabia could best be made use of.

The question was also raised as to the command of the forces in Palestine in view of recent large reinforcements.
The Cabinet agreed:

To postpone consideration of C.P, 178(36) until they had received the promised memorandum by the Secretary of State for the Colonies.

(The Parliamentary Under-Secretary of State for Foreign Affairs withdrew at this point.)
11. The Cabinet had before them a Memorandum by the First Lord of the Admiralty (C.P.-175 (36)) drawing the attention of his colleagues to two matters likely to cause criticism in connection with the steps to be taken to order the two Battleships of the 1936 Programme, and seeking their concurrence in the following Admiralty proposals:

1. We propose to order the two ships from two firms to be selected without competition.

2. We do not propose to wait for the Report of the Committee of Imperial Defence Sub-Committee on the Vulnerability of Capital Ships to Air Attack.

In the course of the discussion, it was pointed out that the Admiralty must expect a good deal of criticism on the ground that they were departing from the ordinary methods of competition. The critics would claim that the various precautions and checks to prevent over-charging were insufficient and this was another proof that the Government were not trying to stop profiteering. They would also have to meet the criticism that, having abolished the competitive system, they selected a firm, namely, John Brown of Clydebank, who had already been specially favoured by the construction both of the "Queen Mary" and of the second "Queen Mary". Even if other firms were getting other orders, it would be pointed out that the construction of a capital ship brought exceptional prestige. The question was raised as to whether, in order to secure the completion of the ship by July, 1940, instead of January, 1941—a matter of six months, it was justifiable to reverse the ordinary procedure. The question was also raised as to whether the report of the Committee on Bombs versus Battleships might not lead to alterations in
designs of ships which would, in any event, involve further delays.

The First Lord of the Admiralty said that these points had been weighed very carefully. As regards the last point, he was informed that the preliminary steps would be taken in such a way as to enable alterations to be made as a result of the report of the Committee on Bombs versus Battleships. The work of the firms had to begin in the Drawing Office and they did not place large orders at the outset. So far as the placing of the orders was concerned, John Brown was the firm with the latest and best experience. The other possible firm, namely, Messrs. Cammel Laird, already had received an order for an aircraft carrier which, in some respects, was preferable to that of a capital ship. It might be impossible to say to-day that the completion of the capital ship in July 1940, as compared with January 1941, would be of vital importance or not, but what was important was to give Parliament the impression that construction was being expedited to the utmost possible extent.

The Minister for Co-Ordination of Defence recalled that, in the House of Commons in reply to Mr. Churchill, he had made a statement to the effect that certain preliminary steps could be taken now to enable capital ships to be laid down in the early months of 1937; that to delay laying them down now simply meant that a corresponding delay would be involved before the battleships would be available and that a delay of two or three months was a responsibility which the Government would not take (Hansard, Volume 313, No. 78, Columns 1434-1435).
He understood that the First Lord of the Admiralty was, in effect, only going to make the same announcement with greater authority.

The First Lord of the Admiralty agreed that his statement would dot the "i's" and cross the "t's" of the statement by the Minister for Co-Ordination of Defence. If the action proposed in his memorandum was not taken, it would result in deceleration, that is to say, the very opposite of what the Minister for Co-Ordination of Defence had stood for.

After considerable discussion, the Cabinet agreed:

(a) That the keels of the two capital ships must be laid down in January, 1937.

(b) That the First Lord of the Admiralty should look into the possibility of placing the order for one of the capital ships to a firm in the Mersey, but subject to (a) above and subject to consultation with the Chancellor of the Exchequer before placing the order.

(c) That if the President of the Board of Trade had any suggestions to make to the Admiralty for improving their system of costings, he should forward them to the First Lord of the Admiralty.
12. The Cabinet had under consideration a Joint Memorandum by the Chancellor of the Exchequer and the Minister of Agriculture and Fisheries (H.C.-19 (36)) covering the draft Cattle Industry (Emergency Provisions) Bill, the objects of which were (1) to provide for the extension of the existing Cattle Subsidy arrangements, without modification, from the 31st October next until such time as the long-term proposals for the livestock industry can be brought into operation, or until the 31st July, 1937, whichever is the earlier date; (2) to provide for the imposition of Customs Duty of 2d. a lb. on foreign chilled beef (with corresponding Duties on other descriptions of beef) as a temporary measure, with effect from the 8th November, 1936; together with the following Conclusions and Recommendations of the Committee of Home Affairs thereon (H.C. 6th Conclusions (36), Minute 1):—

(1) The Parliamentary Secretary to the Treasury is of opinion that it will be necessary for Parliament to sit into August next if the Cattle Industry (Emergency Provisions) Bill is to be passed in its present form. The position is that Clause 1 should occupy little Parliamentary time; Clause 2, however, may be expected to meet with opposition.

(2) There is a revenue argument of considerable weight in favour of proceeding with the Bill as now drafted, namely, that if the proposed Customs Duties on imported beef are not imposed by November 8th next there will be a loss to the Exchequer estimated at £250,000 a month.

(3) The decision of principle on the inclusion of Clause 2 must be reserved for the Cabinet in the light of the considerations at (1) and (2) above.

(4) Subject to this reservation, and subject also to any drafting or other minor alterations that may be found necessary or desirable, the Committee recommend the Cabinet to authorise the introduction forthwith in the House of Commons of the Cattle Industry (Emergency Provisions) Bill in the form of the draft annexed to H.C.-19 (36), with a view to its passage into law before the Summer Recess.
The Cabinet agreed:

(a) That Clause 2 should be omitted from the Bill.

(b) To authorise the introduction forthwith in the House of Commons of the Cattle Industry (Emergency Provisions) Bill in the form of the draft annexed to H.A. 19 (36) with a view to its passage into law before the Summer Recess, subject to Conclusion (a) above and any drafting or other minor alterations that may be found necessary or desirable.
THE HYDROGEN CYANIDE (FUMIGATION) BILL.

(Previous Reference: Cabinet 47 (35), Conclusion 10.)

The Cabinet had under consideration a Memorandum by the Home Secretary (H.A.-20 (36)) covering the draft Hydrogen Cyanide (Fumigation) Bill, the object of which was to confer power for the making of Regulations governing the use of hydrogen cyanide for the purpose of fumigation in enclosed spaces; the Bill also being drafted to authorise its provisions being extended by Order in Council to other dangerous fumigants which might in the future come into use: together with the following recommendation of the Committee of Home Affairs thereon (H.A.C. 6th Conclusions (36), Minute 2):

To authorise the introduction forthwith in the House of Lords of the Hydrogen Cyanide (Fumigation) Bill in the form of the draft annexed to H.A.-20 (36), subject to the consideration by the Departments concerned of the points referred to in the discussion in the Home Affairs Committee and to any drafting or other minor alterations that may be found necessary or desirable.

The Cabinet approved the recommendation of the Committee of Home Affairs as set forth above.
14. The Cabinet agreed to re-assemble at 6.0 p.m. the same evening in order to complete the agenda paper.
IMMEDIATE.

Following from Secretary of State:-

Lord Stanhope and I dined this evening with Monsieur Blum, Monsieur Delbos, Monsieur Van Zeeland and new Belgian Minister for Foreign Affairs, Monsieur Spaark. In the course of conversation which covered whole range of Italo-Abyssinian dispute and (?) general) European situation, Monsieur Van Zeeland and French Minister pressed strongly for a meeting of Locarno Powers in the near future. Belgian Prime Minister emphasised that in his mind purpose of that meeting would not be a negative one. It was his desire that Powers there represented, which he hoped would include Italy, would make a joint approach to Germany which would offer Herr Hitler a new chance of co-operation which, in Monsieur Van Zeeland's view, he thought it ten to one latter would accept. If, however, Herr Hitler were to refuse, then situation would be to that extent clarified. Monsieur Blum associated himself with Monsieur Van Zeeland's point of view.

It will be appreciated that Monsieur Van Zeeland's suggestion gives new purpose to a meeting of Locarno Powers. Hitherto I have felt no enthusiasm for such a meeting because I anticipated that we should there be called upon to take note of breakdown of conciliation and to admit that letter agreed upon in London on 19th March would come into force. There seems, however, to be considerable advantage from many points of view in
a meeting such as Monsieur Van Zeeland suggests. If German Government has replied before meeting takes place then that reply can be basis of our deliberations.

If they have not replied, then joint approach will be the more certain fulfilment of Monsieur Van Zeeland's own purpose of placing Germany on defensive. Main burden of his remarks tonight was that events, some of them extraneous to European affairs, had allowed Germany to escape from consequences of her own action. He desired to negotiate with Germany as an equal, which comment Monsieur Blum warmly seconded. French Prime Minister declared that he wanted a European arrangement with or without Germany, preferably with.

Both French and Belgian Ministers expressed a desire for a meeting of Locarno Powers in Brussels next week. This I said was physically impossible and they somewhat reluctantly agreed that the projected date might be 16th July. I undertook to let Monsieur Van Zeeland know if possible by tomorrow night the views of His Majesty's Government as to this meeting. The matter is all the more urgent since the French and Belgian Ministers are anxious to approach Italy and cannot do so until we have made clear whether we are prepared to attend a meeting on the date suggested.

In all circumstances I strongly recommend that we should accept.

Addressed to Foreign Office, No. 69 of 30th June, repeated to Paris, Brussels, Berlin and Rome.
CABINET 49 (36)

Meeting of the Cabinet to be held in the Prime Minister's Room, House of Commons, on WEDNESDAY, the 1st July, 1936, at 6.0 p.m.

AGENDA

1. WAR OFFICE PRODUCTION.
   Note by the Secretary covering extract from the Minutes of the 279th Meeting of the Committee of Imperial Defence, together with Report of a Sub-Committee.
   C.P. 187 (36) - already circulated.

2. REGULATION OF WAGES IN TRANSPORT OF GOODS BY ROAD.
   Joint Memorandum by the Minister of Labour and the Minister of Transport.
   C.P. 185 (36) - already circulated.

3. TRUNK ROADS.
   Memorandum by the Minister of Transport.
   C.P. 186 (36) - already circulated.

4. RAILWAY FREIGHT REBATES SCHEME.
   (Reference Cabinet 33 (35) Conclusion 7)
   Memorandum by the Minister of Transport.
   C.P. 161 (36) - already circulated.

5. PENSIONABLE BASIS OF APPOINTMENT OF THE PRESIDENT OF THE RAILWAY RATES TRIBUNAL, AND OF CERTAIN OTHER APPOINTMENTS.
   Memorandum by the Minister of Transport.
   C.P. 181 (36) - already circulated.

(Signed) M.P.A. HANKEY
Secretary to the Cabinet.

2, Whitehall Gardens, S.W.1.

1st July, 1936.
CONCLUSIONS of a Meeting of the Cabinet held in the Prime Minister's Room, House of Commons, S.W.1., on WEDNESDAY, the 1st. JULY, 1956 at 6.0 p.m

PRESENT.

The Right Hon. J. Ramsay MacDonald, M.P.,
Lord President of the Council (In the Chair).

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

The Right Hon. Sir John Simon, G.C.S.I.,
K.C.V.O., O.B.E., K.C., M.P.,
Secretary of State for Home Affairs.

The Right Hon. A. Duff Cooper, D.S.O., M.P.,
Secretary of State for War.

The Right Hon. The Viscount Swinton, G.B.E.,
K.C., Secretary of State for Air.

The Right Hon. Sir Godfrey Collins, K.B.E.,
C.M.G., M.P., Secretary of State for Scotland.

The Right Hon. Walter Runciman, K.P.,
President of the Board of Trade.

The Right Hon. Sir Thomas Inskip, C.B.E., K.C.,
M.P., Minister for the Co-ordination of Defence.

The Right Hon. Sir Kingsley Wood, M.P.,
Minister of Health.

The Right Hon. The Viscount Hailsham,
Lord Chancellor.

The Right Hon. The Viscount Halifax, K.G.,

The Right Hon. Malcolm MacDonald, M.P.,
Secretary of State for Dominion Affairs.

The Most Hon. The Marquess of Zetland, G.C.S.I.,
G.C.I.E., Secretary of State for India.

The Right Hon. W. Ormsby-Gore, M.P., Secretary
of State for the Colonies.

The Right Hon. Sir Samuel Hoare, Bt., G.C.S.I.,

The Right Hon. Oliver Stanley, M.C., M.P.,
President of the Board of Education.

The Right Hon. Ernest Brown, M.C., M.P.,
Minister of Labour.

THE FOLLOWING WERE ALSO PRESENT:-

The Right Hon. L. Hore-Belisha, M.P.,
Minister of Transport.

(The Conclusions 2, 3, 4 & 5).

1. In accordance with a recommendation of the Committee of Imperial Defence at their Meeting on the 25th June, 1936, the Cabinet had before them the following documents (C.P.-187 (36)) on the subject of War Office Production:

The Report of a Sub-Committee appointed to consider and advise as to any developments in War Office organisation that may be desirable in order to ensure the most rapid execution of the Government's plans for reconditioning the Army:

An Extract from the Draft Minutes of the above Meeting of the Committee of Imperial Defence, recommending that Cabinet approval be given to the following recommendations of the Sub-Committee as summarised at the end of their Report:

(i) That Supplies and Stores covered by Army Votes 6, 7 and 8 should continue to be obtained under the present arrangements.

(ii) That the Master-General of the Ordnance should be relieved of all responsibility for production and supply of stores covered by Army Vote 9, but should continue to be responsible for research, experiment, design, demand and inspection.

(iii) That the provision of munitions, i.e., stores covered by Army Vote 9, should be entrusted to a new Member of the Army Council, to be known as the Director-General of Munitions Production, to whose control should be transferred —

(a) the Supply Board Technical Establishment;

(b) the Director of Army Contracts, with those branches of the Contracts Department dealing with the supply of munitions; and

(c) the Director of Ordnance Factories and his establishments.

(iv) That the Director-General and his staff should be accommodated in one building near the War Office.

(v) That effect should be given to these recommendations at the earliest possible date.
The Cabinet agreed —

(a) In accordance with the Conclusions of the Committee of Imperial Defence, to approve the recommendations of the Sub-Committee as set forth above:

(b) That, in accordance with the usual practice in such matters, the selection and appointment of the new Director-General of Munitions Production was a matter for the Secretary of State for War.

(The Minister of Transport entered at this point.)
2. The Cabinet had before them a Joint Note by the Ministers of Labour and Transport (C.P.-165 (36)) attaching a Memorandum describing the unsatisfactory position as to the regulation of wages and conditions of service in the transport of goods by road. Before the two Ministers could frame remedial proposals, however, they considered that the matter needed further ventilation; they therefore sought the concurrence of their colleagues in the setting up of a small committee of independent persons of standing, with the following terms of reference:

"To examine the present position in regard to the regulation of wages and conditions of service of persons employed in connection with the carriage of goods by road (whether in vehicles authorised under "A", "B" or "C" licences) and to make recommendations as to the action which it is desirable to take."

After hearing explanations of the proposal by the Minister of Labour, in the course of which he mentioned that it would be a public Inquiry with a public Report, the Cabinet agreed —

To approve the proposal of the Ministers of Labour and Transport as set forth above.
TRUNK ROADS. 3. The Cabinet had before them a Memorandum by the
Minister of Transport (C.P.-186 (36)) pointing out
that, in view of the great and continuing growth of
motor traffic and the necessity for modernising the
layout of the main lines of communication by road, he
had been forced to the conclusion, for the reasons
given in his Memorandum, that the time had come to
recognise as national roads some 4,500 miles of trunk
roads, and to transfer responsibility for them from
the Local Authorities to the Minister of Transport.
A map attached to the Memorandum showed the roads
which it was proposed to select for transfer. In these
circumstances the Minister requested the authority of
the Cabinet —

(1) To complete the preparation of a Bill
for transferring the control of specified
trunk roads from County Councils to the
Minister of Transport as from the begin­
ning of the next financial year (or some
later date to be appointed by him), with
a view to the introduction of the Bill
in the autumn; the Bill to be submitted
to the Committee of Home Affairs in the
usual way.

(2) To make an announcement in Parliament
in general terms of the Government's
intention to introduce a Bill to transfer
the Trunk Roads to the Minister of
Transport.

(3) To explain the proposals and their
financial effect to the Local Authorities
generally in the course of the discussions
as to the adjustment of the General
Exchequer Contribution which are now
being conducted by the Treasury and the
Ministry of Health and Scottish Office
and to pursue discussions with the County
Councils' Association at once, in such
detail as may seem desirable, of the
nature of the scheme with a view to
enlisting their co-operation.

In the course of a short discussion the Chancellor
of the Exchequer drew attention to paragraphs (10)
and (11) on pages 5 and 6 of the Memorandum, where
it was proposed that the Minister of Transport should
assume financial responsibility for the scheme, but
added that it was hoped to recover a certain amount
from the Local Authorities in the general review
of the Block Grant which was now being undertaken in consultation with Local Authorities by the Minister of Health and the Secretary of State for Scotland.

The Minister of Health reported that these negotiations were making good progress.

The Minister of Labour, while welcoming the scheme, laid the utmost stress on the importance of taking advantage of this opportunity to insist on work on the roads being provided by those responsible for the actual work (e.g., County Councils acting as agents for the Ministry of Transport, or contractors working for County Councils) for young unemployed men.

In reply to a question as to what steps were to be taken in the case of trunk roads running through a succession of very poor Counties lacking technical personnel for the direction of road construction, the Minister of Transport explained that in those cases the Ministry could lend specialists to assist the County Councils.

The Lord Chancellor, while sympathising with the Minister of Labour's desire for young unemployed men to be engaged for this work, entered a caveat as to the undesirability of imposing conditions in contracts, as other Governments might use the precedent to insert very undesirable conditions.

The Cabinet agreed —

(a) To approve the proposals of the Minister of Transport as set forth in paragraph 20 on page 9 of his Memorandum ('C.P.-186 (36)) and quoted above:

(b) That the Minister of Labour should put his Department in communication with the Ministry of Transport on the question of the employment of young unemployed men on the roads.

(The Lord Privy Seal entered at this point.)
4. The Cabinet had before them a Memorandum by the Minister of Transport (C.P.-161 (36)) showing the effect of certain legal decisions as to the valuation for rating purposes of the Southern and London and North Eastern Railways on the Railway Freight Rebates Scheme. He suggested that the most practicable means of preserving the scheme from extinction were:

(1) By amending legislation to relieve the Railway Companies of their obligations to bear half of deficiencies arising in the Fund and to ask them to agree to accept repayments over a term of years without interest;

(2) Also by amending legislation to concentrate the reduced sum available for rebates upon a narrower range of traffics for a period of years, and to this end to negotiate with the interests concerned as soon as the position in regard to the valuations is sufficiently definite.

In the course of the discussion the Minister of Transport gave the Cabinet an explanation of his proposals, and the Minister of Health mentioned that the Railway Companies had now made an offer to the Local Authorities. He counted on the Minister of Transport to co-operate in the negotiations which had been undertaken by the Ministry of Health, in consultation with the Board of Trade and the Scottish Office so far as Scotland was concerned.

The President of the Board of Trade reported that the rebates proposed were very important. For example, coal for export, which had hitherto received rebates of 8d. a ton, was now only to receive 5d. As a result of enquiries he had to report that the reduction of 3d. might in many cases prove decisive in the question of whether a contract for the supply of coal abroad could be accepted or not. A hardly-tried industry was going to be hit once more.
Attention was also drawn to the fact that agriculture was treated worse than the export coal, but it was pointed out that export coal was in a very peculiar position.

The Minister of Transport informed the Cabinet that by adopting his proposals the Cabinet would not be committed to the particular proportions in which their effect was to fall on different industries. These were matters of discussion between the Departments concerned.

On this understanding the Cabinet agreed —

(a) to approve the proposals of the Minister of Transport in C.P.-161 (53) paragraph 9, which are quoted above;

(b) that the President of the Board of Trade and other Ministers concerned should keep in touch with the Ministry of Transport in regard to the incidence of the effect of these proposals.
5. The Cabinet had before them a Memorandum by the Minister of Transport (C.P.-181 (36)) seeking approval for the drafting and introduction as early as possible next Session of a Bill to place the following appointments on a pensionable basis:

1. The President of the Railway Rates Tribunal appointed under the Railways Act, 1921.
2. The Chairman of the Road and Rail Traffic Act, 1933, Appeal Tribunal.
3. The Chairmen of Traffic Commissioners appointed under the Road Traffic Act, 1930.

The Treasury had signified their concurrence in these proposals.

The Cabinet approved the proposals of the Minister of Transport as set forth in C.P.-181 (36)) and summarised above.
6. The Secretary of State for India asked what was the present position of the question raised at the Cabinet at the Meetings referred to in the margin of a subsidy to certain air services in the Mediterranean.

The Secretary of State for Air said that, in accordance with the decision of the Cabinet on June 17th (Cabinet 42 (36) Conclusion 6), the Chancellor of the Exchequer, the Foreign Secretary and himself had met. They had agreed that there was no justification for the subsidy on grounds of civil aviation, and that if such grounds existed they must be from the point of view of foreign policy or defence. They themselves were not seized of the defensive aspects of the situation and the question had been referred to the Chiefs of Staff Sub-Committee.

The Minister for Co-ordination of Defence said that the Chiefs of Staff had met and had come to the conclusion that from the strategical point of view there was no ground for the subsidy. They held that if there were such grounds they were purely political. He added that the Chiefs of Staff Report had been signed and would be circulated very shortly to all concerned.

The Secretary of State for Air said that there might be some political grounds for the subsidy, and on the return of the Secretary of State for Foreign Affairs the Ministers concerned would have to confer.
MEETING OF THE CABINET TO BE HELD IN THE PRIME MINISTER'S ROOM, HOUSE OF COMMONS, ON MONDAY, THE 6TH JULY, 1936, AT 4.0 P.M.

AGENDA

PROPOSED MEETING OF LOCARNO POWERS AT BRUSSELS.

(Reference Cabinet 48 (36) Conclusion 6 and Geneva Telegrams Nos. 94 dated the 3rd July, 1936, and 96 dated 4th July, 1936.)

(Signed) M.P.A. HANKEY
Secretary to the Cabinet.

2, Whitehall Gardens, S.W.1.
6th July, 1936.
CONCLUSIONS of a Meeting of the Cabinet held in the Prime Minister's Room, House of Commons, on MONDAY, 6th JULY, 1936, at 4.00 p.m.

The Right Hon. Stanley Baldwin, M.P., Prime Minister (In the Chair).

The Right Hon. J. Ramsay MacDonald, M.P., Lord President of the Council.

The Right Hon. The Viscount Hailsham, Lord Chancellor.

The Right Hon. Anthony Eden, M.C., M.P., Secretary of State for Foreign Affairs.

The Right Hon. A. Duff Cooper, D.S.O., M.P., Secretary of State for War.

The Most Hon. The Marquess of Zetland, G.C.S.I., G.C.I.E., Secretary of State for India.

The Right Hon. W. Ormsby-Gore, M.P., Secretary of State for the Colonies.


The Right Hon. Walter Elliot, M.C., M.P., Minister of Agriculture and Fisheries.


The Right Hon. The Earl Stanhope, K.G., D.S.O., M.C., First Commissioner of Works.

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


The Right Hon. The Viscount Swinton, C.B.E., M.C., Secretary of State for Air.


The Right Hon. Walter Runciman, M.P., President of the Board of Trade.


The Right Hon. Oliver Stanley, M.C., M.P., President of the Board of Education.

The Right Hon. Ernest Brown, M.C., M.P., Minister of Labour.

1. The Prime Minister said that the object for which he had summoned this Meeting was to hear from the Secretary of State for Foreign Affairs an account of the proceedings at the Assembly and Council of the League at Geneva. There was, however, a preliminary matter which he would ask the Chancellor of the Exchequer to raise.

The Chancellor of the Exchequer said that during the previous week his brother, Sir Austen Chamberlain, had visited him and told him how concerned he was with the situation of this country, of Europe and of the Government. For the first time since the late Marquess of Salisbury's Government he noticed that the House of Commons was divided on foreign policy. Sir Austen was anxious to help, and had consulted friends, who agreed on his general line. Sir Austen had also made a similar communication to the Parliamentary Secretary to the Treasury. His idea had been to present a Motion that the House should go into Committee in order to discuss the state of the nation. His idea was that there should be a Secret Session, at which the Government could give information which could not be given in ordinary debate, with a view to bringing the various Parties together and securing a united front. The Parliamentary Secretary to the Treasury had told Sir Austen that he had misgivings as to whether the debate would in fact be kept secret, and had thrown out as a possible alternative that perhaps the Government might receive certain influential Members of the House of Commons, including, of course, the Leader of the Labour Opposition. This proposal Sir Austen Chamberlain was prepared to consider. The Chancellor of the
Exchequer himself had shared the view expressed by the Parliamentary Secretary to the Treasury as to the proposed Secret Session and regarded it as a dangerous experiment. Rumours would probably get out as to what had happened, and there would be denials and counter-denials. This might easily create panic in the nation, with a demand for publication of particulars.

As to the alternative of a meeting between the Government and influential Members of Parliament, he doubted if the Labour Opposition would be prepared to attend. It would make their position rather awkward with their supporters, since, in forming a united front, they would be sharing the responsibility of the Government.

Sir Austen Chamberlain had then suggested that an attitude of that kind would put the Leader of the Labour Opposition in an awkward position, as the Leader of the Opposition Liberals would probably accept the offer. The Chancellor himself did not share this view. Sir Austen Chamberlain had said that his object was not any attack on the Government and that he would reserve his position and take no action until Monday. The Chancellor said he would probably see his brother some time that afternoon. He had discussed the matter with the Parliamentary Secretary to the Treasury, and on the previous evening had had an opportunity to talk it over with the Prime Minister. Assuming, as he felt justified in doing, that the idea of a Secret Session had probably been dropped, he himself felt that the alternative Leader of the Labour Opposition would probably refuse. If other influential Members of Parliament attended a meeting of this kind it would lead to a series of conferences at each of which Mr Winston Churchill
would probably adopt an increasingly aggressive line. Very likely he and Mr Lloyd George would work together and would accuse the Government of not taking Defence sufficiently seriously, and eventually they might insist on telling the country, or at any rate Parliament, what they thought about it. On the other hand it was rather difficult to give a categorical refusal. The answer might be that the Government could not consider the proposal unless there was a reasonable prospect of reaching a united front, including the Opposition Labour Party. If this line were adopted Sir Austen Chamberlain might be asked to sound the Leader of the Opposition Labour Party and ask if he would be willing to collaborate. If the Leader of the Labour Opposition accepted, then the meetings might take place; but if he refused it would at least show that the Government was not to blame for the failure of the proposal. This view was shared by the Prime Minister and the Parliamentary Secretary to the Treasury.

The Prime Minister said he had spoken to the Lord President of the Council on the subject. Mr Winston Churchill, he understood, was contemplating the delivery of a speech four hours in length. As he could not get a platform for a sufficiently comprehensive speech on any of the Estimates, he proposed to make it on the Consolidated Fund Bill.

The Lord President of the Council was reluctant to reject the proposal both for a Secret Session and a private meeting. He asked, however, whether the Cabinet would welcome the prospect of having to face Mr Churchill's criticisms in Parliament. If not, one method that had occurred to him for meeting the difficulty was by inviting influential
Members of Parliament to a Meeting of the Committee of Imperial Defence, for which there were numerous precedents. That course should not be adopted, however, if the Leader of the Labour Opposition Party refused. The more he thought of it the less he liked the idea of a meeting attended by Mr. Winston Churchill, whether Major Attlee accepted or not. At the same time he did not like to reject both proposals. If asked for a meeting by the Leader of the Labour Opposition and other influential M.P.'s he would not refuse.

The Prime Minister agreed that a Secret Session was out of the question. It might easily throw the country into a panic, and there was no precedent for it except during war. The position would be a very awkward one if the Government invited Sir Austen Chamberlain and his friends to a meeting without any representatives of other Parties. It was sure to leak out in the House of Commons and would create a bad impression.

The Home Secretary said that an invitation from the Government to such a meeting would put them in the position of suggesting that they were not adequate to their task. One objection to an invitation was that the M.P.'s attending would demand papers.

The Secretary of State for Air said there was a history behind this question. He recalled that the Lord President of the Council, when Prime Minister, had asked him to be Chairman of the Air Defence Research Sub-Committee. The Prime Minister and the Lord President had thought it wise to invite Sir Austen Chamberlain to be a member of that Committee, but Sir Austen had refused, owing to his preoccupation with the India Committee. When the India Committee came to an end another approach
had been made to Sir Austen Chamberlain, but he had again refused and had proposed that Mr Winston Churchill should become a member. Mr Churchill had accepted, but his attitude had throughout been unhelpful. Instead of confining himself to the Research questions he had raised wider issues. As Chairman he himself had refused to allow the work of the Committee to be extended, and he had also declined to receive any Papers privately from Mr Churchill on such subjects. Such Papers as he had received from Mr Churchill had been made available to the Air Defence Research Sub-Committee, but had been reproduced as documents for the whole Committee of Imperial Defence in the ordinary course. Mr Churchill had never really considered the Air Ministry's comments on his Papers on their merits, although they were probably fairly accurate, and actually had turned out to be within one per cent. of the French estimates of German air strength. Mr Churchill had also been working in close alliance with Professor Lindemann, who was a member of the Expert Committee on Air Defence Research. The latter had put forward two proposals, one of which was so fantastic that it had been rejected by all his scientific colleagues, including Sir Frank Smith; and the other had also not commended itself at all strongly. At the last meeting of the Air Defence Research Sub-Committee Mr Churchill's attitude had been very intransigent; he had adopted an attitude of pique and seemed to be about to resign from the Committee. He thought that the present proposal was not unconnected with Mr Churchill's attitude. Personally he had no objection to a Committee of
Imperial Defence Meeting at which influential M.P's like Major Attlee and Mr Lloyd George were present. At such a Meeting things could be said which could not be spoken of outside but which would convince any unprejudiced mind. It would, however, involve a whole series of Meetings. He had some doubt as to whether Mr Lloyd George saw eye to eye with Mr Churchill in these matters. As regards Papers, those attending the Meeting would be Privy Counsellors and would be given access to all necessary documents.

The Secretary of State for Foreign Affairs recalled the precedent of the three-Party Meetings prior to the opening of the Disarmament Conference in 1932, at which all necessary Papers had been produced. It might be possible, on that analogy, if thought desirable, to arrive at a common policy before the Meetings of the Assembly in September.

The Minister for Co-ordination of Defence described how, during the previous week, Mr Churchill, at a late hour in the Library of the House of Commons, had unfolded his plan, after explaining that he now rejected the idea of a Secret Session. In reply to his own question as to what would happen if Mr Churchill and his friends found the Government's attitude unsatisfactory, he had said that they would then have to tell the country or the House of Commons. Mr Churchill's ultimate idea appeared to be to create a great Office supervised by business men with a total staff of a thousand, and at a given moment, so to speak, to pull the lever and switch the whole of the munitions supply over to this new Department.
The Lord Chancellor supported the Chancellor of the Exchequer's proposal. For the Government to appeal to others for help would give their opponents a weapon of which they would not be slow to avail themselves, and would involve abdicating their responsibilities. There was no hope of getting a united front for re-armament, and it would be deplorable to let the country think that the Government were not prepared to face their responsibilities.

After some further discussion —

The Cabinet agreed to the Chancellor of the Exchequer's proposal that he should inform those who had approached him that the Government would not refuse to meet representatives of all Parties in both Houses, or to give them information if a Meeting was to be arranged with a view to forming a united front. Sir Austen Chamberlain, therefore, if he decided to follow up his proposal, should be encouraged to approach the Leader of the Labour Opposition in the first instance in order to ascertain whether he would be willing to join in an approach to the Government on this understanding.
GERMANY AND THE LOCARNO TREATY.

(Previous Reference: Cabinet 48 (36), Conclusion 6.)

DANZIG.

(Previous Reference: Cabinet 1 (36), Conclusion 1.)

THE FUTURE OF THE COVENANT.

(Previous Reference: Cabinet 34 (36), Conclusion 4.)

S. The Secretary of State for Foreign Affairs reported that the recent Meetings of the Council and Assembly at Geneva had been the most exacting and the most depressing which he had attended. The agenda had been two-fold. First, the liquidation of the Italo-Abyssinian dispute, which had been accomplished. The task of the United Kingdom Delegation had not been made any easier owing to the speech of the South African Representative, which had been rather too strong for the occasion, and stronger than had appeared in the British Press. M. Van Zeeland had proved to be a particularly good President of the Assembly, and his last speech had done something to restore confidence. The second question had been the Danzig incident, which had created much pessimism at Geneva.

He himself felt that the international situation was so serious that from day to day there was the risk of some dangerous incident arising, and even an outbreak of war could not be excluded. The reasons for this view were as follows:

1. The weakness of the League of Nations.

2. The weakness of France, which was generally recognised at Geneva.

As examples of this he gave a statement made to him by a well-informed Portuguese Minister, that everyone knew that France did not count for much in Europe now; and the apprehensions of His Majesty's Ambassador in Paris as to the future in France.

3. The fact that armaments were growing stronger every week in Germany, which was governed by unscrupulous people. Evidence of their attitude was furnished by the speech of Herr Greiser, the President of the Danzig Senate, whose remarks on the Danzig question had been even more aggressive in manner than in substance, and who had given the impression of a bully who felt stronger than he had been.
on the last occasion and expected to be stronger still on the next.

(4) The present severe poverty of Poland was another factor. Colonel Beck, the Polish Foreign Minister, had adopted a stronger attitude after Herr Greiser's second speech and had made clear that he would not give up Danzig and that Poland was prepared, if there were a movement against the League High Commissioner, to support him by force.

(5) The weakness of some of the important lesser Powers, especially Spain.

(6) The weakness of our own armaments, and the doubts that existed on our foreign policy.

(7) Our anxieties in the Far East.

In view of the above he could give no guarantee of the certainty of peace even during the present year. It was not that anyone, even Herr Hitler, was, so far as he knew, projecting warlike operations, but that the various nations were in such a ferment that some episode might precipitate danger.

The position was so serious that he thought the Cabinet ought to consider two proposals:

(1) That the Prime Minister should see the heads of the Press and tell them that the next few months would be decisive, and impress on them their responsibility for taking no action which might make matters worse (e.g., comparable to the attitude of certain Press proprietors, which had contributed to the likelihood of the Italian attack on Abyssinia).

(2) That the Prime Minister should see the Leaders of the Opposition and communicate to them the facts of the situation.

Coming to our own policy, the Secretary of State for Foreign Affairs promised to circulate a Memorandum by the Foreign Office within the next few days. The alternatives were as follows:

(1) To work for a new Locarno Treaty and at the same time to declare a situation in which Articles 10 and 16 of the Covenant would disappear.
The advantage of this course was that by these means alone was it possible to achieve universality for the League of Nations. As the result of his talks at Geneva, however, he was clear that this plan would not be accepted by the French, Belgians and Little Entente, and consequently that it would smash the League.

(2) To go back to the policy of the Geneva Protocol.

This policy had the support of Mr Winston Churchill, and probably of the Labour Opposition Party, but he himself did not think that the country would back it.

Consequently it appeared necessary to choose between the first course, which involved smashing the League, and something on the lines of the French proposal in favour of a series of regional obligations combined with economic sanctions to be imposed on an aggressor by the States that were not members of that particular regional arrangement.

As to the proposed Brussels meeting, the idea was that M. Van Zeeland and the United Kingdom Government should press Germany to be represented at a meeting to work out a new Locarno and to bring Germany back to the League. The object was to get Germany into conference, relinquishing the British questionnaire and asking them to come practically without conditions. If this was not done there was the risk that after the Olympic Games the Powers would get further demands from Germany. By holding the meeting they would to some extent keep the initiative. There was some doubt as to whether, at the Brussels meeting, the French Government would be in a position to agree to a meeting with the Germans without conditions. They might be under a good deal of pressure from the Russian Soviet Government in a contrary sense. Nevertheless there was a Locarno Treaty, of which the French were a signatory.
they might be induced to agree. M. Blum had not been at Geneva for very long, and the only understanding he had reached with him and M. Delbos was that they clearly understood that the object of the meeting was not to establish (constater) that Germany had not replied to the questionnaire.

M. Van Zeeland thought that M. Blum would come some way to meet us.

In reply to a question as to what M. Van Zeeland had meant by the phrase "Placing Germany on the defensive" (Geneva Telegram No. 89), The Secretary of State for Foreign Affairs explained that the Belgian Prime Minister's object had been to get the initiative into our own hands.

In the course of the discussion, reference was made to the likelihood that, in the event of a meeting taking place, Herr Hitler would raise the whole question of the Treaty of Versailles, including German colonies. In that event, it was suggested it would be no use trying to push the subject in the background. One proposal was that the safest course would be fall back on the line of helping Germany in the matter of raw materials, but the comment was offered that this would not assist Germany to whom colonies were a matter of amour propre. Another suggestion was that we should make perfectly clear that we could not surrender the colonies. No information was available as to the attitude of France who was responsible for the greater part of the mandated territories not under the Dominions, but it was thought that in order to obtain a settlement, France might be willing to make some concession.
another suggestion was that it would be best to forestall the German demands by making in advance a statement of our attitude on the question. The Cabinet were informed that the feeling in East Africa was extremely strong on this subject.

The view was expressed that, in anticipation of a possible acceptance of an invitation to a conference by Herr Hitler, the Government ought to make its mind up clearly on the following three questions:—

1. The future of the League of Nations.
2. Our Policy in Eastern Europe.
3. The German Colonies.

Any conference with Germany was certain to be faced with demands on these three points.

The First Commissioner of Works, who had been present at some of the conversations at Geneva and had been in touch with the situation, urged that if we were to come to terms with Germany, action should be taken soon. There was much doubt as to whether M. Blum's Government would last. It was possible that by the Autumn the situation in France might be very grave. A number of firms were reported to be likely to close down owing to the difficulty of selling their products when paying the larger wages. Moreover, the economic repercussions of the Abyssinian expedition would soon be telling heavily upon Italy. If these things were to happen, it would be difficult to form a combination and, in any event, the problems would not be made less serious from delay. He urged that the sooner we came to grips with Germany the better, as at the moment Germany did not appear completely to appreciate her own strength and the relative weakness of others.
another suggestion was that it would be best to forestall the German demands by making in advance a statement of our attitude on the question. The Cabinet were informed that the feeling in East Africa was extremely strong on this subject.

The view was expressed that, in anticipation of a possible acceptance of an invitation to a conference by Herr Hitler, the Government ought to make its mind up clearly on the following three questions:

1. The future of the League of Nations.
2. Our Policy in Eastern Europe.
3. The German Colonies.

Any conference with Germany was certain to be faced with demands on these three points.

The First Commissioner of Works, who had been present at some of the conversations at Geneva and had been in touch with the situation, urged that if we were to come to terms with Germany, action should be taken soon. There was much doubt as to whether M. Blum's Government would last. It was possible that by the Autumn the situation in France might be very grave. A number of firms were reported to be likely to close down owing to the difficulty of selling their products when paying the larger wages. Moreover, the economic repercussions of the Abyssinian expedition would soon be telling heavily upon Italy. If these things were to happen, it would be difficult to form a combination and, in any event, the problems would not be made less serious from delay. He urged that the sooner we came to grips with Germany the better, as at the moment Germany did not appear completely to appreciate her own strength and the relative weakness of others.
The Secretary of State for Foreign Affairs reported that he had seen His Majesty's Ambassador in Berlin that morning at the Foreign Office. Sir Eric Phipps thought that it might be possible to get Germany to enter into a new Locarno Treaty, but it would be at the expense of Eastern and South-Eastern Europe, as Herr Hitler would never commit himself as regards Eastern Europe. We should then be placed in the same kind of moral dilemma in which M. Laval had found himself when confronted with his obligations under the Covenant after he had done a deal with Italy in Africa. If we tried to get a European settlement for Europe as a whole, Herr Hitler would be sure to refuse.

The First Commissioner of Works reported that there were signs that France was rather more doubtful about her alliances with Eastern European States and some people were sceptical as to whether they could rely on any help at all from Russia.

The question was raised as to what time-table M. Van Zeeland had in mind for his programme. Was it the idea for the Locarno Powers other than Germany to meet during July and then to send an invitation to Germany to join them at Brussels or alternatively that the Powers other than Germany should first clear their minds on the larger questions with a view to an agreed policy before meeting Germany? The arguments on either side were quite obvious.

Some mistrust was expressed of the plan of getting the Locarno Powers other than Germany to meet with a view to inviting Germany to a new
conference on the ground that Germany was certain to regard it as a bloc of the four Powers with a view to agreement not only in the West but also in the East of Europe. This would be regarded as the re-creation of the policy of the encirclement of Germany. In this connection, attention was drawn to Mr. Newton's Telegram No. 207 from Berlin of the 4th July in which he expressed the view that "The prospects of useful German collaboration would, no doubt, be greatly enhanced if it were possible to extend the invitation to attend the next Locarno Conference ab initio and not merely as a sequel to a preliminary conference without Germany". This seemed to indicate that as likely as not Germany would not accept under such conditions.

The Secretary of State for Foreign Affairs pointed out the difficulties of inviting Germany to the first conference after Herr Hitler had torn up the Locarno Treaty and neglected to answer our questionnaire. It would also be very difficult for the French with their commitments to states in Eastern Europe. It was suggested that to make the attempt through diplomatic channels would involve most difficult discussions with France and Belgium and lead to delay.

As regards the dilemma in which we were placed in consequence of our possible commitments in Eastern Europe under the Covenant, it was pointed out that our defensive arrangements were in such a condition that we could not face war in Europe this year and that public opinion would never support the Government in such a policy. In these
circumstances, the proper course appeared to be to clear up first the Mediterranean situation and then the Western European situation. If France was given an assurance of support if attacked, it might deter her from a forward policy. In other words, circumstances compelled us to abandon the complete League policy in order to secure half the policy.

The question was raised as to whether if forcible action was taken by Germany over the Danzig question, that would not bring the Poles and Russians together in conditions where Russia would be able to use her powerful Air Force.

The Secretary of State for Foreign Affairs said that the Poles might compromise with Germany and ask for a withdrawal of the High Commissioner. This meant more humiliation for the League of Nations which might be driven from one humiliation to another with repercussions on the position of the Government here.
In the course of the discussion a distinction was drawn between a meeting at Brussels for the purpose of concerting policy and a meeting merely to agree on an invitation to Germany. It was suggested that the meeting might be confined to the second purpose and might be quite short. The Secretary of State for Foreign Affairs said that Sir Eric Phipps was in favour of the proposals made but rather doubted if the French Government could agree to invite Germany unconditionally. He thought it possible that Herr Hitler might accept but his only object would be to free his hands elsewhere than in Western Europe.

The view was expressed that to continue drifting was to play Germany's game. Herr Hitler would see France going to pieces and the United Kingdom taking no definite line while Germany became stronger. That was urged as the reason for the Brussels Conference which would also have the effect of making clear the sincerity of our endeavours to come to an agreement on the future organisation of Europe and of removing all ambiguity as to Germany's intentions. At present Germany was sitting back, refusing to answer questions put to her and not appointing an Ambassador in London, while events were drifting towards some possible episode at Danzig. If an invitation was sent it would be difficult for Herr Hitler to refuse. The main question of difficulty at the moment therefore, was as to whether the Locarno Powers, other than Germany, should meet first or whether Germany should be asked straight away.

Members of the Cabinet were impressed by the gravity of the situation in Europe as depicted by the
Secretary of State for Foreign Affairs which rendered it necessary that the Government should make up its mind on the essential problems already enumerated. The objects of British policy, it was pointed out, were first to secure peace in the world if possible and second to keep this country out of war. If Germany was seeking a hegemony in Europe she would not want to fight the whole of Europe at once. If we had been strong enough and public opinion had been better instructed it might have been possible for us to guarantee peace in Europe both east and west. At present, however, our defensive arrangements were inadequate and public opinion would not support a policy of this kind. Consequently it was suggested our policy ought to be framed on the basis that we could not help Eastern Europe. We ought, however, to resist by force any attempt against our own Empire or Flanders. If these were our bases, it was suggested that our policy towards the future of the League ought to be somewhat on French lines: that is to say of regional pacts. We ought also, it was suggested, to try and warn Germany against violence and especially the kind of violence that would bring us into action.

If we met the Locarno Powers the object of the meeting ought, it was suggested, to be to discuss a future Locarno Treaty and Germany's March proposals. We should not exclude the Colonial question from the agenda but if Germany raised it we should make it quite clear that we would give up nothing. If Germany refused to attend a meeting then we should form a Western Locarno Treaty with France and Belgium on the lines that if Germany attacked them we should come to their aid and if Germany attacked us they should do the same.

(The Secretary of State for the Colonies left at this point).
The comment on the above proposal was that while the Government should make up its own mind to reduce its commitments in Eastern Europe we should not announce that we were unwilling or unable to help in Eastern Europe. Two stages had to be considered. First, contingencies for which we would accept definite commitments; and, second, contingencies for which we would not accept definite commitments, but which would be left sufficiently vague to enable us to keep our hands free.

It was suggested that this meant getting rid of the automatic sanction by Article 16 of the Covenant.

The Secretary of State for Foreign Affairs pointed out that the difficulty of this course was that if an obligation to fight in support of the Covenant was ruled out everyone would assume that we would not fight. Another view was that the general assumption might be just the contrary.

There was general agreement that a Meeting of the Locarno Powers (other than Germany) at Brussels should be held solely for the purpose of sending an invitation to Germany and bringing Germany into the League of Nations.

The Secretary of State for Foreign Affairs, with thought, thought it possible that M. Van Zeeland's help France might be convinced.

The Prime Minister asked what kind of communication there would be with Germany pending the Brussels Meeting? He pointed out that the main difficulty was in persuading the French.

One suggestion was that the approach should be through M. Van Zeeland, but an alternative
suggestion was that we should also try to persuade the French Government.

The view was strongly emphasised that the Powers other than Germany must not discuss among themselves the line they were to take towards Germany at the Brussels Conference. Before they did this the Germans must be on the scene.

The suggestion was made that the present policy of yielding to Germany on every occasion merely encouraged Herr Hitler to pursue his aggressive policy, and the question was raised as to whether Herr Hitler ought not to be told that there was a definite limit beyond which we could not allow him to go. Otherwise every surrender would bring us nearer to war. It was pointed out, however, that at the moment the country had neither the means nor the heart to stop him.

The Secretary of State for Foreign Affairs proposed that we should inform the Belgian Government that His Majesty's Government were prepared to accept his invitation to the proposed Conference at Brussels, on the understanding that the object was to agree on an invitation to Germany to take part in a Conference with a view to a new Locarno Treaty and bringing Germany back into the League of Nations; and that M. Van Zeeland should be asked whether the French understood clearly that that was the basis of the proposed Conference at Brussels.

Towards the end of the discussion the Secretary of State for Foreign Affairs read out a telegram he had just received from Brussels proposing that the Meeting should be held on July 22nd.
The Cabinet agreed —

(a) That the Secretary of State for Foreign Affairs should send a telegram to Brussels accepting the proposal that a Meeting of the Locarno Powers (other than Germany) should be held in Brussels on July 22nd:

(b) That the Belgian Prime Minister should be asked to satisfy himself that the French Government were in agreement that the object of the proposed Conference was to draw up an invitation to Germany to attend a further Conference of the Locarno Powers with a view to a new Locarno Treaty and securing the return of Germany to the League of Nations:

(c) That the Secretary of State for Foreign Affairs should report the latest developments at the Meeting of the Cabinet on Thursday, July 9th.
3. The question was raised as to the withdrawal of the forces specially concentrated in the Eastern Mediterranean.

The First Lord of the Admiralty said that he had already taken up the question with the Secretary of State for Foreign Affairs and would arrange that any moves had the appearance of being normal, for purposes of leave.

The Secretary of State for War did not wish at present to withdraw troops from the Eastern Mediterranean, but only from Mersa Matruh.

The Secretary of State for Air wished to send a telegram to Egypt warning the Air Officer Commanding-in-Chief to make preparations for the withdrawal of certain forces.

The Cabinet agreed —

(a) That the Secretary of State for Air should be authorised to send a telegram warning the Air Officer Commanding-in-Chief in the Middle East to make preparations for the return to this country of some of the forces concentrated in Egypt;

(b) That the Secretary of State for Foreign Affairs should consider the proposal of the Secretary of State for War to withdraw troops from Mersa Matruh and communicate with him direct on the subject.
4. The Secretary of State for Foreign Affairs reported that the Imperial Policy Group in the House of Commons had invited the Archduke Otto to shoot in this country in August or September. The Foreign Office had been asked to meet him but had replied that they were not interested. The question arose as to whether action ought to be taken to stop the visit.

The Cabinet agreed —

That no action should be taken.

2, Whitehall Gardens, S.W.1,

July 6, 1938.
CABINET 51 (56).

Meeting of the Cabinet to be held at No.10, Downing Street, S.W.1., on THURSDAY, 9th JULY, 1956, at 11.0 a.m.

AGENDA:

1. FOREIGN AFFAIRS.
   
   (a) The Italo-Abyssinian Dispute - (If required).
       (Reference Cabinet 43 (56) Conclusion 4).

   (b) Germany and the Locarno Treaty: Proposed Meeting of the Locarno Powers (other than Germany) at Brussels.
       (Reference Cabinet 50 (56) Conclusion 2).
       Statement by the Lord Privy Seal, acting for the Secretary of State for Foreign Affairs.

   (c) The Anglo-Egyptian Treaty Negotiations -
       (Reference Cabinet 48 (56) Conclusion 9).
       Memorandum on the Sudan by the Lord Privy Seal, acting for the Secretary of State for Foreign Affairs.
       CP. 192 (56) - circulated herewith.

2. THE KING'S HOLIDAY.

   Memorandum by the Home Secretary.
   CP. 193 (56) - circulated herewith.

3. EXPORT CREDITS FOR RUSSIAN ORDERS.

   (Reference Cabinet 6 (36) Conclusion 7).
   Memorandum by the Secretary of State for Foreign Affairs.
   CP. 191 (56) - already circulated.

4. THE SITUATION IN PALESTINE.

   (Reference Cabinet 48 (36) Conclusion 10).
   Memorandum by the Secretary of State for Foreign Affairs.
   CP. 178 (36) - already circulated.
   Memorandum by the Secretary of State for the Colonies.
   CP. 190 (36) - already circulated.

(Signed) M.P.A. HANKEY.
Secretary to the Cabinet.

2, Whitehall Gardens, S.W.1.

July 8th, 1956.
CONCLUSIONS of a Meeting of the Cabinet held at 10, Downing Street, S.W.1., on THURSDAY, 9th JULY, 1936, at 11.0 a.m.

PRESENT:
The Right Hon. Stanley Baldwin, M.P., Prime Minister (In the Chair)
The Right Hon. Neville Chamberlain, M.P., Chancellor of the Exchequer.
The Right Hon. A. Duff Cooper, D.S.O., M.P., Secretary of State for War.
The Right Hon. The Viscount Swinton, C.B.E., M.C., Secretary of State for Air.
The Right Hon. Walter Runciman, M.P., President of the Board of Trade.
The Right Hon. Oliver Stanley, M.C., M.P., President of the Board of Education.
The Right Hon. Ernest Brown, M.C., M.P., Minister of Labour.
The Right Hon. The Viscount Hailsham Lord Chancellor.
The Right Hon. Malcolm MacDonald, M.P., Secretary of State for Dominion Affairs.
The Most Hon. The Marquess of Zetland, G.C.S.I., G.C.I.E., Secretary of State for India.
The Right Hon. W. Ormsby-Gore, M.P., Secretary of State for the Colonies.
The Right Hon. Walter Elliot, M.C., M.P., Minister of Agriculture and Fisheries.
The Right Hon. The Earl Stanhope, K.G., D.S.O., M.C., First Commissioner of Works.

THE FOLLOWING WERE ALSO PRESENT:
Viscount Cranborne, M.P., Parliamentary Under-Secretary of State for Foreign Affairs.
(For Conclusions I to 9).

The Lord Privy Seal, acting for the Foreign Secretary, who was absent indisposed, reported the receipt of telegrams from the British Diplomatic Representative in Addis Ababa to the effect that Marshal Graziani had ordered the cessation of the use of the wireless telegraph apparatus in the British Legation for fifteen days. To provide for the immediate situation, instructions had been given to the British Diplomatic Representative to the effect that he should not resist if the Italians insisted to the point of force, and in that event to comply with their orders. The technical position was that he was not entitled to refuse provided that other means of communication with his Government were made available. He should therefore continue to use his wireless as long as possible, but accept the closing down if the Italian authorities insisted. In the meanwhile the Lord Privy Seal proposed to concert with the French and United States Government, which also had wireless apparatus in their Legations, and to put all possible pressure on the Italian Government at Rome. His impression was that the Italians had been upset by the difficulties of the local situation, and more especially the cutting of railway communication. He added that the British Minister, now in this country, had given the Parliamentary Under-Secretary of State for Foreign Affairs a somewhat gloomy account both of the Italian position in Addis Ababa and of the state of the Italian army there.

The Parliamentary Under-Secretary of State for Foreign Affairs, in reply to a question, said that Sir Sydney Barton had not expressed any particular anxiety as to the risks to British people in Abyssinia, but had remarked on the very bad state of the Italian army.

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In the course of a short discussion it was suggested that to surrender to force majeure was not a very dignified position and that it might be better to agree under protest for the period asked.

The Lord Privy Seal agreed that the British Diplomatic Representative should be instructed to go as slow as possible, and that the main effort, in concert with the other nations concerned, would have to be made at Rome.

It was suggested that it was very important to avoid an incident in this matter.

The Cabinet agreed —

That the question should be treated as one affecting all the Legations concerned, and that the British Diplomatic Representative at Addis Ababa should be so informed and told not to give up his rights without protest, but to avoid an incident in which he would be isolated from the other Legations concerned.
2. The Lord Privy Seal reported that no news had been received about the proposed Brussels Conference beyond the telegram from His Majesty’s Ambassador in Brussels No. 52 of the 8th July (already circulated), in which he stated that the first reaction of the Belgian Prime Minister and Minister for Foreign Affairs to the message from the Secretary of State for Foreign Affairs had been favourable and that the former would set to work to approach the French Government forthwith.

In this connection the First Lord of the Admiralty drew attention to a telegram from Sir Eric Drummond (Rome Telegram No. 434 of the 7th July) referring to the possibility that it might be advisable for him to have a frank talk with the Minister for Foreign Affairs with a view to modifying the unfavourable Italian attitude towards attending the proposed Brussels Conference. If that proposal were followed up he suggested that some use might be made of the fact that all three Defence Services were returning more or less to their normal distribution of forces in the Mediterranean, which might be a useful element in any conversations on the subject.

The Lord Privy Seal promised to make a note of that suggestion.

The Secretary of State for War again referred to the desire he had expressed at the last Meeting of the Cabinet to withdraw troops from Mersa Matruh.

The Lord Privy Seal was under the impression that the Secretary of State for Foreign Affairs had dealt with the matter before he left London. He promised, however, to make enquiry.
3. The Cabinet had before them a Memorandum by the Lord Privy Seal, acting for the Secretary of State for Foreign Affairs (C.P.-192 (36)), calling the attention of his colleagues to the third paragraph and foot-note of the draft Article relating to the Sudan, printed as Annex A to C.P.-176 (36). The Governor-General of the Sudan had represented that this Article as at present drafted, with the addition of the proposed agreed initialled minute, restricted his power to employ persons of nationalities other than Sudanese, British and Egyptian to employment in "minor technical posts" — a phrase which might give rise in practice to difficulties of interpretation. He had therefore suggested that it would be preferable, from the point of view of the Sudan Government, either to insert the word "usually" or "normally" between "will" and "select" in paragraph 3, or to substitute in the agreed initialled minute the phrase "special posts" for the words "minor technical posts". The Lord Privy Seal was in agreement with this suggestion, and sought Cabinet authority to instruct His Majesty's High Commissioner to adopt whichever of the above small amendments he considered would be the more readily acceptable to the Egyptian Delegation.

The Cabinet approved the proposal of the Lord Privy Seal in C.P.-192 (36) as summarised above.
4. The Lord Privy Seal informed the Cabinet that during the Olympic Games a decision would be taken as to where the Games were to be held in 1940. The British Committee, who, he understood, had been in communication with the Lord Mayor, was contemplating proposing London. He was informed that the Foreign Secretary had originally taken the view that this was not a matter for the Government. It now transpired, however, that the Japanese were anxious that the Games should be held in Japan, and it was thought that they would resent a proposal that they should be held in this country. The Foreign Secretary inclined to the view that for the British to withhold their proposal might be a useful gesture towards the Japanese — though their behaviour recently hardly perhaps entitled them to such a gesture. Nevertheless he offered a suggestion that, with a view to doing something to improve relations, it might be a good plan to give a hint to the British Committee not to press the matter. He understood that Finland also would suggest Helsingfors as the place for the next Games.

In the course of a short discussion it was suggested that to hold the Games in London was not altogether desirable, partly because awkward incidents were apt to arise, and partly because the British people, whose attitude (unlike the Germans) was not under Government control, might make demonstrations against the athletes of certain nations. There was, perhaps, even an element of danger in the proposal.

The Cabinet agreed —

"that the Lord Privy Seal should be asked to take appropriate steps to give the British Committee a hint not to put forward the proposal for holding the Olympic Games in London."
LEAGUE OF NATIONS. 5. The Chancellor of the Exchequer suggested
that a Cabinet Committee should consider the question
of the future of the Covenant, which had been raised
at the last meeting, as it was important to the
Cabinet to have all the material for a decision on
the subject before the recess.

The Lord Privy Seal said that a memorandum by
the Foreign Office, setting forth the various possibilities, would be available before the end of the
week.

The First Commissioner of Works recalled that
the Assembly wished to have written statements from
the various Governments before the Assembly met.
Time would also be required for consultation with the
Dominions. The matter ought, therefore, to be
considered as soon as possible.

The Prime Minister recalled that the date of
the meeting of the Assembly of the League had been
postponed until September 21st. He agreed that the
subject should be examined at once, as there was a
good deal of preliminary work to be done; but even
so, he thought it would be necessary for the Cabinet
to hold one or two meetings in the second week in
September.

The Cabinet agreed —

(a) That the question of the future of
the Covenant should be considered
by the Cabinet Committee on Foreign
Policy:

(b) That the Foreign Office memorandum
should be circulated to the Committee
as soon as possible.

(NOTE: See also the following conclusion,
where the question of the German
desire for colonies was referred
to the same Committee.)

The Prime Minister instructed the
Secretary that the Secretary of State
for the Colonies, the President of
the Board of Trade and the First Lord
of the Admiralty should be added to the Committee on Foreign Policy, the composition of which, therefore, would now be as follows:

The Prime Minister (In the Chair),
The Lord President of the Council,
The Chancellor of the Exchequer,
The Lord Chancellor,
The Secretary of State for Foreign Affairs,
The Home Secretary,
The Lord Privy Seal,
The Secretary of State for the Colonies,
The President of the Board of Trade,
The First Lord of the Admiralty,
The Minister for Co-ordination of Defence.)
6. The Lord Privy Seal said that he was informed that the Report of the Sub-Committee on the ex-German Colonies was on the Agenda for the Committee of Imperial Defence Meeting on the following day. It had been suggested to him that consideration by some smaller body in the first instance was desirable.

The main difficulty was that if any formal consideration was to be given to the subject it would render invalid the answer that had been given by the Prime Minister in Parliament on the 27th April that —

"We have not considered, and are not considering, the transfer of any mandated territories to any other Power". (Parliamentary Debates, Vol. 311, No. 73, Col. 553: also No. 81, Col. 1873).

The Cabinet were reminded that the Chancellor of the Exchequer had also made a statement (on April 6th) in which he had drawn a distinction between Colonies and Mandated Territories and had made clear that a demand for the British Empire to give up any of its Colonies had never been formulated, and, if made, "could not possibly be entertained for a moment."

We had pointed out some of the difficulties of transferring a Mandate, and in this part of his speech he had said that —

"I cannot conceive that any Government would even discuss the question of the transfer of its own mandate quite irrespective of what will happen to the mandates held by other Governments". (Parliamentary Debates, Vol. 310, No. 68, Col. 8563.)

The Secretary of State for the Colonies said that the subject was going to be raised in the House of Commons that afternoon and that he would have to make some statement.

After some discussion, the Cabinet agreed —

(a) That the Secretary of State for the Colonies, in any remarks he might make on the subject should adhere as closely
as possible to the Chancellor of the Exchequer's statement referred to above:

(b) That the question should be considered by the Cabinet Committee on Foreign Policy:

c) That the subject should remain on the Agenda of the Committee of Imperial Defence on the morrow, in order to give an opportunity for any observations that the Committee might desire to make on the strategical aspects.
7. The Parliamentary Under-Secretary of State for Foreign Affairs, referring to a matter that had been mentioned at the meeting in the margin, said that the Organiser of the Imperial Policy Group in Parliament had informed him that he had invited the Archduke Otto to shoot in Scotland and had asked to see him on the subject. He had replied to the effect that in the present position he did not think that this would be in the public interest. The Permanent Under-Secretary of State for Foreign Affairs had suggested that it might be advisable to go rather further, so as to put the Government in the position of being able to say, if difficulties arose, that they had discouraged the visit.

After a short discussion the Cabinet agreed --

That the line taken by the Parliamentary Under-Secretary of State for Foreign Affairs had met the situation sufficiently.
The Cabinet had before them a Memorandum by the Secretary of State for Foreign Affairs (C.P.-191 (36)) on the subject of Export Credits for Russian Orders. A previous Memorandum (C.P.-11 (34)) had shown the very unsatisfactory situation arising from the failure of His Majesty's Government to utilise the balances in British banks belonging to the former Russian Government, commonly known as the "Baring balances", and the advantages of utilising these balances for necessitous British creditors of Russia. The Treasury, however, had been unwilling to press Messrs Baring to surrender the balances without a definite renunciation of the Soviet Government's claim on them. The reasons given in C.P.-32 (36) for thinking that an offer of credits would not induce the Soviet Government to renounce their claim were no longer so cogent, and it seemed desirable to make a serious effort, in accordance with the spirit of the Cabinet Conclusions mentioned in the margin, to obtain their renunciation in return for the offer of really substantial credits. The Secretary of State therefore urged that the Cabinet should authorise the three Ministers most concerned with the question -- the Chancellor of the Exchequer, the President of the Board of Trade and himself -- to consider the best means of ascertaining from the Soviet Government whether they would renounce their claim to the Baring balances in return for commercial credits, and, if so, for credits of what length and what amount.

-11-
The President of the Board of Trade recalled the three decisions taken by the Cabinet at the meeting referred to in the margin, which were as follows:

(a) that the President of the Board of Trade should have authority to inform the Export Credits Guarantee Department that they were free to consider credits for Russia in the same way as for other countries, subject to Treasury approval and that the eighteen months limit no longer applied;

(b) that the President of the Board of Trade should look into the question of the Baring Balances and at the appropriate stage discuss the matter with the Chancellor of the Exchequer.

(c) to take note that the Secretary of State for Foreign Affairs was prepared to postpone the discussion of a loan for Russia and to agree to the above conclusions.

Acting on these decisions, in co-operation with the Treasury he had considered the whole subject including the Baring Balances. He had ascertained that Barings were not very comfortable about the subject and that if the whole Balances were used they would only give about 4d. in the pound to the British creditors. In the meanwhile negotiations with the Soviet Government had continued and they were nearing agreement on the commercial treaty. The Soviet negotiators had been induced to drop some very difficult questions, but if the question of the Baring Balances was brought up now they would probably re-open these questions. He was particularly anxious to conclude the agreement because large orders from Russia to this country were in sight. He hoped, therefore, that the Foreign Secretary would not press the question.
The Chancellor of the Exchequer recalled that on the last occasion that this was considered there had been two alternatives: (i) to give extended credits to Russia, and (ii) to give a loan, some part of which was to be set aside for the British creditors, the Baring Balances being thrown in in order to obtain something for them. The Cabinet decision had been against a loan which would require legislation and which the Board of Trade had not thought would be so quickly productive of return as a credit would be, and would bring in much less in the way of orders. The final argument had been that there would be much less certainty of recovery of a loan than export credits which were backed by a reserve fund. Although the decision had been taken against the loan, he himself had still hoped to get hold of the Baring Balances. Soviet Russia was now in rather a better financial position. They had become an important exporter of gold and were better equipped industrially so that they had not quite the same urgent need for credits. He was not surprised, therefore, that the President of the Board of Trade has not succeeded in securing an acknowledgment of our claim to the Baring Balances. The question he put to the Foreign Secretary was as to whether he was proposing to accept the £6 million in the Baring Balances in final settlement of all Russia's obligations. It was clear from the Memorandum that this was his proposal. That meant abandoning all hope, not only of our complete claim but of any further attempt at recovery. The Government claims amounted to £1,000 million and the private claims to £250 million. Acceptance of £6 million on such a debt would be difficult to defend in Parliament and he was not prepared to make the attempt. Even if the Government
claim was put into the same category as our claims against other countries such as France, Belgium and Italy, to be dealt with at some possible future date, the £6 million would not go far in satisfaction of the private debt of £250 million. His view, therefore, was that unless the Cabinet were prepared to make the best of a bad job and accept the £6 million in settlement of the Russian debts, he would prefer not to raise the matter.

The Parliamentary Under Secretary of State for Foreign Affairs admitted that the Foreign Office proposal was that the £6 million should be treated as a final settlement. Some of the creditors were in a very difficult case and to them £6 million would be better than nothing. If no attempt was made to obtain these Balances, the position would be difficult to defend in Parliament. The Foreign Office did not agree that Russia was not pressed for credits as they could no longer obtain credits in France and might be glad to do the deal.

The Cabinet were reminded, however, that the Soviet were going to get their credits anyhow.

The Cabinet were informed also that the acceptance of the Baring Balances as payment of the Russian debts would not satisfy the Members of Parliament who had taken up the claims of the holders of small balances; also that the average M.P. supporting the Government would not at all like the idea of a loan to Russia.

The Cabinet agreed:

(a) That, in view of the general trend of the Cabinet's view, it was unnecessary for the Chancellor of the Exchequer, the President of the Board of Trade and the Secretary of State for Foreign Affairs to meet to consider the best means of ascertaining from the Soviet Government whether they would renounce their claim to the Baring Balances in return for commercial credits, etc.
(b) That the President of the Board of Trade, in consultation with the Chancellor of the Exchequer, should be authorised to proceed with the transaction of an agreement with Soviet Russia on the lines he had indicated.
The Cabinet had before them the following documents relating to the situation in Palestine:

A Note by the Secretary of State for Foreign Affairs (C.P.-178 (36)) circulating to his colleagues a Memorandum he had prepared in the Foreign Office to show the situation in various Arab countries in the Middle East whose relations with the United Kingdom might be unfavourably affected by the present troubles in Palestine:

A Memorandum by the Secretary of State for the Colonies (C.P.-190 (36)) containing a survey of the state of affairs in Palestine in the light of appreciations he had received from the High Commissioner and asking Cabinet approval for the action outlined at the end of the Memorandum.

The Secretary of State for the Colonies made a statement to the Cabinet in elaboration of his Memorandum (C.P. 190(36)) at the outset of which he called attention to the Summary of Conclusions in paragraph 38. Since circulating this Paper he had received a telegram from the High Commissioner stating that he was forwarding by air mail a memorial emanating from all Arab officials in the First Division of the Service. It would arrive in London on 14th July and if, in his covering despatch, the High Commissioner made further proposals the Secretary of State might have to come back for further decisions.

Referring to the personnel of the Royal Commission, he now thought it advisable to add Sir William Morris Carter, an ex-Colonial judge who had dealt successfully with difficult land questions in Southern Rhodesia and Kenya. In addition he was...
anxious to have a K.C. who would assist in cross-examination of witnesses and in drafting the Report and, after consulting the Lord Chancellor, he proposed Mr. Cyril Asquith. As Chairman, he proposed Sir Horace Rumbold whom he had already sounded. The High Commissioner was anxious that the Royal Commission should contain a Member of the House of Lords, and on this he proposed to consult the Lord Privy Seal. As soon as the personnel of the Royal Commission was completed and the terms of reference were approved, he proposed to make an announcement in Parliament. He then went on to describe his proposals as regards immigration as set forth in the Memorandum.

In the course of the discussion, doubts were expressed as to the advisability of making a public announcement of a policy of temporarily suspending permanent immigration of all races into Palestine from the date when the Royal Commission sailed until its report had been considered by the Government. It was recalled that members of both Houses of Parliament, who were by no means partisans of the Zionist movement, had supported the decision that order must first be restored. It was suggested that the proposed announcement would be treated as another surrender to force: and, as the Royal Commission had to report within the terms of the mandate, they could, it was suggested, not recommend further cessation of immigration and the Arabs, encouraged by previous experience, would once more resort to force. Another reason in favour of
$postponing an announcement was that it would be much more effective if announced on the Government's own volition, after law and order had been restored, when the Royal Commission sailed.

It was suggested that the surrender would not really be concealed by the announcement that the Royal Commission would not be sent until order was restored.

In this connection, some doubts were expressed as to the precise attitude of the High Commissioner towards this part of the proposals.

The Secretary of State for India recalled that he had already informed the Cabinet that the Moslems in India were beginning to take notice of events in Palestine. Last month the Moslems' League had passed a resolution supporting the cause of the Arabs and warning the Government against the pro-Jewish policy of the British Government. He had received a fresh appreciation from the Viceroy which showed that agitation was now being organised by Moslem leaders and that a "Palestine Day" had been observed by Moslems throughout India. The situation was not yet really serious but, as was apt to happen in India, might become so at any time. He recalled also that some years ago the Moplah Rebellion had broken out in rather similar circumstances owing to sympathy with the Turks. An unpleasant atmosphere was already growing up among the Moplahs on this question. He, therefore, supported the Colonial Secretary's proposals, more particularly as the Arab grievances were understandable more particularly when Doctor Weismann's proposals
for Jewish immigration at the rate of 50,000 a year for 20 years were taken into account.

The Lord Privy Seal said that the Foreign Office supported the Colonial Secretary's proposals because they wished the question to be liquidated as soon as possible.

Ibn Saud's offer to use his good offices in conjunction with the Yemen and Iraq had been accepted. He now offered to enlist Transjordania and Egypt. The Foreign Office welcomed the co-operation of Transjordania but was more doubtful about Egypt, and the High Commissioner there had not yet replied to the telegram that had been sent. It was not improbable that these foreign potentates would propose a cessation of immigration, and the Foreign Office would prefer that the announcement should be made in anticipation of such a proposal.

Various suggestions were made as to the composition of the Royal Commission, most of which had already been considered by the Secretary of State for the Colonies. One suggestion was that it was unnecessary to include two university representatives and the economist would now be unnecessary if Sir William Morris Carter were added.

The Cabinet were informed that information had been received from military sources as to the criticism that is being made in the Near East of the weakness of our policy, which was one reason for not announcing the cessation of immigration.
The question was raised as to why the High Commissioner had not recently mentioned the question of martial law which, at one time, he had appeared to favour if other methods failed. Martial law, it was pointed out, would solve the difficulties arising out of the attitude of the Chief Justice. It was suggested that this particular difficulty might also be surmounted by the High Commissioner passing an Ordinance withdrawing the decisions of the Special Courts from appeal to the Chief Justice.

The First Commissioner of Works said he had received a letter sent to him direct by the Chief Justice of Palestine and had replied suggesting that he should either resign or accept transfer to another colony.

The Cabinet were informed that the War Office could not make available all the reinforcements asked for, but could find three battalions from Malta, one armoured car unit from Egypt and a Field Company of the Royal Engineers from home.

A number of points were mentioned on which it was suggested that the Secretary of State for the Colonies should consult the High Commissioner, e.g.

(1) That the available forces should be unified by placing the police under the orders of the Air Officer commanding who, of course, was under the orders of the High Commissioner.

(2) That Senior Police Officers should be attached to general and local headquarters.

(3) That enquiry should be made as to the control of funds arriving for support of the rebellion and as to whether this had been made illegal.
(d) That the High Commissioner should institute very frequent broadcasts to counter the effect of the Italian broadcasts from Bari which were still continuing.

(e) That authority should be given by the High Commissioner for immediate action being taken by the Military Officer on the spot in such matters as demolition of houses.

The Cabinet agreed:

(a) To approve the despatch of such reinforcements as the War Office could make available to Palestine.

(b) To approve acceptance of the High Commissioner's views as to non-adoption of further repressive measures (C.P. 190 (36), paragraphs 10 and 11).

(c) To approve the earliest practicable announcement of the terms of reference for the Royal Commission and the personnel.

(d) To re-affirm the decision that the Royal Commission will not proceed to Palestine until law and order have been restored.

(e) To reserve the decision as to the announcement of a temporary suspension of permanent immigration into Palestine during the Inquiry of the Royal Commission, pending the receipt of further information which the Secretary of State for the Colonies undertook to obtain as to the High Commissioner's view.

(f) That the Secretary of State for the Colonies should consider consulting the High Commissioner on the various proposals that have been submitted to the Cabinet and are included in the above summary.
10. The Cabinet had before them a Memorandum by the Home Secretary (C.P.-193 (36)) stating that the King proposed to take a holiday on the Continent for a month from July 25th and would like to be relieved as far as possible of the daily burden of signing his name to large numbers of documents while he is away, and raising the question whether any arrangements for this purpose were possible. The precedents were not in favour of appointing Counsellors of State for this purpose, and a further reason making the delegation of power to sign undesirable was that it could not be done in the case of Dominion documents, which would be sent to the King to be dealt with by him personally in urgent cases. The Secretary of State was arranging to reserve all Home Office documents not calling for instant signature, and he thought His Majesty would be relieved very substantially if the other Departments would follow the same course.

After hearing a statement by the Home Secretary the Cabinet agreed —

To approve the proposals in C.P.-193 (36) which are summarised above.

		2, Whitehall Gardens, S.W.1,

July 9, 1936.
Please add the following under Item 1. FOREIGN AFFAIRS.

(d) The Montreux Conference

(Reference Cabinet 42 (36) Conclusion 5).

Memorandum by the Lord Privy Seal, acting for the Secretary of State for Foreign Affairs.

C.P. 196 (36) - circulated herewith.
ADDENDUM TO AGENDA:

Please add the following as Item 4:-

THE CORONATION: CELEBRATIONS IN SCOTLAND, WALES AND NORTHERN IRELAND.

(Reference Cabinet 42 (36), Conclusion 8).

Question to be raised by the Lord President of the Council.
Meeting of the Cabinet to be held at No. 10, Downing Street, S.W.1., on WEDNESDAY, 15th JULY, 1936, at 11.0 a.m.

AGENDA:

1. FOREIGN AFFAIRS.
   (a) Germany and the Locarno Treaty: the proposed Brussels Meeting - (If required).
       (Reference Cabinet 51 (36) Conclusion 2).
   (b) The Italo-Abyssinian Dispute - (If required).
       (Reference Cabinet 51 (36) Conclusion 1).
   (c) The Anglo-Egyptian Treaty Negotiations - (If required).
       (Reference Cabinet 51 (36) Conclusion 3).

2. THE SITUATION IN PALESTINE.
   (Reference Cabinet 51 (36) Conclusion 9).
   Memorandum by the Secretary of State for the Colonies. C.P. 194 (36) - to be circulated.

3. DEFENCE PROBLEMS OF HOLLAND AND THE NETHERLANDS EAST INDIES.
   (Reference Cabinet 3 (35) Conclusion 2 (h)).
   Extract from draft Minutes of the 280th Meeting of the Committee of Imperial Defence, together with Report by the Chiefs of Staff Sub-Committee. C.P. 195 (36) - circulated herewith.

4. CONCLUSIONS OF HOME AFFAIRS COMMITTEE.
   7th Conclusions (36) of Committee of Home Affairs - to be circulated.
   (i) Regency Bill.
       (Reference Cabinet 39 (36) Conclusion 11 and 48 (36) Conclusion 3).
       Memorandum by the Home Secretary, covering draft Bill. H.A. 22 (36) - already circulated.
(ii) **Maternity Services (Scotland) Bill.**

(Reference Cabinet 36 (36) Conclusion 7).

Memorandum by the Secretary of State for Scotland, covering draft Bill.
H.A. 15 (36) - already circulated.

(iii) **Isle of Wight (Customs) Bill.**

Memorandum by the Financial Secretary to the Treasury, covering draft Bill.
H.A. 21 (36) - already circulated.

(Signed) M.P.A. HANKEY,
Secretary to the Cabinet.

2, Whitehall Gardens, S.W.1.,
11th July, 1936.
CONCLUSIONS of a Meeting of the Cabinet held at 10, Downing Street, S.W.1, on WEDNESDAY, the 15th JULY, 1936, at 11 a.m.

PRESENT:

The Right Hon. Stanley Baldwin, M.P.,
Prime Minister.

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

The Right Hon. Anthony Eden, M.C., M.P.,
Secretary of State for Foreign Affairs.

The Right Hon. A. Duff Cooper, D.S.O., M.P.,
Secretary of State for War.

The Right Hon. The Viscount Swinton, G.B.E.,
M.C., Secretary of State for Air.

The Right Hon. Sir Godfrey Collins, K.B.E.,
C.M.G., M.P., Secretary of State for Scotland.

The Right Hon. Sir Samuel Hoare, Bt., G.C.S.I.,

The Right Hon. Walter Elliot, M.C., M.P.,
Minister of Agriculture and Fisheries.

The Right Hon. Sir Kingsley Wood, M.P.,
Minister of Health.

The Right Hon. The Earl Stanhope, K.G., D.S.O.,
M.C., First Commissioner of Works.

1. The Cabinet had before them a Memorandum by the Lord Privy Seal, acting for the Secretary of State for Foreign Affairs (C.P.-196 (36)) informing his colleagues of serious difficulties arising at the Montreux Conference. The Turkish desire to re-militarise the Straits had met with no opposition, but on the subsidiary question of the passage of warships through the Straits in time of war, Turkey being neutral, a deadlock was threatened. The Soviet Delegation, in combination with the French and strongly supported by the Romanian Delegation, were trying to insert amendments in the British draft of the Straits Convention the effect of which would be that Turkey would be obliged to close the Straits to all belligerent warships except those acting in virtue, not only of the Covenant, but of any regional pact which may now exist or be concluded in the future within the framework of the Covenant, whether Turkey is a party thereto or not, and irrespective of any pronouncement by the League. These provisions were clearly designed to discriminate against Germany. The Turks much disliked the proposal, and the United Kingdom Delegation had suggested an amendment by which, in time of war, Turkey, being neutral, would only be obliged to discriminate between belligerents if her own obligations, under the League Covenant or under a Treaty commitment to which she herself was a party, were involved. It remained to be seen whether the French and Russians could be induced to accept this reasonable compromise. If not, the Lord Privy Seal proposed, before asking his colleagues to choose between breaking off the Conference and acquiescing in the Russian proposals at the risk of far-reaching reactions on Germany and on Anglo-German relations,
to take certain action in Paris.

At the outset of the Meeting the Secretary of State for Foreign Affairs handed round a new telegram (No.46) that had arrived from Montreux (Appendix), from which it appeared that unless the Russians would give way there was a likelihood of a deadlock leading to a breakdown of the Conference. The position was described as follows:

"That the Russians, with the support of the Turks, French and Roumanians, are taking the line that the Straits should be normally closed in time of war, Turkey being neutral, subject to certain exceptions, while the United Kingdom Delegation, in view of previous instructions and telephone conversations with the Foreign Office on July 14th, are maintaining that the Straits should be normally open to both belligerents unless Turkey decides to close them to both unless provisions of Covenant or of pacts to which Turkey is a party entitle her to discriminate".

In the event Turkey was likely to proclaim that the Lausanne Convention had become inoperative and to proceed to fortify the Straits, but would probably promulgate at Russian instigation regulations for the passage of war and merchant vessels which would be more unfavourable to us.

The Lord Privy Seal, who had been handling this question at the Foreign Office in the absence of the Secretary of State for Foreign Affairs, said that Mr Rendel had telephoned to the Foreign Office from Montreux at 9.45 a.m. to the effect that it was a question of hours whether there would be a breakdown or a settlement. It appeared that the United Kingdom Delegation had been successful in persuading the French, Russian and Roumanian Delegations to abandon their insistence on an exemption being given in war to the warships of belligerent States that had concluded Pacts coming under the Covenant of the League even though Turkey
was not a party to those Pacts. M. Litvinoff, it seemed, was now disposed to agree that the limitation on Turkey's right to close the Straits should be confined to rights and obligations under the Covenant of the League and of Pacts thereunder to which Turkey was a party; but his agreement was conditional on our agreeing on the questions of escorts and small surface vessels. The Lord Privy Seal was advised by the Foreign Office that we ought to approve this arrangement. The effect on Germany would not be very good, but the arrangement was preferable to the first proposal, and better than what would have happened in the event of a breach of the Treaty negotiations.

The First Lord of the Admiralty was apprehensive as to the effect on Germany of a Treaty concluded on these lines. Many warnings had been received as to the probability of German resentment at the conclusion of such a Treaty. There was grave danger that the result might be that Germany would seek to escape from the Anglo-German Naval Agreement. As soon as the Black Sea was closed to warships and thereby made safe for Russia it would be possible for Russia to concentrate all her naval effort in the Baltic. She could build warships in the Black Sea and then pass them out to the Baltic. Germany, on the other hand, would not be able to send her ships into the Black Sea. This was a different situation from the one in which the Anglo-German Naval Agreement had been concluded. The question at issue, therefore, he suggested, was as to whether it was worth while to run the risk of losing the Anglo-German Naval Agreement in order to avoid a breakdown of negotiations for a very dubious Treaty from which the Italians, who certainly ought to be a party, were
excluded. He asked if it would not be possible to conclude a Treaty on the militarisation of the Straits and to postpone the other questions until Germany and Italy could take part. A settlement of the question of belligerent rights, he pointed out, could not properly be achieved without Germany, and the peaceful issues ought not to be settled without Italy, which was much concerned in the commerce of the Black Sea.

The First Commissioner of Works, who had taken part in the negotiations at Montreux, reported that according to his knowledge Turkey would not agree to a Treaty confined to the re-militarisation of the Straits but felt bound to insist on the right to control the passage of warships. If they did not get a satisfactory settlement they would take the law into their own hands. There were two parties in Turkey, the military General Staff under German tutorship, who wanted to take the law into their own hands, and the political element which preferred to negotiate a Treaty. If the latter were thrown over the military party would become uppermost and the reaction on our relations with Turkey might be serious. As regards the exclusion from the restrictions in time of war of the warships of signatories of certain Pacts, Germany would be in no worse position than we ourselves and other Powers that were not parties to those Pacts. That could be explained to Germany.

It was pointed out that if Turkey were to adhere to the Franco-Russian Pact the difficulty would be cleared up.

The Cabinet were impressed by the following passage in Montreux Telegram No. 46:

"In our view Turkey would, in that event (i.e., a breakdown) proclaim that the Lausanne Convention had become imperative and would proceed to fortify the Straits but would probably promulgate a Russian
instigation regulations for passage of war and merchant vessels which might be more unfavourable to us'.

It was suggested that that also could be explained to the Germans. In fact, it could be said that the position would be much the same for Germany whether a settlement was concluded on the lines now proposed or whether there were a breakdown of the Conference. In the latter event the only difference would be that the settlement would be a worse one both for Germany and ourselves and that the solution would be arrived at by unilateral action.

It was suggested also that if we were to break up the Conference by our attitude we should be doing so to assist Germany at the expense of France.

The general view of the Cabinet was that there were disadvantages in either course, but on the whole the lesser disadvantage lay in concluding a Treaty on the lines proposed, though the First Lord of the Admiralty again warned his colleagues of the probable effect of their decision on Germany.

The Cabinet agreed --

(a) That the Secretary of State for Foreign Affairs should be author- ised to instruct the United Kingdom Delegation to conclude a Treaty on the lines indicated in their telegram No. 48: (Appendix.)

(b) That the Secretary of State for Foreign Affairs should give full explanations to the Germans, pointing out that from their point of view as well as from ours the position was better than it would have been in the event of a breakdown of the Treaty negotiations, which would have left the Black Sea entirely closed, with Turkey as the doorkeeper.
2. The Lord Privy Seal said that on the previous day, when he had still been in temporary charge of the Foreign Office in the absence of the Secretary of State, he had consulted the Office on the proposed Brussels Conference. On the whole, the view of the Foreign Office was in favour of a postponement of the Brussels Conference. They thought that to hold the Conference after Italy’s refusal, and at a time when the German Government was saying that no business could be done before October, would only tend to emphasise the division of Europe into camps. While all those he had consulted had agreed on postponement, there were thereafter two views:—

(1) That the Conference should be held in October, to be attended by the Locarno Powers, including Germany, and, since it would have to deal with European peace, Russia and Poland also:

(2) That it would be better not to include Russia and Poland at the outset, since the main object was to bring Germany into working arrangements with Europe.

The Secretary of State for Foreign Affairs inclined to the view that the Brussels Meeting should be held, in order to show Europe that the Western democracies had views of their own and would like to make a contribution to a European settlement. The question of whether a Conference with Germany was to be held would depend upon whether they had ideas for a constructive European settlement.

Another view was that the result of holding the Brussels Conference would be to bring Germany and Italy more closely together.

Some discussion took place as to the object of the Meeting. It was recalled that at the Geneva discussions M. Van Zeeland’s original idea had been for the Locarno Powers other than Germany to meet at
Brussels and then and there invite the Germans to join them. It was also recalled that M. Van Zeeland at that time had rather seemed to suggest that his idea was to drive Germany into a corner.

Attention was called to Telegram No. 57, which seemed again to indicate an extension of the objects of the Conference.

The question was raised as to whether, supposing that the only object of the Conference was to concert a telegram to Germany, it was really necessary to hold a meeting at all. The mere holding of the meeting would give the impression that something else was going on. Moreover, the question was asked as to whether there was the least prospect of any result from the Brussels Meeting sufficient to justify it.

In view of the urgency of a decision, the Cabinet agreed —

(a) That the Foreign Policy Committee of the Cabinet should meet the same day at 5 p.m. in the Prime Minister's Room at the House of Commons;

(b) That the Cabinet should meet on the following day, Thursday, July 16th, at 10.45 a.m., at 10 Downing Street, to receive the recommendation of the Cabinet Committee.

**NOTE:** In view of the above, the Meeting arranged for the Irish Situation Committee the same day at 5 p.m. was postponed until the morrow, Thursday, July 16th, at 4.15 p.m., which was to have been devoted to a Meeting of the Foreign Policy Committee.
3. The Secretary of State for Foreign Affairs said he had nothing to raise in regard to the Italo-Abyssinian dispute.
4. The Secretary of State for Foreign Affairs handed round at the outset of the Meeting a Most Immediate Telegram from Cairo (No.950) asking for an alteration in the instructions that had been sent to him as the result of a Meeting of the Anglo-Egyptian Conversations Committee on the evening of Monday, July 13th.

The Cabinet agreed —

That the telegram should be referred to the Anglo-Egyptian Conversations Committee, which should meet for its consideration the same evening at 6 p.m. in the Prime Minister's Room at the House of Commons.
5. The Secretary of State for the Colonies drew the attention of the Cabinet to the following telegrams that had been circulated in the Colonial Office prints:

Paraphrase of telegram from the Secretary of State to the High Commissioner for Palestine despatched at 5.30 p.m., 10th July, 1936, No. 327, conveying the decisions of the Cabinet at their meeting referred to in the margin; and paraphrase of telegram from the High Commissioner for Palestine to the Secretary of State dated 11th July, 1936, No. 502 (36) in which the High Commissioner strongly recommended that any announcement of a suspension of immigration should be deferred until law and order were restored.

Since the receipt of that telegram, however, the Secretary of State for the Colonies reported that the Foreign Office had been pressing the Colonial Office as to the reply that was to be made to the Minister for Saudi-Arabia in consequence of the offer of Ibn Saud in conjunction with the Kings of Iraq and Transjordania to render good offices with the Arabs of Palestine. To meet the views of those monarchs, the Foreign Office and the Colonial Office in concert had drafted for consideration a telegram which, inter alia, included a promise that His Majesty's Government would, in certain circumstances, consider a suspension of Jewish immigration.

There was general agreement, however, that the inclusion of any such passage would be tantamount to an announcement of intention to suspend immigration when the Royal Commission sailed, which would be contrary to previous declarations to the effect that order must first be restored.

After considerable discussion, the Cabinet agreed:

(a) That no immediate announcement could be made as to the intentions of the Government.
(b) That as soon as he was in a position to announce the composition and terms of reference of the Royal Commission, the Secretary of State for the Colonies should also include a statement on the following lines:—

The Government can make no statement as to their future intentions with regard to Jewish immigration until order is restored. It is obvious that when that happens the Government must consider that question with others.

(c) That the Secretary of State for Foreign Affairs should inform the representative of Ibn Saud that no answer could be given at present to his question as to the suspension of Jewish immigration until law and order was restored. At the same time, Ibn Saud should be thanked for his offer of good offices and it should be indicated that the time would no doubt come when His Majesty's Government would be glad to avail themselves of the offer.
6. The Cabinet had before them a Memorandum by the Secretary of State for the Colonies (C.P.-194 (35)) circulating for the information of his colleagues the text of a letter and despatch he had received from the High Commissioner for Palestine, in which the latter referred to the unfortunate effects on Arab opinion of certain comments against the Government by the Chief Justice of Palestine when giving judgment in the case arising out of the demolitions in Jaffa.

The Secretary of State for the Colonies informed the Cabinet that he had written to ask the Chief Justice to resign. He read a letter received from the High Commissioner for Palestine indicating the extent of the harm that had been done by the remarks of the Chief Justice which had been used extensively as propaganda by the Arabs throughout Palestine and would prolong the disorders.

Some discussion took place as to what procedure would be available for getting rid of the Chief Justice if he should refuse to resign.

The Secretary of State for the Colonies undertook to enquire into the matter.
HOLLAND AND THE NETHERLANDS EAST INDIES.

Defence Problems of:

(Previous Reference: Cabinet 3 [35], Conclusion 2(n.).)

7. In accordance with the recommendation of the Committee of Imperial Defence at their 280th Meeting held on July 10, 1936, the Cabinet had under consideration the following documents relating to the Defence Problems of Holland and the Netherlands East Indies (C.P.-195 (36)):–

A Report by the Chiefs of Staff Sub-Committee (C.I.D. Paper No.1845-B):

An extract from the draft Minutes of the above Meeting of the Committee, at which the following Conclusions were reached:–

(a) That the Dutch should be encouraged to do all they can both in the Dutch East Indies and in the Netherlands to improve their defences;

(b) That the integrity of the Dutch East Indies was a major British interest, but in existing conditions it was inadvisable to announce this;

(c) That if Dr. Colijn, in the course of any discussion that might take place, should enquire as to the extent to which Britain might cooperate in the defence of the Dutch East Indies, he could be informed that, although their integrity was considered a major British interest, there were many others in that part of the world that we could accept no commitment and that whilst we hoped the Dutch would take all possible steps to improve their defensive position we could make no suggestions based on the principle of collaboration between ourselves and them;

(d) That the Committee were not called upon, in connection with the particular subject under review, to confirm the Chiefs of Staff recommendation that the integrity of Holland, as of Belgium, should be accepted as of vital concern to Great Britain;

(e) To note that the detailed proposals to be made to the Dutch for the improvement of their defences were under examination by the Joint Planning Sub-Committee;

(f) That the above conclusions should be reported to the Cabinet.
The Secretary of State for Foreign Affairs suggested that it would be unwise to inform Dr. Colijn that the integrity of the Dutch East Indies was a major British interest as proposed above in (a). To use that language would be to encourage too great expectations. He would prefer to say that "It was a matter of concern to His Majesty's Government". This view was generally accepted.

The Cabinet agreed:

(a) To approve the recommendations of the Committee of Imperial Defence as set forth above, subject to the substitution in conclusion (c) for the words "A major British interest" of the words "A matter of concern to His Majesty's Government".

(b) That if Dr. Colijn should approach the Secretary of State for Foreign Affairs, the latter should proceed on the above lines.
G. The Lord President of the Council reported that the Executive Committee for the Coronation arrangements was at work and examining many points. One question that arose was as to whether celebrations were to be held in connection with the King's Coronation in Scotland, Wales and Northern Ireland. He had resisted any approach to the King on the subject until the Cabinet had considered the matter, which had political implications.

After some discussion, the Cabinet agreed:

That the Lord President of the Council should be asked to convey to the King their view that a visit to Edinburgh would be expected in connection with the Coronation and that the question of visits to Wales and Northern Ireland arose for consideration. He should ask His Majesty's permission to consider such visits and submit further details.
THE REGENCY BILL.

(Previous References: Cabinet 39 (36), Conclusion 11, and Cabinet 48 (36), Conclusion 2.)

9. The Cabinet had under consideration a Memorandum by the Home Secretary (H.A.-22 (36)) covering the draft Regency Bill, the principal object of which was to make provision for a Regency in the event of the Sovereign being under the age of 18 years on his Accession or of the total incapacity of the Sovereign by reason of illness: together with the following recommendations of the Committee of Home Affairs thereon (H.A.C. 7th Conclusions (36), Minute 1):

"(1) To approve the Regency Bill in the form of the draft annexed to H.A.-22 (36), subject to the modifications and amendments adopted by the Committee, and to any other drafting or other minor alterations that may be found necessary or desirable, and, in particular, to any such alterations as may enable the Bill to be shortened:

(2) That the introduction of the Bill should be deferred until after the Recess, on the understanding that arrangements should be made for its introduction in the House of Commons as early as practicable in the Autumn:

(3) That the Home Secretary should confer with the Secretary of State for Dominion Affairs in regard to the communication which will have to be addressed to the Dominions explanatory of the Bill before its introduction in the House of Commons."

The Home Secretary explained to the Cabinet the reasons for the proposed alterations in the original Regency Bill.

The Secretary of State for Scotland drew attention to a passage on page 3 of the conclusions of the Committee of Home Affairs stating that he was at liberty to raise the question of a form of Oath at the meeting of the Cabinet. In this connection, he had tried to see the Lord Chancellor on the previous evening. In the absence of the Lord Chancellor, who was indisposed, he had seen Sir Claud Sohuster who...
had no objection to the alteration he proposed to make in the form of the Oath, subject to the Lord Chancellor's agreement.

The Cabinet agreed:

(a) To approve the recommendations of the Committee of Home Affairs on the draft Regency Bill as set forth above.

(b) That, subject to the Lord Chancellor's agreement, the Oaths to be taken by the Regent, attached as a schedule on page 6 of the Bill accompanying H.A.22(36), should be amended as follows:

**Line 12:**

Omit the words after "Religion" down to "so" in line 14 and insert the following:

"as established by the laws made in Scotland in prosecution of the Claim of Right and particularly by an Act intituled an Act for securing the Protestant Religion and Presbyterian Church Government and by the Acts passed in the Parliament of both Kingdoms for Union of the two Kingdoms, together with the Government, Worship, Discipline, Rights and Privileges of the Church of Scotland".
10. The Cabinet had before them a Memorandum by the Secretary of State for Scotland (H.A.-15 (36)), covering the draft Maternity Services (Scotland) Bill. The proposals contained in the Bill had been discussed with representatives of Local Authorities and others concerned, and the financial provisions corresponded with those of the Midwives Bill now before Parliament (i.e., the Bill in respect of England and Wales). The recommendation to the Cabinet of the Committee of Home Affairs thereon (H.A.C. 7th Conclusions (36), Minute 2) was as follows:

"To authorise the introduction in the House of Commons of the Maternity Services (Scotland) Bill in the form of the draft annexed to H.A.-15 (36), subject to any drafting or other minor alterations that may be found necessary or desirable."

The Cabinet approved the recommendation of the Committee of Home Affairs as set forth above.
THE ISLE OF MAN 
(CUSTOMS) BILL.

(Previous Reference: Cabinet 36 (35), Conclusion 3.)

II. The Cabinet had under consideration a Memorandum by the Financial Secretary to the Treasury (UA-21 (36)), covering the draft Isle of Man (Customs) Bill, an annual measure confirming the Customs Resolutions of the Manx Legislature. The effect of the Resolutions to be confirmed by the Bill was substantially to apply to the Isle of Man the modifications in the Customs tariff that are made in this country by the Finance Bill in the case of goods (other than sugar, which is not dutiable in the Isle of Man) chargeable with duties under enactments other than the Import Duties Act. The recommendation to the Cabinet by the Committee of Home Affairs thereon (UA.C. 7th Conclusions (36), Minute 3) was as follows:-

"To authorise the introduction in the House of Commons, with a view to its passage into law before the Summer Recess, of the Isle of Man (Customs) Bill in the form of the draft annexed to UA-21 (36), subject to any drafting or other minor alterations that may be found necessary or desirable."

The Cabinet approved the recommendation of the Committee of Home Affairs as set forth above.

2, Whitehall Gardens, S.W.1.

15th July, 1936.
APPENDIX.

From SWITZERLAND.


D. 1.40 a.m. 15th July, 1936.
R. 9.30 a.m. 15th July, 1936.

No. 46.

MOST IMMEDIATE.

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Following from Lord Stanley:

M. Litvinov was informed this evening that His Majesty's Government might be disposed to yield point of escort for capital ships through the Straits and restriction of passage to light surface vessels provided they could obtain satisfaction in regard to articles 16 and 23. He replied that Soviet Government were most unlikely to agree to any solution other than closure of Straits to both belligerents in time of war, Turkey being neutral, subject to rights and obligations under covenant of League and possibly of pacts to which Turkey was a party, though he would refer for further instructions to his Government. The position, therefore, is that Russians with the support of the Turks, French and Roumanians are taking the line that the Straits should be normally closed in time of war, Turkey being neutral, subject to certain exceptions, while United Kingdom delegation in view of previous instructions and telephone conversations with Foreign Office on 14th July are maintaining that Straits should be normally open to both belligerents unless Turkey decides to close them to both unless provisions of covenant or of pacts to which Turkey is a party entitle her to discriminate.
Unless therefore Russians give way there is likelihood of a deadlock, leading to breakdown consequences of which may well be more unfavourable to us than conditions we could now obtain. In our view Turkey would in that event proclaim that Lausanne Convention had become inoperative and would proceed to fortify the Straits but would probably promulgate at Russian instigation regulations for passage of war and merchant vessels which might be more unfavourable to us.

We feel that above considerations should be before the Cabinet if, as we understand, the question is to be considered by them to-morrow.
Meeting of the Cabinet to be held at No. 10, Downing Street, S.W.1., on THURSDAY, 16th JULY, 1936, at 10.45 a.m.

AGENDA:

GERMANY AND THE LOCARNO TREATY: THE PROPOSED BRUSSELS MEETING.

(Reference Cabinet 52 (36), Conclusion 2).

(Signed) M.P.A. HANKEY,
Secretary to the Cabinet.

2, Whitehall Gardens, S.W.1.,
15th July, 1936.
CONCLUSIONS of a Meeting of the Cabinet held at
10, Downing Street, S.W.1., on THURSDAY, the
16th JULY, 1936, at 10.45 a.m.

PRESENT:

The Right Hon. Stanley Baldwin, M.P.,
Prime Minister. (In the Chair)

The Right Hon. J. Ramsay MacDonald, M.P.,
Lord President of the Council.

The Right Hon. Sir John Simon, G.C.S.I., K.C.V.O.,
C.B.E., K.C., M.P., Secretary
of State for Foreign Affairs.

The Right Hon. The Viscount Halifax, K.G.,
G.C.S.I., G.C.I.E., Lord Privy
Seal.

The Right Hon. Malcolm MacDonald, K.M.P.,
Secretary of State for Dominion
Affairs.

The Most Hon. The Marquess of Zetland, G.C.S.I.,
G.C.I.E., Secretary of State
for India.

The Right Hon. W. Ormsby-Gore, M.P.,
Secretary of State for the
Colonies.

The Right Hon. Sir Thomas Inskip, C.B.E., K.C.,
M.P., Minister for the
Co-Ordination of Defence.

The Right Hon. Oliver Stanley, M.C., M.P.,
President of the Board of
Education.

The Right Hon. Ernest Brown, M.C., M.P.,
Minister of Labour.

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

The Right Hon. Anthony Eden, M.C., M.P.,
Secretary of State for Foreign
Affairs.

The Right Hon. A. Duff Cooper, D.S.O., M.P.,
Secretary of State for War.

The Right Hon. The Viscount Swinton, G.B.E.,
M.C., Secretary of State for
Air.

The Right Hon. Sir Godfrey Collins, K.B.E.,
G.C.M.G., M.P., Secretary of
State for Scotland.

The Right Hon. Sir Samuel Hoare, Bt., G.C.S.I.,
G.C.B., C.M.G., M.P., First
Lord of the Admiralty.

The Right Hon. Walter Elliot, M.C., M.P.,
Minister of Agriculture and
Fisheries.

The Right Hon. Sir Kingsley Wood, M.P.,
Minister of Health.

The Right Hon. The Earl Stanhope, K.G., D.S.O.
C.M.G., First Commissioner of
Works.

1. The Secretary of State for Foreign Affairs gave the Cabinet a summary of the results of a Meeting of the Cabinet Committee on Foreign Affairs on the previous evening. Generally the Committee had felt that it would be difficult to adjourn the proposed Meeting of the Locarno Powers to October, as this would give the impression that the Western Powers had lost the initiative and that it was left to the Dictators. The French Ambassador, on the previous day while the Cabinet was meeting, had seen Sir Robert Vansittart and made clear that the French were anxious to hold the Three-Power Meeting. They were probably actuated mainly by considerations of internal policy. The Government was weak and wanted to show that they counted for something at any rate with the United Kingdom and Belgium. This was to our own interest. If the Meeting was to be held, the Cabinet Committee preferred London, which was less likely to arouse the suspicions of the Germans, and better in some respects for the French. It would give M. Blum an opportunity to meet the Prime Minister. In addition, it would tend to give the leadership to this country.

In reply to a question as to why the Germans could not be asked to the Conference straight away, the Foreign Secretary said that the French would be unlikely to agree.

(The Foreign Secretary then handed round two draft communiqué, one to be issued before the Conference and the other after the Conference, which had been approved by the Cabinet Committee and slightly amended in the Foreign Office.)

The question was raised as to whether some reference ought not to be made to the abandonment of the British questions to Germany.
The Foreign Secretary said that one object of the Meeting was to get away from the Questionnaire. He pointed out also that, as drafted, the communique to be issued before the Conference made no reference to Germany, and it would be difficult to drag in the Questionnaire. No-one, it was thought, would be likely to wish to revive these questions.

Turning to the German aspect of the question, the Secretary of State for Foreign Affairs reported that the German Chargé d'Affaires had called upon Sir Robert Vansittart the previous afternoon to enquire as to the prospects of a Meeting of the Locarno Powers and had stated most confidently that his Government wished to participate. Speaking personally, the Chargé d'Affaires had added that he would sooner have the Meeting take place in the first fortnight of September, that is, before the Meeting of the League, than later. In any case he agreed that the latest date should be early in October. He had suggested that the proposed preliminary Meeting of the three Powers would prejudice the prospect of German participation, if it did not destroy it. Sir Robert Vansittart had replied that a new situation had arisen since the Austro-German agreement and the negative reply received from Italy. He had reminded the Ambassador that there were difficulties on both sides, and that the susceptibilities of the French and Belgian Governments, who both desired a preliminary Meeting, had to be taken into account. If it were decided that there should be a preliminary Meeting of the three Powers it must surely be obvious that it would be in the nature of a formality, for time alone, if nothing else, would prevent it from dealing with any programme which might
give umbrage in other quarters. A preliminary Meeting could, at best, be but a brief prelude to the real one to follow, and the German Government would make a serious mistake if they looked upon the matter in any other light. It was not the moment to bobble about formalities of procedure. At this Prince Bismarck had brightened considerably and had volunteered the observation that perhaps any preliminary Conference would really be held to soothe the susceptibilities of the French. He had left in an optimistic spirit.

The Secretary of State for Foreign Affairs added that he proposed to keep the German Government continuously informed, and would make clear that the proposed preliminary Meeting was not to discuss details but only to concert an invitation to a Conference.

After some discussion the Cabinet agreed -

(a) To approve, for submission to the French and Belgian Governments, the two draft Communiqués attached in Appendices I and II, the first being a preliminary Communiqué to be issued before the proposed Conference, and the second to be issued after the Conference:

(NOTE: The Secretary of State for Foreign Affairs was asked to re-draft paragraph (i) of the final Communiqué as the word "European" appeared to be in the wrong place and should perhaps precede the word "nations", so as to read "all European nations").

(b) That the Secretary of State for Foreign Affairs should see the French and Belgian Ambassadors and tell them that, in spite of some preliminary doubts, we were willing to hold the Meeting, preferably in London; that our idea was that the Meeting should be a very short one, and that its object should be as set forth in the first Communiqué. He should make clear that the object was not the formulation between the three Powers of what was to be put to Germany. He should hand them the draft Communiqués referred to above. He should add that if the French and Belgian Governments agreed to these proposals he intended
to see the German Chargé d'Affaires and give him assurances as to the exact purpose and scope of the Meeting:

(c) That an early date for the Meeting of the five Locarno Powers, in any event before the Meeting of the Assembly of the League of Nations, was preferable to a Meeting after the League Assembly. Postponement to the later date was liable to increase the area of discussion, whereas if held before the Assembly it would be easier to confine the Conference to a new Locarno Treaty. One result might even be that Germany would return to the League of Nations and become associated with the proposed amendments to the Covenant.
2. The Secretary of State for Foreign Affairs said he gathered from such news as he had received that the United Kingdom delegation had secured an amendment to the effect that a pact concluded under the League of Nations would only secure exemption from the prohibition by Turkey of the passage of warships in time of war in cases where Turkey was at the time a member of the pact. As regards Germany, he drew attention to telegram 171 of the 7th July from Berlin where the German Minister for Foreign Affairs was reported to have let fall the remark that, in his personal view, no arrangements by us, if not to be observed in time of war, were of any value as the Power in control of the Dardanelles could and would do whatever it wished. The German Chargé d'Affaires was to call at the Foreign Office to-day when explanations would be made to him as to the present position.
3. The Secretary of State for Foreign Affairs attributed the misunderstandings that had arisen in Italy as to the temporary assurances to certain States in the Eastern Mediterranean to the indiscretions at Montreux of the Turkish Foreign Minister, who had succeeded in giving the impression that a long range guarantee had been given. The Italian Foreign Minister was reported to have the intention of addressing assurances to the said Powers that might enable us to liquidate this particular difficulty.
4. In connection with the decision taken by the Cabinet at the meeting referred to in the margin, attention was drawn to a telegram from Tokyo No. 209 of the 10th July in which His Majesty's Ambassador had stated emphatically that the effect in Japan of a claim on our part to have the Games again in London would be deplorable, and to Foreign Office telegram No. 125 of the 14th July to Tokyo which, it was suggested, was not in line with the Cabinet decision that steps should be taken to avoid the proposal being put forward to hold the Olympic Games in London.

The Cabinet were reminded that the matter was not one for which the Government had any responsibility, but it was suggested that none the less pressure could be put on the British representatives not to advance British claims in the circumstances.

The Secretary of State for Foreign Affairs undertook to look into the question.
5. On the suggestion of the Secretary of State for Foreign Affairs, the Cabinet agreed:

That the representation of the United Kingdom at the forthcoming meeting of the League Assembly should be as follows:—

**Delegates**

The Secretary of State for Foreign Affairs.
The Lord Privy Seal.
The Secretary of State for Dominion Affairs.

**Substitute Delegates**

Mr. W.S. Morrison, M.C., K.C., M.P., (Financial Secretary to the Treasury).
Mr. G.S. Shakespeare, M.P., (Parliamentary Secretary, Ministry of Health).
Viscount Cranborne, M.P., (Parliamentary Under-Secretary of State for Foreign Affairs).
Miss M. Graves.
Viscount Astor.
6. The Cabinet discussed briefly statements reported in the Press to have been made by Mr. Pirow, the South African Minister of Defence and Communications on his return to South Africa to the effect that he had gathered from responsible quarters in England that we were not averse to the return of some of Germany's former colonies.

The Secretary of State for Dominion Affairs said he had asked the Acting British High Commissioner in South Africa for details and had received a reply, in the course of which he stated that he had ascertained that Mr. Pirow's statement was not the result of conversations with members of the Government. He had telegraphed for permission to use this information publicly.

A short discussion then took place as to the answer to be given to a question to be addressed to the Prime Minister in the House of Commons the same afternoon.

The general view was that whatever else was said, it should be made quite clear that the British Ministers had not expressed the views attributed to responsible persons in this country by Mr. Pirow, but the framing of the reply was left to the Secretary of State for Dominion Affairs, who hoped, during the morning, to receive a reply from the Acting British High Commissioner in South Africa.

S, Whitehall Gardens, S.W.1.

16th July, 1936.
APPENDIX A.

PRELIMINARY COMMUNIQUE

As a result of the exchange of views foreshadowed in the communiqué issued in Geneva on July 4th, the Governments of France, Belgium, and the United Kingdom have now decided that there shall be a meeting in London of representatives of these three Powers, in order to consider how best to further their purpose of promoting a general European settlement.

ANNEX.

Communiqué of July 4th.

"As a result of conversations at Geneva between Monsieur Blum, Monsieur Delbos, Mr. Eden, Monsieur Van Zeeland and Monsieur Spaak, it was agreed between them that a further meeting of the Locarno Powers, whose representatives drew up the London arrangement of March 19th, would be desirable at an early date to discuss present situation.

No final decision was arrived at as to time or place of meeting but it was agreed that invitations should be issued by Monsieur Van Zeeland after a further consultation with those concerned."
The Representatives of France, Belgium, and the United Kingdom, having met on have arrived at the following conclusions:

(1) The main purpose to which the efforts of all European nations must be directed is that of general settlement.

(2) It is evident that such a settlement can only be achieved by the free co-operation of all the Powers concerned, and that nothing would be more fatal to the hopes of such a settlement than the division, apparent or real, of Europe into opposing blocs.

(3) The three Powers, France, Belgium, and the United Kingdom, accordingly consider that steps should be taken to arrange a meeting of the five Locarno Powers as soon as such a meeting can conveniently be held. At this meeting the first business to be undertaken should, in their opinion, be the negotiation on the footing of complete equality of new agreements to take the place of the Locarno treaties.

(4) If progress could be made under this head other matters affecting European peace would, in their opinion, naturally come under discussion, and the Representatives of the three Powers, having in mind the proposals of the German Chancellor of the 31st March, would accordingly look forward to the widening of the area of the discussion in such manner as to facilitate that general settlement of those problems which they conceive to be essential to the tranquillity of Europe.

The three Governments intend accordingly to enter into communication with the German and Italian Governments with a view to their participation in the meeting thus proposed.
(c) Export Credits for Russian Orders.

(Reference Cabinet 51 (36) Conclusions)

Question to be raised by the Secretary of State for Foreign Affairs.
Meeting of the Cabinet to be held at No. 10, Downing Street, S.W.1., on WEDNESDAY, 22nd JULY, 1936, at 11.0 a.m.

AGENDA.

1. FOREIGN AFFAIRS.
   (a) Germany and the Locarno Treaty: The Proposed Brussels or London Meeting - (If required).
       (Reference Cabinet 53 (36) Conclusion 1).
   (b) The Anglo-Egyptian Treaty Negotiations - (If required).
       (Reference Cabinet 52 (36) Conclusion 4).

2. THE SITUATION IN PALESTINE - (If required).
   (Reference Cabinet 52 (36) Conclusions 5 and 6).

3. CABINET PROCEDURE: USE OF POST-WAR CABINET PAPERS IN AUTOBIOGRAPHIES.
   (Reference Cabinet 51 (35) Conclusion 10).
   Note by the Secretary.
   C.P. 198 (36) - already circulated.

4. THE SPECIAL AREAS: FINAL REPORT OF SIR ARTHUR ROSE AS COMMISSIONER FOR THE SPECIAL AREAS IN SCOTLAND.
   (Reference Cabinet 6 (36) Conclusion 11).
   Memorandum by the Secretary of State for Scotland.
   C.P. 197 (36) - already circulated.
Meeting of the Cabinet to be held at No. 10, Downing Street, S.W.1., on WEDNESDAY, 22nd JULY, 1936, at 11.0 a.m.

AGENDA.

1. FOREIGN AFFAIRS.
   (a) Germany and the Locarno Treaty: The Proposed Brussels or London Meeting - (If required).
      (Reference Cabinet 53 (35) Conclusion 1).
   (b) The Anglo-Egyptian Treaty Negotiations - (If required).
   (c) Export Credits for Russian Orders.
      (Reference Cabinet 51 (36) Conclusion 8)
      Question to be raised by the Secretary of State for Foreign Affairs.

3. CABINET PROCEDURE: USE OF POST-WAR CABINET PAPERS IN AUTOBIOGRAPHIES.
   (Reference Cabinet 51 (35) Conclusion 10).
   Note by the Secretary.
   C.P. 198 (35) - already circulated.

4. THE SPECIAL AREAS: FINAL REPORT OF SIR ARTHUR ROSE AS COMMISSIONER FOR THE SPECIAL AREAS IN SCOTLAND.
   (Reference Cabinet 6 (35) Conclusion 11).
   Memorandum by the Secretary of State for Scotland.
   C.P. 197 (35) - already circulated.
5. INTERNATIONAL LABOUR ORGANISATION: MARITIME CONFERENCE, OCTOBER, 1936.

(Reference Cabinet 17 (36) Conclusion 10).

Memorandum by the Minister of Labour.
C.P. 199 (36) — already circulated.

(Signed) M. P. A. HANKEY,
Secretary to the Cabinet.

2, Whitehall Gardens, S.W.1.
July 20th, 1936.
CONCLUSIONS of a Meeting of the Cabinet held at 10, Downing Street, S.W.1., on WEDNESDAY, the 22nd JULY, 1936, at 11.0 a.m.

PRESENT:
The Right Hon. Stanley Baldwin, M.P., Prime Minister. (In the Chair)
The Right Hon. Neville Chamberlain, M.P., Chancellor of the Exchequer.
The Right Hon. Anthony Eden, M.C., M.P., Secretary of State for Foreign Affairs.
The Right Hon. A. Duff Cooper, D.S.C., M.P., Secretary of State for War.
The Right Hon. The Viscount Swinton, G.B.E., M.C., Secretary of State for Air.
The Right Hon. Walter Runciman, M.P., President of the Board of Trade.
The Right Hon. Oliver Stanley, M.C., M.P., President of the Board of Education.
The Right Hon. Ernest Brown, M.C., M.P., Minister of Labour.

The Right Hon. Malcolm MacDonald, M.P., Secretary of State for Dominion Affairs.
The Most Hon. The Marquess of Zetland, G.C.S.I., G.C.I.E., Secretary of State for India.
The Right Hon. W. Cranborne, M.P., Secretary of State for the Colonies.
The Right Hon. Walter Elliot, M.C., M.P., Minister of Agriculture and Fisheries.
The Right Hon. The Earl Stanhope, K.G., D.S.O., M.C., First Commissioner of Works.

The Prime Minister informed his colleagues that after the episode on July 16th he had written on behalf of the Cabinet to The King in order to express in appropriate terms their thankfulness at His Majesty's escape, together with an expression of the loyalty and devotion of His Majesty's Servants. He then read The King's reply.
2. The Prime Minister informed the Cabinet that both Houses of Parliament would adjourn on Friday, July 31st, the usual Resolution being passed to enable them to be summoned in case of emergency. The adjournment would be until Thursday, October 22nd.

By July 31st the whole of the business of Parliament would have been completed and it would have been possible to prorogue. Adjournment, however, was preferable on the present occasion because the procedure for re-assembling Parliament in case of necessity would thereby be easier. On re-assembly on October 22nd the only business would be to prorogue. It was proposed—that the next Session of Parliament should open on Tuesday, October 27th.

The Lord Privy Seal raised the question of procedure if it should be necessary to re-assemble the House of Lords in the absence of the Lord Chancellor. At the request of the Prime Minister he undertook to consult the Permanent Secretary to the Lord Chancellor's Office on the subject.
GERMANY AND THE LOCCARNO TREATY.

The forthcoming London Meeting.

(Previous Reference: Cabinet 53 (36), Conclusion 1.)

FR.55(36)2.

3. The Secretary of State for Foreign Affairs reported that he had reached agreement with the French and Belgian Governments to hold a meeting in London on the following day, Thursday, July 23rd. The general lines of the Communiqué to be issued after the Conference had been agreed, though there were one or two points outstanding. He proposed that before discussing anything else the form of the final Communiqué should be settled. He then read the present form of the proposed Communiqué, which is attached in the Appendix. The French Government had at first wished to make some reference to the German action of March 7th and to the fact that there had been no reply to our questions to the German Government. He himself had pointed out that nothing would be gained by referring to the events of March 7th. The Conference was to be attended by the French and Belgian Prime Ministers and Foreign Ministers, and it was hoped to conclude the business in the course of the day, though this was not facilitated by M. Blum's proposal to arrive by aeroplane only at Noon and the formal luncheon which, in accordance with custom, had to be offered.

The Secretary of State for Foreign Affairs recalled that at the Cabinet Committee when a question had been raised of some reference being included in the draft Communiqué to the German neglect to answer the British Questionnaire, he had replied in the negative. On re-consideration, however, he would like to have some latitude in this matter. This might enable him, by a discreet and tactful reference to the Questionnaire, to avoid the inclusion of some more objectionable passage.
The Secretary of State for Foreign Affairs was asked to avoid the inclusion of any reference to the Questionnaire, to which Germany was likely to take offence, since the object of the Meeting was to bring Germany into contact. It was suggested that if some public reference ought to be made to the matter a Parliamentary Debate might provide a more convenient opportunity.

The Cabinet agreed —

That the Secretary of State for Foreign Affairs should have some latitude in regard to a possible tactful reference to the German failure to reply to the British Questionnaire, whether in the proposed Communique or elsewhere.
4. The Secretary of State for Foreign Affairs reported that on the previous day he had received from the Italian Chargé d'Affaires the text of an aide-memoire, dated July 17th, containing particulars of quite satisfactory assurances that had been given to the Governments of Turkey, Yugo-Slavia and Greece that Italy was not contemplating aggressive action against any of them in retaliation for their past sanctionist policy. In the circumstances he hoped to be able to make an announcement which would show that we regarded the episode at an end and our own guarantees to have lapsed. He would do this either as an answer to a Question in Parliament, or in the course of debate. It would be possible for him to say that the Italian assurances were a consequence of our own action. He proposed also to clear up the somewhat extravagant interpretation that the Turks had given to our guarantee.

The Cabinet agreed —

That the Secretary of State for Foreign Affairs should have authority to make the proposed announcement on a convenient opportunity.
5. The Secretary of State for Foreign Affairs informed the Cabinet that the information received by the Foreign Office as to the rising in Spain was somewhat fragmentary. At his request, however, the Admiralty had moved ships to all the more important ports in Spain for the protection of British residents and visitors, and incidentally it was hoped thereby to obtain further information of what was happening.

The Secretary of State for Foreign Affairs then informed the Cabinet that the Spanish Ambassador had told him of the desire of the Spanish Government to purchase oil at Gibraltar for the Spanish Fleet in Tangier. The Spanish Government were, of course, entitled to purchase the oil from commercial sources. Consequently, after consulting the Admiralty and obtaining their concurrence, he had so informed the Ambassador. He added that it was desirable that the Spanish Fleet should leave Tangier as soon as possible as it was liable to be bombed there by rebel aircraft.

A short discussion then took place as to the possible effects of a Spanish purchase of oil at Gibraltar. There was no reason to believe, and it was not thought probable, that the Spanish Government proposed to send the ships into Gibraltar harbour to be fuelled by commercial firms there. Such a development, however, would be very undesirable, as conceivably the ships might then be bombed in Gibraltar Bay. If the oil was to be sent to Tangier in a tanker it was realised that the tanker would be exposed to bombing, and from this point of view the hope was expressed that a British tanker would not be employed.
The Cabinet were informed that the Spanish Fleet was anchored in Tangier unable to move until it could get oil. Dissident Officers were understood to have been imprisoned by the crews, which were loyal to the Spanish Government.

The Cabinet were reminded that the commercial companies were unlikely to supply the oil from Gibraltar unless assured of payment.

The Cabinet agreed —

That no further immediate action was necessary, but that the situation should be carefully watched.
DANZIG.

(Previous Reference: Cabinet 50 (36), Conclusion 2.)

6. The Secretary of State for Foreign Affairs reported that an unpleasant situation had developed at Danzig. He was encountering difficulty in obtaining information as the Polish Foreign Minister, who was in a difficult situation, had left Warsaw for the seaside. He gathered from the Press that some trouble was being worked up by the military authorities and others in Poland. The position of the League High Commissioner at Danzig was particularly difficult. There appeared to be three possible alternative courses:

1. That the Polish and German Governments should reach agreement — but this was likely to be at the expense of the minorities.

2. That the League should disinterest itself and withdraw the High Commissioner, on the ground that the agreement was not being observed.

3. That the League should exercise pressure, possibly by sending an international force.

The objection to the third course was that the League would be going against an established Government in Danzig. If taken, its object would be to get a new arrangement instead of the present very unsatisfactory one.

In the course of a short discussion it was pointed out that an international force sent to Danzig might have to remain there for an indefinite period of time — unlike the case of the Saar, which had been occupied for a limited period. Such a course was not likely to be popular in this country.

The Cabinet were reminded that an international force could not be sent without the agreement of the parties concerned, and the suggestion was made that it might be worth while to consider the possibility of obtaining German agreement to that course, though it was not thought that Germany would consent.
7. The Secretary of State for Foreign Affairs
Anglo-
reported that the Cabinet Committee on the Egyptian Treaty negotiations had met on the previous evening and as a result instructions had been telegraphed to Sir Miles Lampson which should help him to clear up outstanding questions on the military clauses.
The Secretary of State for Foreign Affairs regretted that he had not been present when the question of Export Credits for Russian Orders had been discussed by the Cabinet at the meeting referred to in the margin, as he had wanted to try and obtain the use of the Baring Balances for the Russian creditors. Admittedly the sum of £6,000,000 was a small one, but some of the creditors were in a very bad way and it would be better to obtain this than nothing at all. He was sorry to let go what might be the last chance of obtaining these Balances.

The Chancellor of the Exchequer said he had always hoped that ultimately the Russian debts would be settled as part of some large trade agreement. The Baring Balances were still in this country and he felt it would be humiliating to announce that, in fulfilment of a debt of £250,000,000, we had accepted £6,000,000. He had had a conversation on the subject with Mr. Victor Cazalet, M.P., who had taken up the matter on behalf of the smaller Russian creditors, and who appeared to be impressed with this explanation of the Government's attitude.

The Secretary of State for Foreign Affairs expressed doubt as to when any large trade agreement which would include the debts could be negotiated.

The President of the Board of Trade said he had not been able to open up the question of a large commercial treaty, but during the present week agreements had been reached which would result in the placing of orders by Russia in this country to the value of £10,000,000 within the next two years.

The Secretary of State for Foreign Affairs said that he had felt it necessary to enter his plea.
The Chancellor of the Exchequer said he hoped that it was generally understood that we had not abandoned the idea of an ultimate settlement.
ALESTINE.

Situation in

Previous
Reference:
Cabinet 58 (36)
Conclusions 5
and 6)

The Royal
Commission.

9. The Secretary of State for the Colonies
reported that with one exception the Royal
Commission was now complete, as follows:—

The Right Hon. The Earl Peel, G.C.S.I., C.B.E.,
(Chairman).

The Right Hon. Sir Horace Rumbold, G.C.B., G.C.M.G.,
M.V.O., (Vice-Chairman).

Sir Laurie Hammond, K.C.S.I.

Sir Morris Carter, C.B.E.

Professor Coupland, C.I.E.

The Chairman was unable to leave England
before 1st October but there was no question of this.
The only outstanding member was the proposed K.C.
He had approached Mr. Cyril Asquith, K.C., who would
like to accept but had accepted some briefs in the
Privy Council Court for the Autumn that might be
important to his future career at the Bar. This
made it difficult for him to accept without
indemnification.

In the course of a short discussion, there
was general agreement that indemnification of a
Royal Commissioner for loss was undesirable, both as
a precedent and, in this particular case, as liable
to arouse the suspicions of the Arabs.

The Secretary of State for the Colonies
pointed out that both the Arabs and the Jews were
briefing Counsel for the Inquiry in Palestine and it
was essential that the Royal Commission should include
a first rate barrister.

The Cabinet agreed:

That the Home Secretary and the Minister
for Co-Ordination of Defence should
try and find a suitable candidate
from the Bar for membership of the
Royal Commission within the next
48 hours and should notify the
Secretary of State for the Colonies.
10. The Cabinet had before them a Memorandum by the Secretary (C.P.-198 (36)) submitting, by direction of the Prime Minister, for their consideration a request recently received from Mr J.H. Thomas that certain Cabinet Papers should be sent to his Sussex home for use in connection with the writing of his autobiography. As this was the first case in which the use of post-war Cabinet documents in an autobiography was involved, a precedent would be constituted, and instructions applicable to the present case and to other cases were requested.

In the Memorandum it was suggested that the Secretary might be authorised to reply to Mr Thomas referring to the distinction which had always been drawn between War and post-War records, and saying that, while there was no objection to his seeing the documents in question at the Cabinet Office for the purpose of refreshing his memory, it would not be open to him to refer in his autobiography to proceedings in Cabinet, still less to quote from Cabinet Minutes or other post-War Cabinet documents, and that it would be very desirable if he could avoid giving the impression that the information contained in his book had been derived in any way from secret official documents. It was also proposed that Mr Thomas should be asked to let the Secretary see the proofs of what he proposed to publish in connection with the matters mentioned in his letter, with a view to applying for any consents that might be necessary.
The Prime Minister told the Cabinet that he was informed by the Secretary that the Lord President of the Council, absent indisposed, did not dissent from the procedure proposed, but would like to see the letter in which the Secretary's reply to Mr. Thomas was communicated. In view of the previous decisions, to which Mr. Thomas had been a party, he saw no alternative to the course now proposed.

The Cabinet approved the proposals in paragraphs 5 and 9 of the Secretary's memorandum C.P. 198 (36) summarised above.
11. The Cabinet took note of a Memorandum by the Secretary of State for Scotland (C.P.-197 (36)) circulating for the information of his colleagues proof copies of the Final Report of Sir Arthur Rose as Commissioner for the Special Areas in Scotland. A summary of the Report and of the comments and recommendations which it contained was attached to the Memorandum. An examination of these — some of which raised questions of general policy — was being undertaken, but no immediate action on them was contemplated. The Secretary of State proposed that the Report should be published shortly before the House adjourned for the Summer Recess.

The Cabinet agreed:

That the Secretary of State for Scotland should be authorised to arrange for the publication of the report just before the adjournment of Parliament for the Summer Recess.
The Cabinet had before them a Memorandum by the Minister of Labour (C.P. 199 (36)) stating that a Special Session of the International Labour Organisation was due to open at Geneva on October 6th in order to consider various maritime questions, the most important of which would be the proposal for a Convention dealing with hours of work and manning in ships at sea. The broad question was whether the United Kingdom delegates should or should not engage in discussions upon the preparation of a Convention. This raised important issues, and the attitude adopted by the representatives of His Majesty's Government at the Conference would in effect demonstrate either that the Government was prepared to consider Conventions requiring hours legislation in suitable circumstances, or that they were opposed on principle to any and all attempts to deal with the subject of hours apart from other conditions of employment, such as wages, by means of international regulations.

The Minister of Labour therefore proposed, in agreement with the President of the Board of Trade, that the United Kingdom delegates should be instructed to take part in the drafting of a Convention on conditions set forth in his Memorandum.

The Cabinet approved the proposals of the Minister of Labour as set forth in C.P. 199 (36) and summarised above.
APPENDIX

DRIFT OF FINAL COMMUNIQUE
(See Conclusion 3)

The Representatives of France, Belgium, and the United Kingdom, having met in Mindful of the arrangement of the 19th March of the proposals of the German Chancellor of the 31st March, and of those of the French Government of the 8th April, have arrived at the following conclusions:—

(1) The main purpose to which the efforts of all European nations must be directed is to consolidate peace by means of a general settlement.

(2) Such a settlement can only be achieved by the free co-operation of all the Powers concerned, and nothing would be more fatal to the hopes of such a settlement than the division, apparent or real, of Europe into opposing blocs.

(3) The three Powers, France, Belgium, and the United Kingdom, accordingly consider that steps should be taken to arrange a meeting of the five Locarno Powers as soon as such a meeting can conveniently be held. The first business to be undertaken should, in their opinion, be to negotiate a new agreement to take the place of the Rhine Pact of Locarno, and thus liquidate the situation created by the German initiative of the 7th March.

If progress could be made under this head other matters affecting European peace will, in their opinion, naturally come under discussion.

The Representatives of the three Powers would accordingly look forward to the widening of the area of
the discussion in such a manner as to facilitate the general settlement of those problems the solution of which they conceive to be essential to the peace of Europe.

The three Governments accordingly propose to enter into communication with the German and Italian Governments with a view to obtaining their participation in the meeting thus proposed.
Meeting of the Cabinet to be held at No. 10 Downing Street, S.W.1., on WEDNESDAY, 29th JULY, 1936, at 11 a.m.

AGENDA

1. FOREIGN AFFAIRS.
   (a) Germany and the Locarno Treaty.
      (Reference Cabinet 54 (36) Conclusion 3)
      Memorandum by the Secretary of State for Foreign Affairs.
      C.P. 201 (36) - already circulated.
   (b) The former German Colonies - (If required)
      (Reference Cabinet 51 (36) Conclusion 6)
   (c) League of Nations: Future of the Covenant - (If required)
      (Reference Cabinet 51 (36) Conclusion 5)
   (d) The Anglo-Egyptian Treaty Negotiations - (If required)
      (Reference Cabinet 54 (36) Conclusion 7)

2. THE SITUATION IN PALESTINE - (If required)
   (Reference Cabinet 54 (36) Conclusion 9)

3. THE IRISH FREE STATE: PROPOSED DISCUSSIONS ON ALL OUTSTANDING QUESTIONS BETWEEN THE TWO GOVERNMENTS.
   3 (a) TRANS-ATLANTIC ROUTE AND IRISH FREE STATE PARTICIPATION.
      (Reference Cabinet 2 (36) Conclusion 5)
      Memorandum by the Secretary of State for Air.
      C.P. 208 (36) - circulated herewith.
   4. LIQUIDATION OF BRANCHES OF THE NATIONAL SOCIALIST AND FASCIST PARTY ORGANISATIONS IN THE UNITED KINGDOM: PROPOSED REQUEST TO THE GERMAN AND ITALIAN GOVERNMENTS.
      Joint Memorandum by the Home Secretary and the Secretary of State for Foreign Affairs.
      C.P. 206 (36) - already circulated.
CABINET 55 (36)

Meeting of the Cabinet to be held at No. 10 Downing Street, S.W.1., on WEDNESDAY, 29th JULY, 1936, at 11 a.m.

AGENDA

1. FOREIGN AFFAIRS.
   (a) Germany and the Locarno Treaty.
       (Reference Cabinet 54 (36) Conclusion 3)
       Memorandum by the Secretary of State for Foreign Affairs.
       C.P. 201 (36) - already circulated.
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       (Reference Cabinet 51 (36) Conclusion 6)
   (c) League of Nations: Future of the Covenant - (If required)
       (Reference Cabinet 51 (36) Conclusion 5)
   (d) The Anglo-Egyptian Treaty Negotiations - (If required)
       (Reference Cabinet 54(36) Conclusion 7)

2. THE SITUATION IN PALESTINE - (If required)
   (Reference Cabinet 54 (36) Conclusion 9)

3. THE IRISH FREE STATE: PROPOSED DISCUSSIONS ON ALL OUTSTANDING QUESTIONS BETWEEN THE TWO GOVERNMENTS.
   (Reference Cabinet 43 (36) Conclusion 8)
   Report of Cabinet Committee.
   C.P. 204 (36) - already circulated

4. LIQUIDATION OF BRANCHES OF THE NATIONAL SOCIALIST AND FASCIST PARTY ORGANISATIONS IN THE UNITED KINGDOM: PROPOSED REQUEST TO THE GERMAN AND ITALIAN GOVERNMENTS.
   Joint Memorandum by the Home Secretary and the Secretary of State for Foreign Affairs.
   C.P. 206 (36) - already circulated.
5. PROGRESS IN DEFENCE REQUIREMENTS.

(Reference Cabinet 43 (36) Conclusion 7)
Statement by the Minister for Co-Ordination of Defence.

6. CERTAIN STATUTORY SALARIES.

Joint Memorandum by the Lord Chancellor and the Home Secretary.
C.P. 207 (36) - circulated herewith.

7. ANGLO-GERMAN-FRENCH WAR GRAVES AGREEMENT.

(Reference Cabinet 1 (36) Conclusion 10)
Memorandum by the Secretary of State for War.
C.P. 202 (36) - already circulated.

8. WAGES OF FARM SERVANTS IN SCOTLAND.

Memorandum by the Secretary of State for Scotland.
C.P. 205 (36) - already circulated.

9. GENEVA RED CROSS CONVENTION.

Memorandum by the President of the Board of Trade.
C.P. 203 (36) - already circulated.

10. CABINET ARRANGEMENTS FOR THE RECESS.

(Reference Cabinet 54 (36) Conclusion 2)

(Signed) M.P.A. HANKEY
Secretary to the Cabinet.

2, Whitehall Gardens, S.W.1.
27th July, 1936.
CONCLUSIONS of a Meeting of the Cabinet held at 10, Downing Street, S.W.1., on WEDNESDAY, the 29th July, 1936, at 11.0 a.m.

PRESENT:
The Right Hon. Stanley Baldwin, M.P.,
Prime Minister, (In the Chair)
(Item 6 to end)

The Right Hon. J. Ramsay MacDonald, M.P.,
Lord President of the Council.

The Right Hon. Anthony Eden, M.C., M.P.,
Secretary of State for Foreign Affairs.

The Right Hon. A. Duff Cooper, D.S.O., M.P.,
Secretary of State for War.

The Right Hon. The Viscount Swinton, G.B.E., M.C., Secretary of State for Air.


The Right Hon. Walter Runciman, M.P.,
President of the Board of Trade.


The Right Hon. Oliver Stanley, M.C., M.P.,
President of the Board of Education.

The Right Hon. Ernest Brown, M.C., M.P.,
Minister of Labour.


The Right Hon. Malcolm MacDonald, M.P.,
Secretary of State for Dominion Affairs.

The Most Hon. The Marquess of Zetland, G.C.S.I.,
G.C.I.E., Secretary of State for India.

The Right Hon. W. Ormsby-Gore, M.P.,
Secretary of State for the Colonies.

The Right Hon. Sir Samuel Hoare, Bt., G.C.S.I.,

The Right Hon. Walter Elliot, M.C., M.P.,
Minister of Agriculture and Fisheries.

The Right Hon. Sir Kingsley Wood, M.P.,
Minister of Health.

The Right Hon. The Earl Stanhope, K.G., D.S.O., M.C., First Commissioner of Works.


Took the Chair for Items 1 to 5.
(As the Prime Minister was detained for a time by other official business, the Lord President of the Council took the Chair for the first five items.)

CABINET PROCEDURE. 1. The Lord President of the Council informed the Cabinet that the Secretary had communicated the Cabinet's decision referred to in the margin to the Right Hon. J.W. Thomas, who had replied in a letter showing that he had taken the decision in good part.

Use of post-War Cabinet Papers in Autobiographies.

(Previous Reference: Cabinet 54 (55), Conclusion 10.)
2. The Cabinet took note of a Memorandum by the Secretary of State for Foreign Affairs (C.P.-201 (36)) circulating a report on the impressions derived from a recent visit to Germany by a trusted and trained observer, who had had the opportunity during his visit of meeting a number of prominent personalities in that country.

The Secretary of State for Foreign Affairs reported that no reply had yet been received from Germany or Italy, and he had no indication of what the tenor of the reply would be to the communication sent as the result of the recent Conference in London with the Prime Ministers of France and Belgium. He asked that if any of his colleagues happened to be making speeches within the next week or two and wished to refer to this matter, they would give the impression that we were hoping for an affirmative answer. He added that he was expecting an approach from Berlin in the near future as to their new Ambassador in London, which was perhaps a favourable symptom of their attitude.

The Cabinet agreed with the Secretary of State that the outcome of the recent Conference in London was highly satisfactory.
3. The Secretary of State for Foreign Affairs recalled that on Monday, March 16th, the Cabinet had authorised the Admiralty to continue negotiations with Germany with a view to bringing that country into the Naval Agreement, on the understanding that there was no question of signing a Treaty with them at the present time (Cabinet 20 (36), Conclusion 5). He now asked authority to sign a subsidiary Agreement with Germany arising out of the Treaty negotiations during the Recess if necessity should require it.

The Cabinet agreed —

That the Secretary of State for Foreign Affairs, in consultation with the First Lord of the Admiralty, should be authorised to sign, or arrange for the signature of, a Naval Agreement with Germany arising out of the Naval Treaty if occasion should arise during the Recess.
4. The Secretary of State for Foreign Affairs had nothing to report on the question of the former German Colonies. Cabinet Ministers who were Members of the House of Commons would realise the effect of his recent statement in Parliament upon the subject.

The Lord Privy Seal said that he had received a letter from Lord Rothermere covering a copy of a letter to Sir Robert Home deploring the negative attitude the latter had adopted in his speech in the House of Commons on the subject.

The Secretary of State for Foreign Affairs said that the subject was to be raised again in Debate on the Adjournment on Friday, July 31st, when he proposed to make clear that he could add nothing to his previous statement.
5. The Secretary of State for Foreign Affairs warned the Cabinet that he would require guidance as to the line he was to take when the Assembly of the League of Nations met on September 21st to consider the future of the Covenant. The various Powers had been asked to send in their observations before August 30th, but it would be quite practicable for him to say that we preferred to state our case verbally at the Assembly. This line, he thought, might also be acceptable to the Dominions.

The Secretary of State for Dominion Affairs said he had already held a preliminary discussion on this subject with the High Commissioners and Representatives of the Dominions in London, which had been satisfactory so far as it had gone. Mr Dunning, the Canadian Treasurer, had indicated that Canada would probably stand for a consultative and conciliating body, but his impression was that the Canadian Government would be willing to compromise. Mr Bruce thought that the Australian Government would stand for a compromise plan. Australia was becoming ever more interested in Europe, for economic reasons, and Mr Bruce had even gone so far as to suggest that the Australian Government might be willing to sign a new Locarno pact. It had to be remembered, however, that there would be another General Election in Australia before long, and the Opposition would be opposed to anything of the kind. The representatives of the other Dominions had not expressed a clear view, but Mr te Water expected to be in possession of the views of his Government in the near future and was very anxious for consultation.
After some further discussion the Cabinet agreed —

(a) That the Secretary should circulate to members of the Cabinet copies of the Foreign Office Memorandum on the Reform of the League of Nations (F.P. (36) 5), and that Ministers should be invited to forward to the Secretary of State for Foreign Affairs any observations they might wish to make:

(b) That the Cabinet Committee on Foreign Policy should meet on Tuesday, August 25th at 10.30 a.m. and should be prepared to meet also on Wednesday, August 26th, for consideration of the above Memorandum:

(c) That the Cabinet should meet for the same purpose on Wednesday, September 2nd, at 10.30 a.m.

(The Prime Minister entered towards the end of the above discussion, but before the conclusion was reached.)
6. The Secretary of State for Foreign Affairs reported that if the Anglo-Egyptian Treaty was successfully concluded the Secretary of State for War was anxious that the Army should evacuate the barracks in the Citadel at Cairo. He asked that this matter might be left to the Secretary of State for War and himself in the event of a conclusion of the Treaty.

A short discussion also took place as to how the question of the Sudan was to be handled during the Recess.

The Cabinet agreed —

(a) That the Secretary of State for Foreign Affairs and the Secretary of State for War should be authorised to arrange for the withdrawal of British troops from the Citadel in Cairo if and when the Anglo-Egyptian Treaty was concluded:

(b) That in the event of difficulties arising during the negotiations in connection with the Sudan, the Secretary of State for Foreign Affairs should consult the Prime Minister and the Lord Privy Seal.
7. The Secretary of State for Foreign Affairs reported that the Spanish Ambassador had drawn his attention to the sale to France from this country of certain passenger aeroplanes and had intimated that his Government was likely to instruct him to raise the question. It was also possible that that question might be raised in Parliament on July 31st.

The technical position was that, as these aircraft were civilian and not military, the Government had no control over them.

The Cabinet were informed that the aircraft had been sold to France by British Airways and were reported to have been held up by the French authorities at Bordeaux. It was rumoured that they had been, or might be, sold, either by the French purchaser or possibly by a Portuguese purchaser, to the Spanish rebels.

It was suggested that after their arrival in France the French Government became responsible for permitting or preventing their exportation to Spain.

The Cabinet were reminded that at the Disarmament Conference the British representatives had taken the line that it was very difficult to distinguish military and commercial aircraft but that they had been driven out of this position by the representatives of other countries.

The Cabinet agreed —

That the Secretary of State for Foreign Affairs, if approached by the Spanish Ambassador, or if the question should be raised in Parliamentary Debate, should make clear that the British Government had no legal power to stop the sale of commercial aircraft.

The Secretary of State for Foreign Affairs reported that the Spanish Ambassador had warned him that he might soon be asking to purchase arms for SPAIN.
Possibilities of Intervention.

the Spanish Government. If a request should be received to purchase arms from private manufacturers he proposed to deal with it in the ordinary way, that is to say, by reference to the Board of Trade and the Government Departments concerned. The Spanish Government, he pointed out, was a recognised Government, and we could not act otherwise unless it was decided to recognise the Spanish insurgents.

The Cabinet were reminded that if it were a question of purchasing new weapons, the Defence Departments might wish to stop supply, on the ground that the whole of our production resources were required; but it was recognised that this would take place under the ordinary procedure.

The Cabinet agreed —

That the Secretary of State for Foreign Affairs should follow the ordinary procedure in the event of an application from the Spanish Government to purchase arms.

The Secretary of State for Foreign Affairs said that the Spanish Ambassador, speaking for himself, had asked if any nation could intervene to stop the bloodshed in Spain, which, he evidently feared, would otherwise proceed for some time to come. One factor in the situation was that the Secretary of State for Foreign Affairs was at present the President of the Council of the League. It appeared impossible, however, for the League to interfere at the present time in the affairs of Spain. Possibly the moment might come when, either officially or unofficially, the League or this country, in concert with other countries, might have an opportunity to offer good offices. For the moment, however, there was no question of this.

A short discussion took place on this subject,
from which it was clear that the Cabinet shared the views of the Secretary of State for Foreign Affairs.
8. The Secretary of State for Foreign Affairs reported that in the Debate on Friday, July 31st, he expected to be asked as to the British attitude in regard to the recognition of Italy's conquest of Abyssinia and loans to Italy.

A short discussion took place on the subject, in the course of which the Cabinet were reminded of the dangers of delaying too long in the matter of recognition, or of leaving it entirely to the League.

The Cabinet agreed —

That the Secretary of State for Foreign Affairs should make clear —

(a) That His Majesty's Government had no present intention of recognising the Italian conquest of Abyssinia:

(b) (subject to the agreement of the Chancellor of the Exchequer, who was absent indisposed) that there was no alteration in the statement made by the Chancellor of the Exchequer in the House of Commons on 23rd July, 1935.
9. The Secretary of State for the Colonies said that he proposed to announce the Terms of Reference to, and composition of, the Royal Commission the same afternoon in the House of Commons. He then read a telegram from the High Commissioner which indicated, inter alia, that there was a possibility that the announcement of the Royal Commission might provide an opportunity for ending the present situation in Palestine. The Emir Abdullah had intervened usefully with the Supreme Committee of the Arabs and had advised them to put an end to the seditious movement. The High Commissioner, however, had some doubts as to whether the Supreme Committee could exercise the power. However, this was the first ray of light on the situation. He himself was seeing the Arab representatives, now on a visit to London, the same afternoon. Sir Harold Morris, K.C.M.B.E., had agreed to become a member of the Royal Commission.

The Secretary of State for Foreign Affairs reported that, notwithstanding the somewhat discouraging reply sent to Ibn Saud (Cabinet 52 (36), Conclusion 5(c)), that monarch was reported to be doing his best, in conjunction with the other Arab rulers, to put an end to the disturbances.
10. The Cabinet had before them a Report (C.P.-204 (36)) by the Irish Situation Committee, who had examined, in the light of subsequent developments, the proposals in C.P.-184 (36) for settling the outstanding questions between the Irish Free State and this country, with the object of framing instructions to the United Kingdom Officials which would enable them to put forward proposals as a basis for settlement, on the understanding that the Irish Free State remained a Dominion inside the Commonwealth. After dealing fully with all the questions in issue, the Committee made the following recommendations to the Cabinet:

1) That the Secretary of State for Dominion Affairs should be authorised to inform Mr De Valera that our representatives will be ready to start discussions early in September;

2) That our representatives should be authorised to discuss a possible basis of a general and comprehensive settlement on the lines set out in paragraphs 6 to 16 of this Report.

The Secretary of State for Dominion Affairs made a statement to the Cabinet in elaboration of the Report of the Committee.

In the course of the discussion he mentioned the names of the Officials whom he proposed should act as the British Representatives, which were generally approved.

After a short discussion the Cabinet agreed —

(a) To approve the recommendations of the Cabinet Committee as set forth above;

(b) That the actual wording of the Preamble or Declaration which Mr De Valera should be asked to include in the Irish Constitution, viz., that "The Irish Free State and its citizens acknowledge the King as the Head of and as representing the Commonwealth of which the Free State forms a part, alike in peace and in war" (C.P.-204 (36), Appendix II, Para.11), should be left
open, in order to give the Secretary of State for Dominion Affairs an opportunity to introduce some amendments of detail.
11. The Cabinet had before them a Memorandum by
the Secretary of State for Air (CP.-2008 (36)) stating
that during the week-end negotiations had taken place
between the Departments concerned and the Irish
Free State on the subject of the Atlantic Air Route.
On the question of the cost involved in, and the
responsibility for, the construction of the air base,
involving both a seaplane base and a land aerodrome,
the Irish Free State representatives had stated that
the Irish Free State would be prepared to finance
this entirely, both as to capital and as to annual
recurring maintenance charges. They strongly
contended, however, that if they incurred this large
liability they ought to make either no contribution,
or only a modest "token" contribution (to a maximum
of £3,000 a year) to the subsidy cost of the scheme.
For a number of reasons an immediate decision was
required, and in view of the position disclosed in
the Irish Situation Committee the Secretary of State
asked the Cabinet for directions in two respects:

(1) Have we authority to enter into a binding
agreement with the Irish Free State
Government, assuming that the Cabinet
approve the proposals on their merits?

(2) Assuming that the Cabinet approves of
our entering into a binding agreement,
I would ask for authority to agree a
settlement on the following conditions:

(a) That the Irish Free State accept full
financial responsibility for the con­
struction and maintenance of the base:

(b) That they agree to pay a net subsidy
contribution of not less than £3,000
per annum. The British Government
representatives should try to get
the financial terms for which they
have contended, but if we cannot get
better than £3,000 a year, I suggest
that we should close on that."
The Secretary of State for Air reported that the Irish Free State Representatives had agreed to finance the whole of the construction of the air base and had rejected our offer to contribute. They had telephoned acceptance of the whole of the financial terms, subject to the substitution of £12,000 for £15,000 as the maximum subsidy contribution. The figures in paragraph (b)(ii) of the Appendix to C.P.-208 (35) would then be altered to read as follows:-

£

B/F 12,000

In respect of meteorology 6,000

Reduction from £11,000 to £10,000 in the postal payment under the Commonwealth Air Mail Scheme 1,000 7,000

Net cash payment 6,000, or £6,000 if the Irish Free State do not take part in the Empire Air Mail scheme.

The Irish Free State Government were anxious to get ahead with the construction of the base, and proposed to ask the Dail for authority on the morrow, Thursday, July 30th. In these circumstances he thought that a statement should be made in the House of Commons on either Thursday or Friday. The above arrangement was a very good bargain for this country.

The Cabinet agreed—

(a) To approve the Agreement with the Irish Free State Government and to authorise the Secretary of State for Air to conclude it;

(b) That if the announcement by the Irish Free State was to be made in the Dail on Thursday, a Private Notice Question and Answer should be arranged to be given in the House of Commons on Thursday, July 30th; but that if the announcement in the Dail was delayed until Friday, July 31st, the announcement in the House of Commons should be on the same date.
12. The Cabinet had before them a Joint Memorandum by the Home Secretary and the Secretary of State for Foreign Affairs (C.P.-806 (35)), proposing, for reasons given in the Memorandum, that informal and friendly suggestions should be made to the German and Italian Governments, through their Embassies in London, that they should take steps to secure the closing down of branches of the National Socialist and Fascist party organisations established in the United Kingdom, the presence of which was considered unusual and undesirable here. It was not proposed that detailed reasons for this request should be communicated to the Embassies, but they would be given to understand that, should it not be acted upon, we should probably be obliged to require the leading organisers and party officials to leave the country.

In the course of a short discussion on this proposal there was general agreement that the present moment, when His Majesty's Government was trying to promote contacts between the British, Belgian, French, German and Italian Governments, was inopportune for taking the action proposed.

The Prime Minister suggested that it was the kind of point that might be raised towards the end of successful conversations.

The Secretary of State for Foreign Affairs said he was only asking authority to deal with the question when the opportune moment arrived.

The Home Secretary developed the case in favour of the proposal and the First Lord of the Admiralty reported that M.I. 5 took a serious view of
the activities of these Nazi and Fascist organisations.

It was suggested that if the question were raised with reference to Nazis and Fascists, there would certainly be a demand for a corresponding action towards the Communists, and much evidence was produced of the activity of the Communist movement in this country, not only among miners and in South Wales, but also in opposition to re-armament.

The Cabinet were reminded that there was a distinction between the action proposed by the Home Secretary and the Secretary of State for Foreign Affairs against Nazi and Fascist organisations which were definitely foreign organisations in this country and the Communists, who, though supported by Soviet Russia, were largely composed of natives. Nevertheless, it was suggested that in the public mind the raising of the one issue would bring up the other.

The Lord President of the Council suggested that the Home Office should make a close study of the Communist situation.

The Home Secretary said that the Home Office had already received a great deal of information about the Communists and he was apprehensive of trouble in South Wales within the next few months stimulated by Communists.

The Prime Minister asked the Home Secretary and the Secretary of State for Foreign Affairs to bring the question up on some later occasion when the moment was more opportune for taking action.

- 18 -
13. The Minister for Co-Ordination of Defence said he received the approval of the Cabinet to make a short verbal report rather than to circulate a written report in view of the large amount of documents in circulation at the present time. He referred first to the shortage of building labour as threatening to hold up the reconditioning programme of the Services. Later he might have to ask for sanction to obtain a priority for Service requirements. He had arranged to secure a comprehensive review of the Services' building requirements which, after discussion with the Departments concerned, would be considered with the building trade. Contrary to anticipation, house-building was not diminishing but increasing and the requirements of the Services coming on top of this created a difficult situation. He thought it possible that after the conference with the building industry it might be necessary to adopt some system of a priority.

The Minister of Health stressed the importance of an inter-departmental consultation before consulting the building industry. He and his Department would do everything possible to prevent a rise of prices even if it was necessary to slow up house-building.

The Minister for Co-Ordination of Defence said that labour was the main difficulty. At the end of June, for example, Messrs. Vickers had advertised for 200 fitters and, with some difficulty, had obtained them. Soon they would be needing 1,000 and would encounter the utmost difficulty. The question would then arise as to whether the Government would have to abandon the position of not interfering...
with trade and industry. That illustrated the labour position so far as the reconditioning programme was concerned. Coming to the details of the Services, he said that the Admiralty programme occasioned no special anxiety at the present. Progress with the Air Ministry's programme had resulted in drawing labour away from other parts of the Services' programme. Deliveries were not up to 100 per cent. on promises; perhaps they were rather less than four-fifths. Some of the contractors attributed their difficulties to the failure of sub-contractors. Generally, however, the Air Force programme was going on well when the difficulties of obtaining labour were considered. The only way to speed up the programme appeared to be to ear-mark certain firms who should do nothing except produce air frames and air engines, and it might be necessary before long for him to consult the Cabinet on this subject. So far as the Army programme was concerned, the main difficulty both in regard to tanks and anti-aircraft guns was incomplete designs. The completion of the designs for heavy tanks was still some way off.

The Secretary of State for War said he hoped that production would start in the Autumn of 1937.

The Minister for Co-Ordination of Defence said there was a similar position as regards anti-aircraft guns. For tanks and guns, firms had been inspected and allotted to the War Office for those orders but they could not get ahead until the designs were completed. As regards Bren machine guns, production would begin in April, 1937.
previous day, Mr. Winston Churchill had suggested that the guns might be bought from Czecho-Slovakia and he would look into that. In the matter of ammunition, the prospects were better and large orders had been placed. His major anxiety was in respect of labour, building, and production in some vital weapons including aircraft and guns.

The Secretary of State for War added Army recruiting and asked that any Ministers who would be making speeches in the near future should dwell on the subject of recruiting.

The Prime Minister referring to a deputation that he had received the previous afternoon mentioned Sir Edward Grigg’s suggestion that much harm had been done by recent war books, referring probably to Mr. Lloyd George’s autobiography and his attacks on Generals.

In reply to a question, the Secretary of State for War said that if we were confronted with war within the next 12 months, it would be necessary to order many more light tanks instead of medium tanks, of which the design was not ready.

The Secretary of State for Air made a statement in regard to the development of the Air Force programme.

Considerable discussion took place as to the possibilities of extending the Service programmes so as to give employment in the worst areas of unemployment, particularly South Wales and Western Scotland.

The Minister for Co-Ordination of Defence was asked by the Secretary of State for Scotland to
look into the possibilities of placing further orders and developing manufacture of war material in Western Scotland.

The Minister for Co-Ordination of Defence undertook to do his best, but gave a warning that the information at present at his disposal did not encourage the idea that there was any surplus labour in and about Glasgow, where very large shipbuilding orders had been placed.
14. The Cabinet had before them a Joint Memorandum by the Lord Chancellor and the Home Secretary (C.P. 207 (36)) seeking authority for the drafting and introduction of a Bill to increase the statutory salaries of Judges of County Courts to £2,000 per annum, and of the Chief Magistrate and Magistrates of Metropolitan Police Courts to £2,300 and £2,000 per annum respectively. It was proposed to deal at the same time with the salaries of certain miscellaneous offices, specified in the Appendix to the Memorandum. The cost of the proposals, in which the Chancellor of the Exchequer concurred, would be approximately £35,000 per annum.

After a short discussion, the Cabinet agreed:

(a) To approve the proposal by the Lord Chancellor and the Home Secretary for the drafting and introduction of a Bill to increase the statutory salaries of Judges of County Courts and certain Magistrates and other officers of the Police Courts as set forth in C.P. 207 (36) and summarised above.

(b) That when the Bill was introduced, the Secretary of State for Scotland should be authorised, after consultation with the Chancellor of the Exchequer, to make a statement about the application of the Bill to Sheriff's substitutes in Scotland.
15. The Cabinet took note of a Memorandum by the Vice-Chairman of the Imperial War Graves Commission on the subject of an Anglo-German-French War Graves Agreement, circulated for the information of his colleagues by the Secretary of State for War (C.P.-202 (36)).

The Prime Minister expressed satisfaction with the agreement.
AGRICULTURE.

Wages of Farm Servants in Scotland.

(Previous Reference: Cabinet 32 (24), Conclusion 3.)

16. The Cabinet had before them a Memorandum by the Secretary of State for Scotland (C.P.-205 (36)) relating to the conditions of employment and remuneration of farm workers in Scotland, which, under the economic pressure of the last few years, had created dissatisfaction. In January last he had appointed a Committee to examine the whole system. That Committee had unanimously reported to the effect that there was an immediate need for the introduction by Statute of machinery for securing the proper regulation of wages and conditions of employment, and had recommended the establishment in Scotland of-

(1) District Wages Committees (twelve in number) comprising equal representation of workers and employers, with an impartial Chairman, who would fix minimum rates of wages; and

(2) A Central Wages Board similarly constituted, but including a Chairman and two impartial members officially appointed, with the duty of giving effect by Order to the Committee's findings, and with power in certain circumstances to vary such findings, or to fix rates in the event of failure by the Committee to do so.

The Secretary of State desired the authority of his colleagues for the preparation and submission to the Committee of Home Affairs, with a view to its passage, into law next Session, of a Bill in general conformity with the above recommendations, subject to further consideration, along with the Minister of Agriculture and Fisheries and the Treasury, in the light of discussions which he was instituting during the Recess with the farmers' and farm servants' organisations, of the proposal that the Central Wages Board should have power to vary the findings of the District Committees.
The Cabinet agreed:

That the terms to be inserted in the Bill should be submitted to the Cabinet before the Bill itself was presented to the Committee of Home Affairs.
17. The Cabinet had before them a Memorandum by the President of the Board of Trade (C.P.-203 (36)) covering the draft of a Bill prepared with the object of giving effect to an obligation under an International Convention adopted at Geneva in 1929 and ratified by His Majesty's Government in June, 1931. to adopt or propose measures necessary to enforce the following prohibitions:

(a) Imitations of the Red Cross Emblem or of the words "Red Cross" or "Geneva Cross", and

(b) The arms of the Swiss Confederation (i.e., the Red Cross Emblem with the colours reversed) and imitations thereof.

The arguments put forward in the Memorandum showed that the prospect of legislation on this subject was disagreeable, although the obligation to legislate in the interests of Switzerland still remained.

The President of the Board of Trade felt unable to make any recommendation to the Cabinet on the question and desired to know which of the following alternatives should, in their opinion, be adopted:

(1) To tell the Swiss Government that, owing to the great difficulty of passing legislation now, we could not implement our obligation by the due date (December 23, 1936),

or

(2) To introduce the necessary legislation in the autumn, and, should considerable opposition develop, to drop the Bill.

The President of the Board of Trade recommended the first of the above alternatives.

The Secretary of State for Foreign Affairs urged that we were definitely committed to introduce the necessary legislation.
The President of the Board of Trade was asked to bring the matter up at a later meeting of the Cabinet before the Autumn Legislative Programme was fixed.

2, Whitehall Gardens, S.W.1.
29th July, 1936.
Meeting of the Cabinet to be held at No.10 Downing Street, S.W.1., on WEDNESDAY, 2nd SEPTEMBER, 1936, at 11 a.m.

AGENDA.

1. THE REFORM OF THE LEAGUE OF NATIONS.
   (Reference Cabinet 55 (36) Conclusion 5(b)).
   Memorandum by the Secretary of State for Foreign Affairs.
   CP. 228 (36) - already circulated.
   Memorandum by the Secretary of State for Dominion Affairs.
   CP. 236 (36) - circulated herewith.
   The following papers circulated to, and considered by, the Committee on Foreign Policy at their meeting held on the 25th August, 1936, have been circulated also to the Cabinet.

   Note by the Lord Privy Seal covering a Memorandum prepared in the Foreign Office.
   CP. 210 (36).
   Memorandum by the Secretary of State for Foreign Affairs.
   CP. 219 (36).
   Memoranda by the First Lord of the Admiralty.
   CP. 213 (36).
   CP. 214 (36).
   Note by the Acting Secretary to the Cabinet.
   CP. 217 (36).
   Note by the Secretary of State for Foreign Affairs, covering the proposals of the French Government.
   CP. 221 (36).
   Memorandum by the Secretary of State for Dominion Affairs.
   CP. 222 (36).
   Memorandum by the Minister for Co-ordination of Defence.
   CP. 223 (36).
   Memorandum by the First Commissioner of Works.
   CP. 224 (36).

2. MEETING OF THE FIVE LOCARNO POWERS.
   (Reference Cabinet 55 (36) Conclusion 2).
   Statement to be made by the Secretary of State for Foreign Affairs.
   Memorandum by the Secretary of State for Foreign Affairs.
   CP. 220 (36) - already circulated.
   Report by the Chiefs of Staff Sub-Committee (if ready)
   CP. 218 (36) - to be circulated.
3. SPAIN.
(Reference Cabinet 55(36) Conclusion 7).
Statement to be made by the Secretary of State for Foreign Affairs.
Memorandum by the Secretary of State for Foreign Affairs.
C.P. 835(36) - circulated herewith.
Note by the Acting Secretary to the Cabinet covering a Report by the Chiefs of Staff Sub-Committee.
C.P. 834(36) - circulated herewith.

4. THE EASTERN MEDITERRANEAN.
(Reference Cabinet 43(36) Conclusion 3(e)).
Memorandum by the Secretary of State for Foreign Affairs.
C.P. 165(36) - already circulated.
Memorandum by the Chiefs of Staff Sub-Committee.
C.P. 211(36) - already circulated.

5. THE SITUATION IN PALESTINE.
(Reference Cabinet 55(36) Conclusion 9),
Memorandum by the Secretary of State for the Colonies.
C.P. 335(36) - already circulated.
Notes by the Secretary of State for the Colonies covering correspondence with General Smuts.
C.P. 226(36) - already circulated.
C.P. 239(36) - circulated herewith.
Notes by the Secretary of State for the Colonies covering copies of telegrams exchanged with the High Commissioner for Palestine on Nuri Pasha's visit to Jerusalem.
C.P. 227(36) - already circulated.
C.P. 235(36) - circulated herewith.

6. THE SITUATION AT MERTHYR TYDYL.
Joint Memorandum by the Minister of Health and the Minister of Labour.
C.P. 229(36) - already circulated.

Memorandum by the Minister of Health.
C.P. 231(36) - already circulated.

8. RECONSTITUTION OF THE COMMITTEE FOR THE SCIENTIFIC SURVEY OF AIR DEFENCE (TIZARD COMMITTEE).
Statement to be made by the Secretary of State for Air.
(Signed) R.B. HOWNORTH,
Acting Secretary to the Cabinet.

2, Whitehall Gardens, S.W.1.
31st August, 1936.
CONCLUSIONS of a Meeting of the Cabinet held at 10, Downing Street, S.W.1., on WEDNESDAY, the 2nd SEPTEMBER, 1936, at 11.0 a.m.

PRESENT:


The Right Hon. Malcolm MacDonald, M.P., Secretary of State for Dominion Affairs.

The Most Hon. The Marquess of Zetland, G.C.S.I., G.C.I.E., Secretary of State for India.

The Right Hon. Walter Runciman, M.P., President of the Board of Trade.

The Right Hon. Walter Elliot, M.C., M.P., Minister of Agriculture and Fisheries.


The Right Hon. The Earl Stanhope, K.G., D.S.O., M.C., First Commissioner of Works.

THE FOLLOWING WERE ALSO PRESENT:

Viscount Cranborne, M.P., Parliamentary Under-Secretary of State for Foreign Affairs.

"Captain H. Crookshank, M.P., Secretary for Mines. (For Conclusion 1)."

Sir A.D. Hadow, K.C.M.G., C.B. ................ Acting Secretary.
1. The Secretary for Mines informed the Cabinet as to the situation in South Wales which had arisen out of a dispute between the South Wales Miners' Federation and the Miners' Industrial Union at the Bedwas Colliery. At this colliery it was one of the conditions of employment that the workmen should allow weekly deductions to be made from their wages to be paid over to the Industrial Union. This practice was strongly opposed by the South Wales Miners' Federation, and on the 12th July a mass meeting of the Bedwas workmen had passed a Resolution to sign forms revoking the arrangement. On the 23rd July the Colliery Company informed their workmen that they would take no notice of the revocation forms in question, and on the 27th July a Conciliation Board Meeting was arranged, but in the interval the Colliery Company had resigned from the Colliery Owners' Association.

About August 10th, the revocation forms were distributed, and on the 13th August a special conference of the South Wales Miners' Federation decided (1) to present the revocation forms (at the most favourable opportunity); and (2) to hand in notices throughout the Coalfield on the 24th August, on which date the notices were duly handed in.

On the 24th August a Deputation from the South Wales Miners' Federation was received by the Under Secretary for Mines, when emphasis was laid on the substantial improvement which had recently taken place in South Wales in the relations between employers and workpeople and the danger that this improvement might be seriously affected by the
Bedwas dispute. On the 26th August, the Secretary for Mines had seen Sir S. Instone, the Chairman of the Bedwas Colliery Company, who had stated his disbelief in the South Wales Miners' Federation's claim that they had secured nearly 1,000 revocation forms, but had emphasised that in any case the employment of any workman who refused to allow the deduction to be made from his wages would be automatically determined, as the system of deduction was an express condition of employment.

On the 27th August the Secretary for Mines had seen the leaders of the South Wales Miners' Federation Executive who had suggested to him that a secret ballot under some impartial control should be taken in order to ascertain the facts. The Secretary for Mines had undertaken to transmit this suggestion to Sir S. Instone, but at the same time had indicated that the Federation should postpone their notices if it were accepted; the Federation had agreed to the latter suggestion. Sir S. Instone had received the letter in question on the 31st August but up to the present had sent no reply. It seemed probable that the Colliery Company would reject the suggested ballot.

In reply to questions, the Secretary for Mines stated that the question on which the ballot would be taken would be whether the Bedwas workmen wished to be represented by the South Wales Miners' Federation or by the Industrial Union. Some of the men employed in the Colliery lived on the spot, but numbers of them came from a distance, some from as far as 20 miles away. It was difficult to find a solution but he had formed the impression that the South Wales Miners' Federation were anxious, if possible, to avoid a stoppage.
The Secretary for Mines stated that no decision was required at the moment, but that if any important development occurred in the course of the day he would at once communicate again with the Cabinet.

During the afternoon the Secretary of Mines received a reply from the Colliery Company informing him that they could not agree to the suggestion of a ballot, and in a subsequent interview with their representatives he was unable to persuade them to change their minds.
The Secretary for Mines stated that no decision was required at the moment, but that if any important development occurred in the course of the day he would at once communicate again with the Cabinet.

During the afternoon the Secretary of Mines received a reply from the Colliery Company informing him that they could not agree to the suggestion of a ballot, and in a subsequent interview with their representatives he was unable to persuade them to change their minds.
2. With reference to the conclusion mentioned in the margin, the Cabinet had before them (i) a Memorandum (Paper C.P. 223 (36)) by the Secretary of State for Foreign Affairs containing the draft of the basis for a speech by the United Kingdom delegate at the forthcoming meeting of the Assembly. This draft had been revised in the light of the discussion at the meeting of the Foreign Policy Committee on August 26th; (ii) a Note by the Secretary of State for Dominion Affairs (Paper C.P. 236 (36)) explaining the circumstances in which the New Zealand Government had, without any consultation with the rest of the Empire, communicated to Geneva their proposals for the reform of the League in the direction of the strengthening of the Covenant, and the action which he (the Secretary of State) proposed to take in the matter; and (iii) the following Memoranda which had been considered by the Foreign Policy Committee at their Meeting on the 26th August last:-

- Note by the Lord Privy Seal covering a Memorandum prepared in the Foreign Office (C.P. 210 (36)).

- Memorandum by the Secretary of State for Foreign Affairs (C.P. 219 (36)).

- Memoranda by the First Lord of the Admiralty (C.P. 213 (36) and C.P. 214 (36)).

- Note by the Acting Secretary to the Cabinet (C.P. 217 (36)).

- Note by the Secretary of State for Foreign Affairs covering the proposals of the French Government (C.P. 221 (36)).

- Memorandum by the Secretary of State for Dominion Affairs (C.P. 222 (36)).

- Memorandum by the Minister for Co-ordination of Defence (C.P. 223 (36)).

- Memorandum by the First Commissioner of Works (C.P. 224 (36)).
The Cabinet were informed that the Secretary of State for Foreign Affairs had submitted a preliminary draft of the statement of policy to be made at the Meeting of the Assembly to the Foreign Policy Committee (see Paper C.P. 219 (36)). The Committee had thought that this draft was too definite and precise and it had accordingly been revised on the lines suggested at the Meeting and was now in the form set out in Paper C.P. 228 (36).

In the course of their examination of C.P. 228 (36) the following suggestions were made for the consideration of the Secretary of State for Foreign Affairs:

Page 2, paragraph 4. The view was expressed that as drafted the middle portion of this paragraph might be interpreted as meaning that the British Government were in favour of the strengthening of Article 16. While no doubt there was no justification for such an interpretation it was very important that the language used should be incapable of any misunderstanding. It was accordingly suggested that the middle part of the paragraph should be redrafted on the following lines:

(1) The sentence "Discussion, indeed, might not be confined ........... subsequently end under Article 16" to be deleted.

(2) Insert in this paragraph a sentence indicating an alternative result of League discussion under Article 11, namely, that Members might prove unwilling to intervene effectively in a dispute.

(3) In lines 11 and 12 for the words "of the determination and ability of the principal States to enforce it" substitute "of the extent to which the Member States are prepared to enforce it".

(4) The addition of a sentence to the following effect "In any case the best way of serving peace is that people should know where they stand".
Page 2, paragraph 6, lines 3 and 4. For the words "contemplates the possibility of changes" substitute the words "recognises that the static position of boundaries is impracticable".

Page 2, paragraph 6. It was agreed that the sentence "It is not practicable to propose any alteration of its terms or of its scope" should be deleted and it was suggested that words to the effect "It is the view of the British Government that discussion but not decision is permissible under Article 19" should be inserted.

Page 3, line 2. It was suggested that the words "and checking tendentious propaganda" should be deleted.

Page 3, paragraph 3, line 8. For the words "the first step" substitute the word "steps", or alternatively after the words "Sir S. Hoare" insert "." and end sentence as follows "His Majesty's Government would be prepared to support the taking of steps in this direction by the Assembly".

Page 3, paragraph 5, lines 3, 4 and 5. It was suggested that the sentence "In their view" to "intact" should be deleted.

Page 3, paragraph 5. It was suggested that a sentence should be incorporated in this paragraph on the lines of the phrase used by the Lord Privy Seal in the House of Lords on or about 28th July last to the effect that any attempt to put the world in a straight jacket would be a mistake.
Page 3, paragraph 3. It was suggested that there should be inserted at the beginning of this paragraph the following sentence:

"If His Majesty's Government have framed their observations in the form of suggestions rather than of definite pronouncements of policy it is because they believe that it is essential for world peace (?) that any changes, whether of form or substance, should carry the convinced assent of (?) the whole world".

The Cabinet were informed that at the Meeting on August 25th of the Foreign Policy Committee, the Secretary of State for Foreign Affairs had undertaken to examine the question of making an approach to Germany in regard to the reform of the League apart from the Five-Power Conference.

In this connection it was stated that Sir E. Phipps had been consulted as to the advisability of sending the German Government a possible invitation to be represented in some way at Geneva for the discussion of League reform.

Sir Eric doubted whether Germany would accept an invitation or send an observer to Geneva, but he saw no reason why she should resent such a suggestion.

Attention was drawn to the action which had been taken by the New Zealand Government in communicating their proposals for the reform of the League to Geneva without prior consultation with the rest of the Empire.

The Secretary of State for Dominion Affairs did not think that any notice should be taken in any published statement of the action taken by the New Zealand Government in this matter.
The Cabinet agreed: —

(1) To approve, as the basis for the speech on the Reform of the League of Nations of the United Kingdom delegate at the forthcoming Meeting of the Assembly, the draft contained in C.P. 228 (36), subject to the consideration of the Secretary of State for Foreign Affairs of the various suggestions for alterations and modifications set out above.

(2) To take note that the Secretary of State for Foreign Affairs was prepared to adopt the suggestion that an approach should be made to Germany in regard to League reform, and apart from the Five-Power Conference, in order to ascertain in advance, if possible, Germany's desiderata in regard to the reform of the League as suggested by the Chancellor of the Exchequer at the Meeting of the Foreign Policy Committee on 25th August, 1936, (see F.P.(36) 5th Conclusions, page 4).
3. With reference to the conclusion mentioned in the margin, the Cabinet had before them:

(1) A Memorandum (Paper C.P. 220 (36)) by the Secretary of State for Foreign Affairs entitled 'Preparations for the Proposed Five-Power Conference' which had been considered by the Foreign Policy Committee at their Meeting on August 28th, 1936; and

(2) A Report (Paper C.P. 218 (36)) by the Chiefs of Staff Sub-Committee prepared at the request of the Secretary of State for Foreign Affairs on those questions contained in the above mentioned Foreign Office Memorandum which had been specifically referred to the Committee of Imperial Defence or which, in the opinion of the Chiefs of Staff Sub-Committee, had military implications.

The Minister for Co-ordination of Defence informed the Cabinet that the Report of the Chiefs of Staff Sub-Committee (C.P. 218 (36)) was in agreement with the Foreign Office Memorandum (C.P. 220 (36)), except in one respect, namely Staff Conversations. The Chiefs of Staff had always been opposed to such Conversations for the reasons set out in paragraphs 60 and 61 of their Report. Throughout their discussions the Chiefs of Staff had laid the greatest emphasis on the desirability from the military point of view of reducing our commitments to the minimum and of keeping our hands as free as possible.

"The Under-Secretary of State for Foreign Affairs pointed out that in their Paper the Foreign Office had indicated that this matter must be considered in the light of the comments of the Chiefs of Staff Sub-Committee."
Some discussion took place in regard to Question 8:

"Are Non-Aggression Provisions to be so framed (as Locarno was) as to reserve the right of any Party to come to the assistance of a non-Party which has been attacked by another Party?"

The question was what would be the effect of the new Locarno in such a case as the following. Assuming that the relations of Germany and the Soviet reached a point when War becomes imminent there might be circumstances in which as a result of the Franco-Soviet Pact France thought that she should assist Soviet Russia. In such an event, if French troops were to march into Germany or if German troops were, as a defensive measure, to march into France, should we be under any obligation to take action? It was pointed out that in paragraph 49 of the Report of the Chiefs of Staff Sub-Committee it was stated:

"In any future treaty we consider that we should reserve complete freedom to decide for ourselves whether we should intervene in any conflict arising out of German aspirations or French commitments in Eastern Europe."

It was also pointed out that at the Meeting on August 25th of the Foreign Policy Committee general agreement had been expressed with the view that at some stage we should make it clear to France that we had no intention of being drawn into any troubles arising out of her Eastern commitments and that we must reserve full liberty of action in such an event.

The Minister for Co-Ordination of Defence thought that our commitments ought not to be increased by reason of the Franco-Soviet Treaty.
However difficult it might be to secure this in the new Locarno it ought to be kept in view as the guiding star throughout all the negotiations. The Cabinet adopted the views expressed by the Minister for Co-Ordination of Defence in regard to this matter.

Attention was drawn to the very interesting arguments against Holland being invited to accede to the new agreement set out in paragraphs 64 to 70 of the Report of the Chiefs of Staff Sub-Committee.

In regard to Question 5:

"Should the Irish Free State participate in the new agreement?"

The Secretary of State for Dominion Affairs said that he agreed generally with the Conclusions contained in the Report of the Chiefs of Staff Sub-Committee both in regard to the position if the Irish Free State remained within the British Commonwealth and also if she ceased to be a member of the Commonwealth and we succeeded in negotiating a separate treaty with her on the general lines recommended in C.I.D. Paper No. 1161-B.

There was, however, a third possibility, namely, that the Irish Free State might cease to be a member of the British Commonwealth and that we failed to make a satisfactory treaty with her.
In such an event he suggested that there might be considerable advantage in having the Irish Free State as a guarantor. He was, therefore, on the whole in favour of the Irish Free State participating in the new agreement and if she took the initiative he suggested that we should do nothing to discourage her. In the course of discussion it was pointed out that all the Irish Free State could ask for if she participated in the agreement would be to receive in this matter the same treatment as the United Kingdom as set out in paragraph 18 of C.P. 218 (36), namely, that she should receive guarantees from France against Germany and from Germany against France. The Cabinet agreed:

(1) To approve the Memorandum by the Secretary of State for Foreign Affairs (C.P. 220 (36)) and the Report of the Chiefs of Staff Sub-Committee (C.P. 218 (36)) as the general line of policy to be followed in the preparations for the proposed Five Power Conference and to take note that the Report of the Chiefs of Staff Sub-Committee does not involve any modifications in the recommendations set out on pages 20 and 21 of C.P. (36) in view of the fact that the Foreign Office have accepted the views of the Chiefs of Staff in regard to the question of Staff Conversations.

(2) That the Secretary of State for Foreign Affairs should be authorised to proceed accordingly and also to approach the Governments concerned with a view to arrangements being made for a Meeting of the Five Power Conference at the latter end of October next.
Italian Foreign Policy in the Spanish Civil War.

Previous Reference: Cabinet 55 (36), Conclusion 7).

4. With reference to the conclusion mentioned in the margin, the Cabinet had before them:

(1) A Note by the Secretary of State for Foreign Affairs (Paper CP. 233 (36)) covering a Memorandum drawn up in the Foreign Office on the question of Italian foreign policy in the Spanish civil war, which was considered by the Foreign Policy Committee at their Meeting on 20th August, 1936. This Memorandum set out the political implications of the present situation, and suggested that some Member of the Government in a public speech should utter a warning as to the kind of developments in the Western Mediterranean which would not be tolerated by us; the warning in question might be in some such vague and simple language as:

"Any alteration of the status quo in the Western Mediterranean must be a matter of the closest concern to His Majesty's Government."

(2) A Note by the Acting Secretary to the Cabinet covering a Report by the Chiefs of Staff Sub-Committee on the extent to which British interests would be affected and what action His Majesty's Government might take in the event of Italy taking some action which might upset the existing balance in the Western Mediterranean. (The summary of the Conclusions and Recommendations contained in the Report of the Chiefs of Staff Sub-Committee is attached as Appendix I).

The attention of the Cabinet was directed to the following telegram dated 31st August, which had been received by the Admiralty from the First Lord:

"(As) I have at present no means of checking reliability of these reports and risk of Italian negotiations for Balearic Islands may be remote I nevertheless think that we must take it into account. I would therefore be glad if you would inform Foreign Secretary that I consider it would be advantageous to adopt suggestion made in Foreign Office Memo. and make statement on the lines that were discussed by Foreign Policy Committee on Tuesday, namely that we (regard) maintenance of status quo in Western Mediterranean as of direct concern to us (?). Foreign Secretary would of course decide whether such statement should be made in public in Great Britain (or to) Mussolini privately in Rome (but) if Foreign Secretary wishes to know my (general) view it would be in favour of making a démarche in Rome rather than a public statement in (? Great Britain)."

-13-
The Under Secretary of State for Foreign Affairs reminded the Cabinet that at an interview between Mr. Ingram and Count Ciano on the 18th August last (Telegram No. 558 of 17th August, 1936), Count Ciano had informed Mr. Ingram "that he could give me most formal and categorical assurance which he begged me to transmit to my Government that neither Italian Government nor any Italian had had any dealings whatsoever with General Franco nor was there any truth whatsoever in suspicions that Italy had done a deal or was contemplating dealing with Whites for the cession of Ceuta, Spanish Morocco or Balearic Islands. I told His Excellency that I was grateful for these assurances and would communicate them to you. At the same time I would beg him seriously to consider the point that Italian Government's delay was undoubtedly increasing suspicions in the world regarding Italy's motives."

It would be possible without unduly emphasising the matter to take advantage of this communication, and send a reply thanking Count Ciano for his assurances and adding the warning in the language suggested in Paper C.P. 233 (36).

After some discussion, the Cabinet agreed that if the Secretary of State for Foreign Affairs thought that the present was an appropriate moment in which to convey the warning in question to the Italian Government, he should be at liberty to adopt the above suggestion, namely, that Mr. Ingram should be instructed to convey the thanks of His Majesty's Government to Count Ciano for the assurances which he had given him on August 17th last, at the same time adding that any alteration of the status quo in the Western Mediterranean must be a matter of the closest concern to His Majesty's Government.
9. The Under Secretary of State for Foreign Affairs gave the Cabinet a brief appreciation of the present situation in the Spanish civil war. Attention was also drawn to the report in the morning newspapers of trouble having broken out in Morocco and of the steps which General Franco had had to take to ease the situation.
6. The Cabinet were informed of the steps which had been taken on the initiative of the French Government to secure international agreement on non-intervention in the Spanish civil war. Most European countries had now agreed in principle to observe non-intervention, and also that the detailed arrangements for securing observance of the arrangements should be centred in London. Of the countries which had so far failed to agree to the "clearing house" arrangements Germany was the most important. She had suggested that there should be no international clearing house system, but that His Majesty's Government should alone act as a clearing house in the matter. Germany had been informed that we could not entertain this suggestion, and had been pressed to come into line with the other principal European Powers in regard to this matter.
6. The Cabinet were informed of the steps which had been taken on the initiative of the French Government to secure international agreement on non-intervention in the Spanish civil war. Most European countries had now agreed in principle to observe non-intervention, and also that the detailed arrangements for securing observance of the arrangements should be centred in London. Of the countries which had so far failed to agree to the "clearing house" arrangements Germany was the most important. She had suggested that there should be no international clearing house system, but that His Majesty's Government should alone act as a clearing house in the matter. Germany had been informed that we could not entertain this suggestion, and had been pressed to come into line with the other principal European Powers in regard to this matter.
7. In pursuance of the Conclusion referred to in the margin, the Cabinet had before them and took note of:

(1) A Memorandum by the Secretary of State for Foreign Affairs (Paper C.P. 165 (36)), and

(2) A Memorandum by the Chiefs of Staff Sub-Committee (Paper No. C.P. 211 (36)).

on the situation in the Eastern Mediterranean.
8. With reference to the conclusion mentioned in the margin, the Cabinet had under consideration the following documents relating to the latest developments in the Palestine situation:

(1) A Memorandum by the Secretary of State for the Colonies (Paper C.P. 235 (36)), covering Memoranda by the High Commissioner and the Air Officer Commanding.

(2) Notes by the Secretary of State for the Colonies, covering correspondence with General Smuts (Papers C.P. 326 (36) and C.P. 232 (36)).

(3) Notes by the Secretary of State for the Colonies covering copies of telegrams exchanged with the High Commissioner for Palestine on Nuri Pasha's recent attempt at mediation in the Palestine dispute (Papers C.P. 327 (36) and C.P. 335 (36)).

(4) The blueprint of Colonial Office Telegrams distributed on September 1st, 1936.

The Secretary of State for the Colonies observed that the Government were faced with a most serious situation both in Palestine and in the Near East and at home. As a result of the events of the last few days, the whole Jewish world was in a turmoil. Mr. Lloyd George and others were showing increased anxiety, and Mr. Attlee wished Parliament to be specially summoned if any change of policy was in contemplation.

When recently he had returned to London, the Secretary of State had heard that Nuri Pasha had arrived in Jerusalem, where after discussion with the principal members of the Supreme Arab Committee he was hopeful of being able to persuade the Committee to call off the strike and disorders on the basis of a memorandum to be addressed by him to the Committee, the text of which was contained in C.P. 227 (36) (4) and reads as follows:
"The Government of Iraq, actuated by racial ties which bind them with the Arabs of Palestine on one hand and moved by ties of friendship and alliances which bind them with the British Government on the other, deems it incumbent upon them to mediate with a view to ending the present disturbances in Palestine, and realising at the same time the importance of responsibilities thus cast upon them through such mediation trusts (1) to induce the supreme Arab Committee to take a resolution ending strike and all present disorders; (2) to use their good offices with the British Government for the grant of all legitimate demands of the Arabs of Palestine, whether such demands arise out of the present disturbances or are connected with the basis of general policy in Palestine."

The serious part of this document was the concluding sentence, and if the document was published it would certainly be regarded both by Jews and others as a direct challenge to the Mandate.

The Secretary of State also drew the attention of the Cabinet to Telegram (5) of C.F. 227 (36) from the High Commissioner for Palestine:-

"Nuri Pasha told me this morning that at full meeting of the Arab Supreme Committee held yesterday afternoon all members agreed to accept his proposal of mediation for the termination of the strike and disorders unconditionally, and undertook within the next two or three days to take all possible steps to ensure its acceptance by the local committees.

I am not in a position to guarantee the accuracy of this statement, but I would urge that I be given authority at the earliest possible moment to inform Nuri Pasha that His Majesty's Government welcome his mediation on the lines proposed in my telegram No. 637."

It had since turned out that the statement in question was wholly inaccurate, and that the true position was as set out in Telegram (8) of C.F. 235 (36), which so far from being an unconditional acceptance contained in its last paragraph the complete desiderata of the Supreme Arab Committee whose "aims" might be translated as Parliamentary self-government; the complete prohibition of Jewish
immigration; and the stoppage of all sale of lands to Jews.

As would be seen in Telegrams (6), (8) and (9) of C.P. 227 (36), the Secretary of State had at once entered a very strong caveat against the terms of Nuri Pasha's suggested memorandum, and had agreed that if Nuri Pasha was willing to adopt the modified draft of the memorandum indicated in Telegram (9) of C.P. 227 (36):

"The Government of Iraq, actuated by racial ties which bind them with the Arabs of Palestine on one hand and moved by ties of friendship and alliance which bind them with Great Britain on the other, deem it incumbent on them to offer informal mediation with a view to ending the present disturbances in Palestine, and realising at the same time the importance of responsibilities thus cast upon them through such informal mediation trust (1) to induce the Supreme Arab Committee to take a resolution ending strike and all present disorders; (2) to use their good offices with the British Government in regard to such measures as the Royal Commission may recommend for meeting the legitimate demands of the Arabs of Palestine, arising out of the underlying causes of the recent disturbances."

The Secretary of State then drew the attention of the Cabinet to his telegram to the High Commissioner for Palestine (No. C.O. 706 (36)) recording his interview with Dr. Weizmann, and also the High Commissioner's telegram in reply, dated September 1st (Appendix III).
The Secretary of State for the Colonies' only other recent information was not official but it came from Doctor Weizmann and he (the Secretary of State) had no reason to suppose that it was not true. It consisted of the following statement which had appeared on the 1st September in the "Palestine Post" - a paper published in Jerusalem, and, according to this report, the terms of a provisional agreement between Nuri Pasha and the Arab Leaders were as follows: -

At the same time it was stated that the Arab Higher Committee was not disposed to instruct the ending of the strike or the stopping of terrorism until it was fully satisfied that Nuri Pasha was authorised by the Arab Governments in his negotiations and until he had definitely secured the British Government's acceptance of these terms -

1. A general amnesty to be granted in successive stages to all Arab offenders during the present disturbances.

2. Suspension of Jewish immigration during the inquiry of the Royal Commission.

3. An undertaking by the Palestine Government that the Royal Commission will recommend such restriction of Jewish immigration as will preclude Arab apprehensions in regard to their future position in the country.

4. That a representative of the Iraqi Government is to have the right to appear before the Royal Commission with the view of supporting the claims of the Arabs in Palestine.

5. That after the Royal Commission inquiry the Iraqi Government is to continue its efforts with the British Government with a view to ensuring the carrying out of the recommendations by the Royal Commission favourable to the Arabs and to annulling such recommendations as are not favourable to them.

This document no doubt represented the present position of the Arab Leaders in Palestine.
The Secretary of State for the Colonies had taken advantage of yesterday's air mail to send his views in full to Sir A. Wauchope in a private and personal letter, the text of which is given in Appendix II to these conclusions.

He (the Secretary of State for the Colonies) felt that the Government had been placed in a most difficult and dangerous position as a result of Nuri Pasha's intervention, particularly having regard to the very definite statements of policy which had been made just before Parliament had risen at the end of last July. In his view, it was imperative that the authority and prestige of the Government of Palestine should be re-asserted without any delay. This meant that the British troops in Palestine must be very substantially reinforced and that Martial Law must be proclaimed possibly throughout Palestine, but at any rate in certain parts of that country.

The Secretary of State for the Colonies then read to the Cabinet a letter which he had received from Mr. Lloyd George expressing great anxiety at the rumoured character of Nuri Pasha's mediation and the reversal of policy involved in the Pasha's proposals: a policy which had hitherto received Mr. Lloyd George's enthusiastic support.

(At this point (approximately 1.0 p.m.) the Cabinet adjourned and resumed their meeting at 1.45 p.m. when, with the exception of the President of the Board of Trade, the attendance was as at the meeting in the morning.)

The Secretary of State for the Colonies read to the Cabinet a letter which he had received from Sir A. Wauchope dealing with the question of the command of the forces in Palestine and of the nature
of the reinforcements which would be required in the event of it being decided to adopt a policy designed to subdue lawlessness in the shortest space of time. The Secretary of State observed that the questions raised in this letter would have to be examined by the Secretaries of State for War and Air and the other Ministers directly concerned.

Lord Cranborne read to the Cabinet the note of an interview between Mr. Rendel and the Representative in London if Ibn Saud. (For the text of this note see Appendix IV.)

The Secretary of State for India said that he had examined this question from the point of view of its repercussions on Moslem countries adjacent to Palestine and on Moslem opinion in India and he had from time to time kept the Cabinet informed of the effect of their Palestinian policy on India. So far that effect had been satisfactory and the Moslems as a whole in spite of attempts by agitators to foment trouble. Recently, representatives of Moderate and Loyal Moslem Indian opinion were becoming increasingly disturbed and they had been pressing the Viceroy to receive a deputation in order to ascertain precisely what the policy of His Majesty’s Government was. So far the Viceroy had refused to receive a deputation, but he might have to alter this decision in view of the heavy pressure to which he was being subjected.

It was because of the repercussions to which he had referred that he had urged the Cabinet in July to come to some settlement with the Arabs, even if that settlement involved some kind of an embargo on Jewish immigration. At that time, the Secretary of State for the Colonies had not dissented from this suggestion, but the Cabinet, as a whole, had
thought that any such change of policy would be regarded as a concession to Arab violence and had, at their meeting on the 9th July (Cabinet 51 (36) Conclusion 9(e), agreed

"To reserve the decision as to the announcement of a temporary suspension of permanent immigration into Palestine during the inquiry of the Royal Commission, pending the receipt of further information which the Secretary of State for the Colonies undertook to obtain as to the High Commissioner's view."

The High Commissioner had replied that a temporary cessation of immigration was in his opinion necessary but had deprecated any announcement on the subject being made at the moment when the arrangements relative to the appointment of the Royal Commission were being published as this would be regarded in Palestine as a surrender to the Arab terrorists.

The Secretary of State for India reminded the Cabinet that the Arabs were profoundly disturbed at the prospect of losing their lands and that they would not regard any settlement as satisfactory unless the root causes of the present trouble were thoroughly investigated and remedied. He agreed that the situation had deteriorated and pointed out that in his Memorandum (C.P. 225 (36)) the Secretary of State for the Colonies had suggested three possible courses:

1. The continuance of our present policy on its present lines and methods of action.

He (Lord Zetland) did not differ from the view that this policy had no prospect of success.

2. The granting of concessions to the Arabs but "not....of such a nature as to give the impression of yielding in face of violence and disorder which we have been unable otherwise to end".
and (3) Ruthless action involving the bombing of villages and towns after due notice to the inhabitants, and the imposition of Martial Law over at least a large part of the country.

He (the Secretary of State for India) wished to say as definitely as he could that he hoped that the Cabinet would not adopt Policy (3) which would have disastrous consequences in India and the other Moslem countries adjacent to Palestine and could only result, as the High Commissioner had repeatedly warned the Cabinet, in imposing severe suffering on many innocent people and by so doing greatly intensifying the already bitter feeling in town and country and leaving the problem quite unsolved as regards the future.

With regard to (1) he (the Secretary of State) agreed with the High Commissioner that the continuance of our present policy would not bring the trouble to an end and he therefore came back to (2) which in effect was very similar to the proposal which had been made in July last. Since that time much had happened, including the appearance of Nuri Pasha, who had played a part in this matter which was very disquieting in that he, the Foreign Minister of a foreign country, was proposing to act as a mediator between His Majesty's Government and the inhabitants of Palestine and to make representations on whatever recommendations the Royal Commission might propose and to support the Arab cause at Geneva. All this seemed to him (the Secretary of State) to place His Majesty's Government in a highly embarrassing position. In the main, however, the Secretary of State had rectified and clarified the position in his telegram to the High Commissioner which had been quoted earlier in the Meeting. Nevertheless, notwithstanding
this difficulty, Lord Zetland thought that Nuri Pasha having played his part there were advantages in his continuing to endeavour to reach some *modus vivendi*. Personally he would not object to such a course, but he confessed to being puzzled about the statement attributed to the Arab Leaders which had appeared in the "Palestine Post", and he agreed that if that statement really represented the position of responsible Arab opinion, the terms were such that no Government could possibly entertain them, and he was in favour of this being made clear at once to the Arabs. In the very difficult position in which the Government were placed he favoured course (2) and the continuance of Nuri Pasha in his efforts at mediation. At the same time it should be made plain to Nuri Pasha precisely what were the limits within which he could usefully function. Unless this course was adopted he feared that the Government might have to face the most disastrous consequences, both in India and in the Middle East.

The Secretary of State for Air thought that this was possibly the most difficult question which the Cabinet had so far had to face, but Nuri Pasha's intervention, the declaration of the Supreme Arab Council, and the publication of the alleged terms in the "Palestine Post", together with the reaction on Ibn Saud of Nuri Pasha's intervention had, in his opinion, made it quite impossible to continue negotiations through Nuri Pasha.

It was very important to bear in mind that when dealing with the Arab Leaders we were not dealing with those who could control the actual terrorists. So long as the latter saw any chance of attaining their end the Arab Leaders could not, on their behalf, accept any reasonable
terms and the opportunity for a settlement could, in his opinion, only come either if we were to surrender or if the campaign was definitely to move in our favour. A surrender was politically impossible, both at home and in Palestine and throughout the world, and the Government were therefore driven back on an attempt to carry out their present policy or an intensification of that policy so as to make it more effective. He did not believe that larger military forces or more intensive air action, or a combination of both, would, in the long run mean increased bitterness and bad blood. When in a very difficult situation such as the Government were now faced with, it might be better to employ sharp measures of short duration than milder measures spread over a long and uncertain period of time.

There was one other consideration, namely at present under the ordinary processes of law the sentences on wrong doers were often inadequate and in many cases the criminals escaped punishment altogether. This state of affairs made the imposition of Martial Law necessary, and it was for consideration whether Martial Law should be applied in selective parts of the country, or over the country as a whole. The same rules of justice would be applicable but proper sentences would be imposed and the delays incidental to ordinary legal proceedings avoided. In his opinion we should consider what reinforcements were necessary and how the troops could be most effectively used to attain the end desired. As regards the supreme command of the troops, the sole consideration should be what forces were going to be provided and how best they could be employed. If it was preferable that some senior Lieutenant-General should become the Commanding
Officer in Palestine he (the Secretary of State) would raise no objection, and he suggested that in regard to this matter the Secretary of State for War, the Secretary of State for the Colonies and himself should confer together.

As regards air action, it was very important to avoid anything of the nature of "frightfulness". There must be no bombing of innocent persons, but when places, such as Nablus, had definitely been proved guilty of sheltering criminals, orders for their evacuation by the civil population should be given, and steps should then be taken to destroy selected houses. He would like it laid down that there must be no indiscriminate bombing of the civil population, but that subject of this the military authorities on the spot should be given a wide discretion and if, in their view, the best course would be to bomb the houses of criminals or their sympathisers, they should be at liberty to do so.

On the main issue he believed that no other course than (3) was open to the Government, and he accordingly urged that we should reinforce the troops in Palestine and endeavour by the use of military and air action to make the life of the criminals and their sympathisers intolerable. He could not say how long intensive action would have to go on, but under the present policy the action would have to continue indefinitely, and he thought therefore that we were faced either with surrender to violence or a fight to the finish.

In reply to a suggestion that we might reinforce the troops in Palestine as proposed, and at the same time endeavour to reach some settlement with the Arab
Leaders, it was pointed out that this would involve the calling off of the strike by the Arab leaders which was not practical politics. The view was also expressed that it would be undesirable to transfer the ordinary administration of Palestine from the High Commissioner to the General in Command of the troops.

The Secretary of State for War pointed out that Sir A. Wauchope's policy, which had been imposed upon him by the Cabinet, had, in fact, failed. We had been forced to send increasing numbers of troops to Palestine and the position had steadily deteriorated so that we were now faced with surrender to violence or with the adoption of stronger measures. Even if we were to surrender we should only gain a temporary peace. It was certain that the Report of the Royal Commission would not satisfy the Arabs, who would accept nothing less than a complete cessation of Jewish immigration. When the Report of the Royal Commission was published, we should have to face all the trouble over again. Every argument which had been advanced four months ago against the policy of a cessation of immigration to secure a settlement had been much strengthened by events in the interval. The negotiations with Egypt had been happily concluded, and this in itself was an additional argument for resorting to stronger measures.

The fact must be faced that while it was out of the question to make terms with the Arabs which would be satisfactory to the Jews it was open to us to make terms with the Jews in which in the long run the Arabs would acquiesce. Sir A. Wauchope's
theory that the two races could be made to live peaceably side by side in approximately equal numbers was, in his view, an impracticable dream. He was of opinion that the time had come for us to take a strong line and to send out from home a complete Division and to place the two Divisions which would then be in Palestine under an experienced Lieutenant-General. Martial Law should then be proclaimed and it was important that the G.O.C. should be in supreme control and should not be subject in any way to the High Commissioner for Palestine.

There should be no air bombing in Palestine. The inhabitants of the towns and villages had little or no control over the extremists who committed the crimes, and to allow air bombing would merely mean the destruction of the homes of innocent people and the driving of moderate opinion into the arms of the extremists and future great embitterment. He hoped that it would be possible for the Cabinet to decide that day to send out a Division and to proclaim Martial Law.
The Home Secretary thought that it was important to bear in mind that the prevailing impression among the Arabs was that the British Government were capable of being pushed back and would never resort to strong measures. The effect of taking strong measures now might well be that in a very short time the country would be pacified.

The Minister of Labour said that he entirely agreed with the views expressed by the Secretary of State for War.

The Lord Privy Seal took a somewhat different view of the situation. He agreed with the Secretary of State for Air that the position was one of very great difficulty, and he would have found it less difficult to acquiesce in the stronger action which had been proposed but for certain general considerations. In the first place, he thought that it was extremely difficult to estimate the reactions on Egypt and other adjoining Moslem countries and on India of intensified military and air action in Palestine. We had seriously underestimated the reactions and effects of the policy which we were now pursuing, and the same might happen again under a more intensive policy. He would, however, be prepared to accept such consequences if he was satisfied that in the end successful results would be attained, but he was not satisfied as to this. As he read the situation, we had not merely to deal with bands of violent murderers, but with a sense of real injustice in the minds of the whole Arab population. This was a very formidable matter.
which could not be suppressed by military or air action. Even if temporary success was achieved, he could not see how this policy would contribute to a permanent settlement. In regard to this we had the very definite warnings of the High Commissioner. For years we had been engaged on the very difficult, if not impossible, task of getting these two races to live amicably side by side. Nothing was more likely to defeat this policy than the intensive military action now suggested.

If the Cabinet took a different view, and decided to endeavour to reach a settlement, he should have thought that such a policy could have been adequately defended on broad grounds such as that, while we could no doubt have imposed our will on the Arab population by intensive action, such a course could not possibly have produced the permanent settlement which we had in view.

Moreover, we had hitherto accepted the advice of Sir A. Wauchope, and had relied on his great experience and local knowledge. It was a very serious thing for the Cabinet to adopt a policy to which their adviser on the spot had raised the strongest possible objections. In his view the text of Nuri Pasha's letter, as subsequently amended see Telegram (3) of C.P. 235 (36), appeared to be unobjectionable. It might, of course, turn out that the Arabs would reject a settlement on this basis, but if so the Government would then be in a very much stronger position.
The President of the Board of Education said that he would agree with the Lord Privy Seal if the course he recommended would have resulted in a final settlement. He could not, however, overlook the re-actions which a preliminary settlement on this basis must have on the final settlement. It seemed clear that no terms, however favourable which we could offer to the Arabs, would be accepted by them and he was driven to the view that the Arabs must be shown that their policy of violence and giving trouble was not a paying one. The position had been gravely complicated by the intervention of Nuri Pasha and, however strongly we might repudiate his activities, it would be represented that he would never have gone so far had he not felt sure that the British Government would support him. The policy of surrender to violence would leave the Government without a friend in the world. Those who were pro-Arabs were also imperialists and would regard such a policy as a disgraceful surrender.

The Home Secretary thought that Nuri Pasha's intervention had done nothing but harm. It was a very remarkable thing that the Foreign Secretary of a Foreign State should have attempted to intervene between the British Government and those for whom they were responsible in Palestine. He did not see how we could possibly say that, in the present circumstances, we were prepared to consider the kind of terms which Nuri Pasha had in mind.

The Minister for Co-Ordination of Defence said that he agreed generally with the Secretary of State for War, but he would like to go rather further. He believed that the imposition of Martial Law by itself would go a very long way towards solving the
problem. Our experience in the Irish troubles had shown that where violence and crime were rampant ordinary legal methods were inadequate to deal with the situation. In his opinion, the imposition of Martial Law might settle the problem in a few months. He would like to see a great deal more done by way of propaganda. Could not some statement be made on behalf of His Majesty's Government setting out all that had been done by them for the Moslem world in India, in the Middle East, in Egypt and elsewhere? This statement would clearly indicate our determination that the Arabs should have a fair deal, but that if, by a certain date, the strike had not been called off and violent methods abandoned, Martial Law would then be imposed and Palestine would be placed under military control and the troops there would be reinforced by another division. If our policy could be announced on some such lines as these, he thought that there would be a very good prospect of an early solution.

The Under-Secretary of State for Foreign Affairs said that the Secretary of State had instructed him to inform the Cabinet that he was ready to accept a decision that Jewish immigration into Palestine should cease, and had also asked him to stress the very grave reactions on Moslem countries of a stronger military action than was now being employed. At the same time, the Secretary of State attached great importance to our not appearing to yield to disorder and to the repercussions of any such policy on Jews throughout the world. In this connection, the American Ambassador had recently informed the Foreign Office
that Mr. Cordoll Hull had sent a warning of the very serious repercussions in the United States which would result from any surrender to the Arab claims which might be prejudicial to the Palestinian Jews.

Some discussion took place as to the previous decisions of the Cabinet in regard to the suspension of immigration and the view was expressed that all that the Cabinet had done was to reserve their decision as to the announcement of a temporary suspension of permanent immigration into Palestine during the inquiry of the Royal Commission, pending the receipt of further information from the High Commissioner (See Cabinet 51 (36) Conclusion 9(c)). It was subsequently confirmed by reference to the records that this was the position.

The Secretary of State for Dominion Affairs thought that a more intensive military policy would undoubtedly have serious re-actions in countries adjacent to Palestine. On the other hand, the adoption of the proposal of the Lord Privy Seal would be universally regarded as a surrender and would unite the whole Jewish world against the British Government. This latter consideration should be put in its proper place and he hoped that in any declaration of policy we should make it quite clear that our action was in no way due to Jewish agitation and pressure. He was very much attracted by the proposal of the Minister for Co-Ordination of Defence that the Cabinet's decision should be announced as part of a general statement of policy. The Lord Privy Seal's proposal would, in his view, in the long run be very bad for Palestine and would, in effect, constitute an invitation to the violent
elements to repeat their practices on some future occasion. There was no doubt that Mr. Lloyd George and those who took the same view represented world opinion in this matter and that opinion would be horrified if we were now to surrender to murder and other forms of violence. He, therefore, agreed that the decision should be to take the strongest possible measures to suppress criminal agitation and he hoped that it would be possible to pacify Palestine with as little concession to the Arab point of view as possible. The difficulty was how to deal with Nuri Pasha. He might be told plainly that we had never agreed to the suspension of Jewish immigration and that we should be very grateful if he could persuade the Arab Leaders to call off the strike and condemn violent methods.

The Minister of Agriculture and Fisheries thought that the situation had altered in the last few days and was reflected in the views which had been expressed at the meeting in favour of a determined effort being now made to re-establish British authority in Palestine. Such an effort need not involve any frightfulness. The military authorities might undertake roadmaking on an extensive scale: for example, a coastal road which is urgently required and would have valuable military uses. He had been greatly impressed by the offer of the Secretary of State for War to send a whole Division to Palestine. He favoured the proposal suggested by the Minister for Co-Ordination of Defence of stating our policy as a whole and, if this was done, he did not believe that the situation in Palestine would
be uncontrollable. Every effort should be made to get the Royal Commission out to Palestine as quickly as possible and to induce them to report with the least possible delay. He thought that there was some evidence that Sir A. Wauchope might be over-tired and the Government must be prepared to give him full support.
The First Commissioner of Works agreed with the proposal of the Minister for Co-ordination of Defence that a general statement of policy should be issued, coupled with the announcement of the despatch to Palestine of a Division. It should be stated that Nuri Pasha's intervention had failed, and that the Government could not possibly entertain the Arab terms. Within a very limited time the Division should be despatched, and martial law proclaimed, and arrangements should then be made for internment camps and housing, which would be required during the coming winter months. He was strongly opposed to the bombing of the civil population, and he hoped that steps would be taken by the Air Force to watch the desert frontiers of Palestine and by the Navy to watch the sea coast, so as to prevent illicit imports of arms and ammunition.

The Home Secretary said that he had reluctantly been led to the conclusions generally favoured at the Meeting. The policy of surrender might stop the strike temporarily, but could not lead to any permanent settlement. Such a policy would vitiate the proceedings of the Royal Commission in advance, and would in fact mean that Jewish immigration into Palestine would be permanently stopped. The Arabs would claim, and rightly claim, that they had won a complete victory. If a policy of surrender would not lead to a settlement, would the alternative policy do so? On the whole, he thought that the chances of securing a settlement by more vigorous military action were by no means hopeless, and he accordingly favoured that course.

The Cabinet agreed:

(1) To re-affirm their previous decision that law and order in Palestine must be restored, and British authority re-established in that country.
(2) That no decision should be taken at present regarding the temporary suspension of permanent immigration into Palestine.

(3) That intensive measures, designed to crush Arab resistance, should be taken, and that for this purpose the troops in Palestine should be reinforced by a complete Division sent from home, and that at an appropriate moment martial law should be applied either to the whole of Palestine or to selected parts thereof.

(4) That details in regard to the reinforcements for Palestine, the command of the troops etc., should be settled by the Secretary of State for War, the Secretary of State for Air and the Secretary of State for the Colonies in consultation.

(5) That the measures comprised in (3) above should not include any bombing of the civil population.

(6) That the arrangements proposed should be comprised in a general statement of policy, the text of which should be settled at a meeting to be held at No. 10, Downing Street on Thursday, September 3rd, 1936, at 11.30 a.m. of the following Ministers:-

The Home Secretary (In the Chair),
The Secretary of State for War,
The Secretary of State for Air,
The Secretary of State for the Colonies,
The Minister for Co-ordination of Defence,
The Under Secretary of State for Foreign Affairs (Lord Cranborne).
9. The Cabinet had before them a Memorandum by the Minister of Health and the Minister of Labour (Paper No. C.P. 229 (36)) on the position in Merthyr Tydvil which could be distinguished from that of other special areas and which seemed in need of additional and immediate assistance. Unemployment in this area was abnormally high, and the physical and psychological effects of the grave situation, for which bad local administration could not be held responsible, were becoming seriously disquieting.

Legislation would be necessary to implement the proposal of the Royal Commission that the County Borough of Merthyr Tydvil should be merged in the County of Glamorgan, and this would involve a subsidy towards Public Assistance and some form of central control which should, if possible, be avoided. It was accordingly suggested in the Memorandum that immediate consideration should be given to the establishment at Merthyr Tydvil of a Government factory for work under the Rearmament Programme and adapted to the kind of labour which is available in this district: apart from the number of people employed, it would have a marked and immediate effect upon the moral of the population, of whom large numbers are today giving up hope and becoming all the more bitter as they see themselves destitute in the midst of returning and increasing prosperity in the country generally. Attention was also drawn to the wider problem: a heavy obligation rested on the Government, in view of the new Unemployment Assistance Regulations, to leave nothing undone to provide opportunities for work for the kind of labour available in all the hard hit areas.
The Cabinet were warned by the Minister for Co-ordination of Defence against encouraging any false hopes in regard to this particular area which, for various reasons, was unsuitable for undertakings such as explosive or filling factories. It had been suggested that a duplicate of Billingham might be located in the area and the Committee was now examining the possibilities. The British Oxygen Company had refused to set up a factory at Merthyr Tydvil on the ground that very cheap power was essential to them. It was possible that the Company might reconsider their decision if a subsidy was offered to them.

The suggestion was made that in very heavily rated areas, like Merthyr Tydvil, some further de-rating concessions might be made, but it was pointed out that this would involve very contentious legislation.

The Secretary of State for War informed the Cabinet that he had received a Report from the War Office in regard to the possibilities of Merthyr Tydvil as a locality for munitions and similar factories and that this Report was in all respects very discouraging.

The Cabinet sympathetically received the suggestion of the Ministers of Health and Labour that immediate consideration should be given to the establishment at Merthyr Tydvil of a Government factory for work under the Rearmament Programme and adapted to the kind of labour which is available in the district, and invited the Minister for Co-ordination of Defence and the Service Ministers to look into the matter.
10. The Cabinet had before them a Memorandum (Paper C.P. 831 (36)) by the Minister of Health indicating the circumstances which in his opinion rendered necessary an immediate decision in regard to legislation to amend the Blind Persons Act, 1920.

The main object of the Bill will be to reduce the age at which a blind person becomes entitled to a pension from 50 to 40. This proposal has been pressed for some time and was promised in the Prime Minister's Election Address in 1929. The Bill will also carry further the principle of removing blind persons from the Poor Law and overcome difficulties under the present law in connection with the definition of 'ordinary residence'.

A march of blind persons on London is being organised to take place in October, and the Minister of Health wished to be able to announce as soon as possible, and before the march takes place or is finally arranged, that the Government, as a result of their ordinary survey of social conditions, have decided to introduce next Session a Bill to improve the position of blind persons under the Blind Persons Act, 1920, which will include a reduction in the pension age from 50 to 40. The Chancellor of the Exchequer had concurred in the proposals.

The Minister of Health informed the Cabinet that certain Local Authorities were contemplating the grant of financial assistance to facilitate the blind persons march, and that he proposed to warn these Authorities that such financial assistance must not be given.

The Home Secretary expressed the opinion that the time was approaching when the Government should give
serious consideration to the general question of prohibiting the organisation of marches to London of this character.

The Cabinet agreed —

To approve the proposal of the Minister of Health as set out in the concluding paragraph of Paper No. C.P. 231 (36) and reproduced above, that he should announce as soon as possible, and before the march takes place or is finally arranged, that the Government, as the result of their ordinary survey of social conditions, have decided to introduce next Session a Bill to improve the position of blind persons under the Blind Persons Act, 1920, which will include a reduction in the pension age from 50 to 40.
11. The Cabinet were informed by the Secretary of State for Air that Mr. Tizard and Professors Hill and Blackett had refused to continue to serve on the Committee of Scientists on Air Defence with Professor Lindemann. In these circumstances it had been decided that there was no alternative but to dissolve the Committee and reconstitute it with members who could work effectively together. When this was done it might be expected that Professor Lindemann would raise the matter publicly, but the other scientists could be relied upon to answer him effectively.

The Cabinet took note and approved the action which the Secretary of State for Air proposed to take in regard to this matter.

2, Whitehall Gardens, S.W.1.

September 2nd, 1936.
SECRET.

APPENDIX I.

Summary of Conclusions and Recommendations contained in the Report by the Chiefs of Staff Sub-Committee (C.P. 234 (36)).

SUMMARY OF CONCLUSIONS.

25.—(i) Our interests in the present Spanish crisis are the maintenance—
(a) of the territorial integrity of Spain and her possessions, and
(b) of such relations with any Spanish Government which may emerge from
this conflict as will ensure benevolent neutrality in the event of our
being engaged in a European war;
(ii) Open intervention by Italy in support of the insurgents in Spain would
precipitate a major international crisis;
(iii) The occupation by Italy of any territory in Spain itself would be
detrimental to British interests;
(iv) The Italian occupation of any part of Spanish Morocco, and particularly
of Ceuta, would be a threat to vital British interests;
(v) The Italian occupation of any of the Balearic Islands, Canary Islands,
and/or Rio de Oro, is highly undesirable from the point of view of British
interests, but cannot be regarded as a vital menace;
(vi) Any of the contingencies specified in (ii) to (v) above would be injurious
in greater or lesser degree to French interests;
(vii) The conclusion of any Italo-Spanish alliance would constitute a threat
to vital British interests;
(viii) The threat of effective action, other than action in a diplomatic sphere,
to thwart Italian designs would involve a grave risk of war;
(ix) Italy is the only Power whose forces are mobilised and ready for
immediate action. Her preparedness for the initial phase of hostilities, vis-à-vis
Great Britain, is greater than it was nine months ago.

RECOMMENDATIONS.

26. Our recommendations may be summarised as follows:

(i) The principle that should govern any action on the part of His
Majesty’s Government should be that it is most important to avoid
any measures which, while failing to achieve our object, merely tend
further to alienate Italy;
(ii) We should press for the earliest possible conclusion of a non-inter­
ference pact in Spain, embracing France, Russia, Portugal, Germany,
Italy and the United Kingdom;
(iii) If no general agreement can be reached, we should impress on the
French the desirability of giving no cause for intervention by Italy;
(iv) We should maintain sufficient naval forces on the Western
Mediterranean and Spanish Atlantic coasts to ensure that we have
at least one ship at every port where the Italians have one, and that
at important ports the British S.N.O. is, if possible, senior to the
Italian;
(v) We should, if possible, get an agreement with the other Powers that any
landing or other action by armed forces to preserve order should be
not only international in character, but also, wherever this is possible,
preconcerted between the Powers affected;
(vi) Failing such agreement, every endeavour should be made locally for
concerted action to be taken when occasion arises;
(vii) We should make it known to Signor Mussolini that, in the words of
F.P. (36) 10, “any alteration of the status quo in the Western
Mediterranean must be a matter of the closest concern to His Majesty’s
Government” in order that he may be under no misapprehension as
to the consequences of any action that he may take to disturb the
existing balance.
PRIVATE & PERSONAL.

Dear Wauchope,

Many thanks for your letter of the 29th. I had a most unpleasant interview with Weizmann and Ben Gurion yesterday and letters and telegrams from General Smuts, Lloyd George, American leaders are pouring in accusing me of betraying the Jewish people, lowering still further British prestige, and surrendering to murder and crime. Jewish demonstrations start in different places in this country this Sunday, and our Ambassador in Warsaw telegraphs he is having a most difficult time there. The Mufti's proclamation arising out of the Nuri conversations has had the worst effect everywhere here. Quite frankly I fear that things have turned out in a way which makes it really impossible for me to press my colleagues tomorrow to go as far as you would wish. Also those fatal last eleven words of Nuri's letter already shown to the Arabs make the whole position false, as they will be taken everywhere as challenging the actual mandate and as an admission if we give him any countenance that the "general basis of our policy" has been wrong. We may have admitted too many Jews in 1935. We may have been inadequate in protecting peasantry from losing their lands and homes. We may have been slow to appreciate that some Arabs genuinely fear being politically dominated by Jews in the future. But that our fundamental policy has been wrong I for one can never admit.

Lieutenant-General
Sir Arthur Wauchope, GCMG. KCB. CIE. DSO.
I have a profound mistrust of the Mufti and all his works. I believe him to be not only bitterly Anti-Jewish but also Anti-British and a rascal.

Now as to my present feelings. I cannot recommend a date for the temporary suspension of immigration earlier than the date on which the Royal Commission leaves England. I cannot recommend that the Royal Commission should leave England until (1) the Arab Supreme Committee have publicly declared that the strike is off as far as they are concerned and (2) a more determined military effort is made to round up the gunmen and murderers and bring them to more effective sentence for their outrages. I sincerely hope that men known to have committed crimes of violence will not be amnestied.

If we try and bring peace here and now on the Nuri basis we are bound to have the whole world of Jewry against us everywhere and their sympathisers in all parties here up against us. Clearly the rate and form of immigration, the land problem and the safeguarding of the Arab's political future are open questions, on which concessions to Arab opinion will probably have to be made if the Mandatory policy is to go forward in peace, but the authority of Britain in Palestine has not, in my opinion, been sufficiently re-established to enable peace to be negotiated - especially on terms that look like surrender - now.

My colleagues may take a different view tomorrow, but in view of the way things have planned out in the last week and the truculence of the Arab attitude and their failure to make any effort to diminish the crimes and outrages after Nuri's well meant effort I cannot press an apparent surrender to violence. I have not hastily come to this view and all last week I hoped and encouraged you to try what seemed at all possible.

I am sorry to have to write this.

Weizmann would like to meet Nuri and indeed wants peace but not on the terms proposed at present. "How", he says, "can we
hope for any resumption of our work if the Government of Palestine, before the Commission reports, concede in effect the major demands of the Arab extremists under threats of violence and murder?"

He has gone off to Paris today to see M. Blum but returns tomorrow.

Yours sincerely,

(Signed) W. ORMSBY-GORE.
APPENDIX III.

CYFHER telegram from the High Commissioner for Palestine to the Secretary of State for the Colonies.
Dated 1st September, 1936. Received 6.38 p.m. 1st September, 1936.

Most Immediate.
Private and Personal.

Your telegram private and personal of 31st August. There are three alternatives open.

1. **Round table conference.** Arab leaders of Palestine would almost certainly refuse to attend. The suggestion would lead to False hopes. It would be abortive because Arabs will insist on suspension of immigration and Jews will not yield on suspension. Fundamental questions of policy could not profitably be discussed in anticipation of Royal Commission. It would therefore lead to further delay which is contrary to interests of His Majesty's Government and of Palestine.

2. **To continue the negotiations with Nuri and the Arab Leaders.** This will as you realise place us under a moral obligation to suspend immigration now or a little later.

3. **The policy outlined by Air Officer Commanding in his appreciation accompanying my secret despatch of 22nd August.** This policy of cowing the country involves to my mind: -
   A. The despatch of six additional battalions.
   B. Application of martial law with an army or air officer as Administrator.
   C. A long and bloody campaign against Arabs of Palestine supported by bands of armed men from Syria Iraq and Trans Jordania.
   D. Continued liability of revolts amongst Palestine Arabs backed by Arabs of surrounding countries.
It is true that Air Officer Commanding has suggested that bombing from the air will soon cow the country. I see no reason to allow me to share this view. It is mainly based on results of air action in Iraq. The analogy is far from exact.

The unweakened determination of the Arabs of Palestine during the past four months of resistance to our troops despite loss of one thousand killed and wounded and economic distress is an earnest of what we must expect if we start on ruthless measures when necessarily the innocent cannot be separated from the guilty. These measures will lead to attacks on Jews entailing reprisals and counter reprisals. Murders of Jews already approach seventy.

My views are therefore unchanged: we should allow Nuri to continue his negotiations, limiting his status as far as you think absolutely necessary, and refusing any suggestions such as an Iraqi Bureaux in Palestine. This course will necessitate a suspension of immigration which I believe to be right in itself for reasons given in your private and personal telegram of 25th August.

The suspension of immigration cannot by any possibility have any lasting effect on Jewish National Home. The adoption of alternative 3 may well endanger its whole future development.

Should Nuri be forbidden to continue his negotiations or should those negotiations lead to nothing then only other course is for me to see Leaders as suggested on page 10 of my secret despatch of 23rd August but this I fear inevitably lead to third alternative mentioned on page 7 of that despatch. If Cabinet decide tomorrow to reject Nuri's mediation or
if his hands are so tied that there is little prospect of his succeeding then a reinforcement of three battalions should be despatched at once. The Air Officer Commanding agrees that this is needed.
APPENDIX IV

PALESTINE.

Attitude of King Ibn Saud.

The Saudi Arabian Charge d'Affaires called on me this evening to say that he had received a long telegram from King Ibn Saud on this subject. The telegram recapitulated the various phases of Ibn Saud's own intervention, and went on to speak of Nuri's recent activities in Palestine. King Ibn Saud was evidently disturbed at these activities, the more so as his earlier proposal that Puad Bey Hamza should visit Palestine had not been followed up. The telegram stated that Yasin Pasha (the Iraqi Prime Minister) had informed the Saudi Minister in Bagdad that the reason why Ibn Saud's intervention had not proved successful was that His Majesty's Government mistrusted Ibn Saud, but were ready to accept the intervention of the Iraqi Government.

2. I interrupted M. Zada at this point to protest most strongly against this entirely false and mischievous suggestion. The Saudi Government must be well aware from the course of our relations with them that we had every confidence in King Ibn Saud, and I wished to emphasise that we had from the first deeply appreciated the absolutely correct and indeed most helpful nature of his attitude towards the Palestinian question. I hoped that M. Zada would make this point clear in his reply.

3. The Charge d'Affaires then proceeded to summarise the remainder of the telegram, which was to the effect that the Iraqi Government had told Ibn Saud that a basis of agreement had now been found under which Jewish immigration should be immediately suspended, and an Arab delegation should be formed to carry on further negotiations on which the Iraqi Government should be represented. Yasin Pasha had asked King Ibn Saud whether in these circumstances he was willing to join the Iraqi Government in urging the Palestine Arabs to desist from further acts of violence. Ibn Saud had replied that he had himself originally
asked the Iraqi Government, as well as the Imam of the Yemen, to join with him in such an appeal. This initiative had led to no result, and he did not see why he should now follow the Iraqi Government's lead in reviving his own proposal in a new form. It was clear from this part of the telegram that Ibn Saud was puzzled and uneasy at the attitude of His Majesty's Government towards Nuri Pasha's recent activities.

4. Mr. Sterndale Bennett and I explained that Yasin's account of the situation was entirely misleading. Nuri Pasha had gone to Jerusalem on his own initiative and - at first at any rate - in a purely private capacity. He had then put forward proposals in the name of the Iraqi Government which were unacceptable to His Majesty's Government. Discussions had been going on and were still proceeding, and a revised basis, on which His Majesty's Government might be prepared to proceed, had been communicated to Nuri Pasha, but no agreement had yet been reached, and certainly not on the lines suggested in Yasin Pasha's statement to the King. Yasin Pasha's message in fact was extremely misleading.

5. On M. Zada reverting to the subject of Ibn Saud's original proposal to send Fuad Bey to Palestine, we explained that the circumstances had then been different. As regards Nuri's present activities, we had not been sure how far they were not a sequel to Ibn Saud's own earlier initiative. We certainly never contemplated the exclusion of Ibn Saud in favour of isolated action by Iraq, and this had been one of our main preoccupations in considering Nuri Pasha's offer.
Nothing concrete had yet emerged from the present conversations, but as Sir L. Oliphant had recently told M. Zada, we would certainly not fail to keep Ibn Saud informed of any developments.

(Signed) G.W. Rendel

FOREIGN OFFICE.
1st September, 1936.
CABINET 57 (36).

Meeting of the Cabinet to be held at No. 10 Downing Street, S.W.1., on WEDNESDAY, 14th OCTOBER, 1936, at 11.0 a.m.

AGENDA.

1. PRESERVATION OF PUBLIC ORDER.
   (Reference Cabinet 29 (34) Conclusion 2)
   Memorandum by the Home Secretary
   CP. 261 (36) - to be circulated.

2. NATIONAL HUNGER MARCH (NOVEMBER, 1936).
   (Reference Cabinet 56 (36) Conclusion 10).
   Memorandum by the Home Secretary.
   CP. 256 (36) - circulated herewith.

3. FACTORIES BILL.
   Memorandum by the Home Secretary.
   CP. 255 (36) - already circulated.

4. REPORT OF ROYAL COMMISSION ON PRIVATE MANUFACTURE OF AND TRADING IN ARMS.
   (Reference Cabinet 8 (35) Conclusion 1)
   Note by the Home Secretary covering Report.
   CP. 258 (36) - circulated herewith.

5. FOREIGN AFFAIRS.
   (a) Proposed Conference of the Locarno Powers - (If required)
      (Reference Cabinet 56 (36) Conclusion 3).
   (b) The Situation in Spain - (If required).
      (Reference Cabinet 56 (36) Conclusion 5).

6. PALESTINE.
   (a) The Political Situation.
      Memorandum by the Secretary of State for the Colonies.
      CP. 264 (36) - already circulated.
   (b) Immigration: Question of Temporary Suspension.
      Memorandum by the Secretary of State for the Colonies.
      CP. 260 (36) - circulated herewith.
7. THE KING'S SPEECHES ON THE PROROGATION AND THE OPENING OF PARLIAMENT.
(Reference Cabinet 49 (35) Conclusion 5).

8. THE VULNERABILITY OF CAPITAL SHIPS TO AIR ATTACK.
Note by the Secretary covering Report of a Sub-Committee and Extract from Draft Minutes of the 282nd Meeting of the Committee of Imperial Defence.
C.P. 253 (36) - already circulated.

9. FINANCIAL MISSION TO CHINA.
(Reference Cabinet 3 (36) Conclusion 6).
Note by the Chancellor of the Exchequer and the President of the Board of Trade, covering Report by Sir Frederick Leith-Ross.
C.P. 251 (36) - already circulated.

10. THE UNION OF SOUTH AFRICA AND THE KING.
Memorandum by the Secretary of State for Dominion Affairs.
C.P. 247 (36) - already circulated.

11. PROPOSED USE OF TEAR GAS AGAINST RIOTOUS MOBS IN THE PUNJAB.
(Reference Cabinet 54 (35) Conclusion 8).
Memorandum by the Secretary of State for India.
C.P. 216 (36) - already circulated.

12. POWERS OF COMMAND OF INDIAN COMMISSIONED OFFICERS.
(Reference Cabinet 20 (33) Conclusion 1).
Memorandum by the Secretary of State for War.
C.P. 248 (36) - already circulated.

13. GENEVA RED CROSS CONVENTION.
(Reference Cabinet 55 (35) Conclusion 17).
Memorandum by the President of the Board of Trade.
C.P. 203 (36) - already circulated.

14. REPORT OF COMMITTEE ON FIXED TRUSTS.
Memorandum by the President of the Board of Trade.
C.P. 257 (36) - already circulated.
15. **PHYSICAL FITNESS AND TRAINING.**

Question to be raised by the Chancellor of the Exchequer.

16. **HOME FLEET AUTUMN CRUISE.**

Statement to be made by the First Lord of the Admiralty.

(Signed) M.P.A. HANKEY

Secretary to the Cabinet.

2, Whitehall Gardens, S.W.1.

October 12th, 1936.
CONCLUSIONS of a Meeting of the Cabinet held at 10, Downing Street, S.W.1., on WEDNESDAY, the 14th OCTOBER, 1936, at 11.0 a.m.

PRESENT:
The Right Hon. Stanley Baldwin, M.P., Prime Minister.

The Right Hon. J. Ramsay MacDonald, M.P., Lord President of the Council.
The Right Hon. Malcolm MacDonald, M.P., Secretary of State for Dominion Affairs.
The Most Hon. The Marquess of Zetland, G.C.S.I., G.C.I.E., Secretary of State for India.
The Right Hon. Walter Runciman, M.P., President of the Board of Trade.
The Right Hon. Oliver Stanley, M.C., M.P., President of the Board of Education.
The Right Hon. Ernest Brown, M.C., M.P., Minister of Labour.

The Right Hon. Neville Chamberlain, M.P., Chancellor of the Exchequer.
The Right Hon. Anthony Eden, M.C., M.P., Secretary of State for Foreign Affairs.
The Right Hon. A. Duff Cooper, D.S.C., M.P., Secretary of State for War.
The Right Hon. The Viscount Swinton, G.B.E., M.C., Secretary of State for Air.
The Right Hon. W. Ormsby-Gore, M.P., Secretary of State for the Colonies.
The Right Hon. Walter Elliot, M.C., M.P., Minister of Agriculture and Fisheries.
The Right Hon. The Earl Stanhope, K.G., D.S.C., M.C., First Commissioner of Works.

1. The Cabinet asked the Prime Minister to convey to the family of the late Rt. Hon. Sir Godfrey Collins, K.B.E., C.M.G., M.P., Secretary of State for Scotland, their deep sympathy and an expression of the great loss which the Cabinet had sustained on the death of their colleague.
2. The Cabinet had before them a Memorandum by the Home Secretary (C.P.-261 (36)) on the desirability of strengthening the existing law in order to ensure the preservation of public order, arising out of the recent attempted Fascist demonstration in the East End of London and ugly incidents in Leeds, Manchester and other provincial towns. He suggested that a small Ministerial Committee should be appointed to consider whether any legislative proposal should be put forward by the Government, and, if so, what form it should take. If it was decided that legislation should be introduced, the Home Secretary thought it certainly ought to be announced in the King's Speech.

The discussion showed that the Cabinet was very strongly in sympathy with the desire of the Home Secretary to strengthen the existing law. The view was expressed, and strongly supported, that, notwithstanding certain criticisms that would be raised, if the Government were to make clear that they would not allow minorities to be attacked and public order disturbed, they would be supported by a strong popular opinion. The present situation was recognised to be open to strong objection not only on account of the disturbances that had taken place, but of the publicity that was given to them in newspapers and particularly in cinemas. It was suggested that perhaps some immediate action might be taken to induce the Cinema Companies not to reproduce scenes of violence. It was recognised that the usual criticisms would be encountered as to the danger of interfering with the liberties of the people, but the reply to this would be that it was necessary because some sections of the population insisted on abusing their liberties. Moreover, steps could be taken to
minimise the objection by such expedients as licensing harmless uniforms or making the law applicable only to uniforms used for political purposes, and so forth.

The Cabinet agreed—

That a Cabinet Committee, composed as follows:—

The Home Secretary,
The Lord President of the Council,
The Chancellor of the Exchequer,
The Minister of Health,
The Minister of Labour,
The Minister for Co-ordination of Defence,
The First Commissioner of Works,
The Attorney-General and/or
The Solicitor-General,
The Lord Advocate,

should meet at once to consider the proposals contained in the Home Secretary's Memorandum C.P.-851 (36).

(NOTE: The Parliamentary Under-Secretary of the Home Office was to be associated with the work of the Committee.)
3. The Cabinet had before them a Memorandum by the Home Secretary (C.P.-256 (36)) calling attention to the arrangements made — as a protest against the Unemployment Assistance Regulations — for contingents of unemployed persons to march on London, the marchers being due to arrive on the 8th November. Two other demonstration marches had been organised, both of which were timed to reach London on the 31st October, one consisting of 200 unemployed men from Jarrow, and the other comprising about 250 blind persons, accompanied by some 50 attendants. The existing law contained no provisions by which orderly bands of demonstrators could be prevented from marching to London or elsewhere. The only course open, therefore, was to take every precaution to minimise the risk of disorder on the routes of the contingents and in London, and the Memorandum described the steps taken with this object. After consultation with the Minister of Health and the Minister of Labour, the Home Secretary thought that the best method of informing the public on the present occasion, in order to discourage them from furnishing assistance to the marchers, would be to arrange, probably through the National Publicity Bureau, for selected journalists to be interviewed and given material for exposing the origin, motive and uselessness of the hunger march. He had been informed that, as in the case of previous marches, unemployment benefit would not be payable to marchers, but they would be entitled to relief from Public Assistance Authorities. On the question of the hunger marchers being received in deputation, the Home Secretary pointed out that it was the settled practice of recent Ministries not to receive them, although Ministers would be prepared to receive Members of Parliament accompanied by a few representatives of
the marchers. In this respect it would not be possible to distinguish between the hunger marchers and the Jarrow and Blind marchers.

After considerable discussion the Cabinet agreed —

(a) That the Home Secretary should issue a statement designed to discourage such marches and to make clear that Ministers could not receive deputations of marchers, although they would be prepared to meet Members of Parliament:

(b) To approve the following statement to give effect to Conclusion (a), which was drafted by the Home Secretary and read out by him at the end of the Meeting:

"Ministers have had under consideration the fact that a number of 'marches' on London are in progress or in contemplation. In the opinion of H.M. Government, such marches can do no good to the causes for which they are represented to be undertaken, are liable to cause unnecessary hardship to those taking part in them, and are altogether undesirable. In this country, governed by a Parliamentary system, where every adult has a vote and every area has its representative in the House of Commons to put forward grievances and suggest remedies, processions to London cannot claim to have any constitutional influence on policy. Ministers have, therefore, decided that encouragement cannot be given to such marches, whatever their particular purpose, and Ministers cannot consent to receive any deputation of 'marchers', although of course they are always prepared to meet Members of Parliament."

(c) That the Home Secretary should have authority to arrange, through the National Publicity Bureau or such channel as he might deem appropriate, for selected journalists to be interviewed and given material for exposing the origin, motive and uselessness of the march, on the lines proposed in paragraph 6 of his Memorandum, but that caution should be exercised in any references to the past practice of Ministers of the Crown in receiving deputations, since it appeared probable that Members of Parliament, accompanied by a few of the marchers, had been received on occasion.
The Cabinet had before them a Memorandum by the Home Secretary (C.P.-255 (36)) recalling the Prime Minister's announcement, in the Debate on the Address on December 3, 1935, of the intention of the Government to promote a new Factories Bill. This announcement had since been the subject of frequent reference in Parliament. In these circumstances he had felt justified in instructing his Department to undertake a considerable amount of work preparatory to the Bill, the main objects of which would be to revise the existing provisions in regard to safety, health, welfare and hours of employment in conformity with modern standards, and to re-define and in some respects extend the scope of their application. The Home Secretary sought Cabinet authority to continue with the preparation of the Bill and have it drafted at the earliest possible date with a view to its being mentioned in the King's Speech and introduced early in the Session. He also suggested that it would be useful if a small Cabinet Committee could be appointed whose help he could invoke on specific points of difficulty arising in the preparation of the Bill.

The Cabinet recognised that while a Factories Bill might not be popular with some sections of their supporters in Parliament, Ministers were pledged to introduce legislation on the subject. The main issue was not so much as to whether a Factories Bill should be introduced, but as to its priority in the legislative programme — a matter which, as the Prime Minister pointed out, could not be decided until the programme had been considered as a whole.

In these circumstances the Cabinet agreed —
(a) To postpone a decision until after the King's Speech on the Opening of Parliament had been drawn up:

(b) That in the interval the Home Secretary should proceed with the preparation of his Bill:

(c) That if it were decided to proceed with the matter in the present Session, a Cabinet Committee should be appointed which the Home Secretary could invoke on specific points of difficulty arising in the preparation of the Bill.
5. The Cabinet had before them a Memorandum by the Home Secretary (C.P.-258 (36)) circulating for their information the Report of the Royal Commission on the Private Manufacture of and Trading in Arms, on pages 53 and 54 of which would be found a summary of their conclusions and recommendations. In his Memorandum the Home Secretary stated that before the Report could be published it must be submitted to The King and presented to Parliament. Presentation could be made to Parliament during the Recess, and he sought the views of the Cabinet as to whether it should be presented and published forthwith, or whether presentation should wait until Parliament met. He thought the Cabinet might wish to refer the document to the Committee of Imperial Defence with a request for a report on its recommendations. 

Satisfaction was expressed at the general trend of the Royal Commission's Report.

The Cabinet agreed —

(a) To authorise the Home Secretary to publish the Report of the Royal Commission as soon as he might deem advisable;

(b) That the Report should be referred to the Committee of Imperial Defence for a report on its recommendations.
6. The Secretary of State for Foreign Affairs reported that the international situation remained anxious and tense, but that there were some signs of improvement both in the position generally, and so far as our own policy was concerned. Among these signs he instanced the relaxation of tension in regard to Abyssinia; the realisation that was growing up of the seriousness of our own re-armament; and the recent action in the monetary field. There were indications that the dictators in Germany and Italy both had their worries, which might tell either in a favourable or an unfavourable direction. On the whole, however, the situation was better. Nevertheless there was nothing to justify any relaxation in our own defensive preparations. From the point of view of foreign policy it was more important than ever to push on with the measures for strengthening our defences, for at any time we might be confronted by a situation in which this country would need to speak with the fullest authority, backed by a sense of strength.
The Secretary of State for Foreign Affairs mentioned that since he last reported to the Cabinet on Foreign Affairs, Germany and Italy had both accepted in principle to attend the Five-Power Conference with a view to a fresh Locarno Treaty. He had then circulated a Note on the subject and had received replies from the French Government, and had discussed the question with the Belgian Minister for Foreign Affairs at Geneva. There were indications that an early reply might be expected from the German Government, possibly the same afternoon. The German reactions to the British Note had proved not unfavourable, and if the Germans were willing to attend the Conference the Italian Government would no doubt also be represented. On the eve of the despatch of the British Note he had received a French Note, but it had been sent to the British and Belgian Governments alone, and the French Government had agreed to allow his own Note to be the sole basis for initiating discussion between the Powers concerned. A minor difficulty was that there had been some diminution in the Belgian attachment to France, due perhaps to the Leftward tendency of the French Government. In his Note he did not ask the Belgians to guarantee the United Kingdom. The French had reacted rather strongly against this proposal, and he intended in the early future to ask the Committee of Imperial Defence to consider the French objections. For the moment, as His Majesty's Government had done all they could to promote the Conference, he thought it advisable not to appear too eager.
The devaluation of the Franc.

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Economic Consequences thereof.

The Chancellor of the Exchequer said that the French Government had been very well pleased at the incidence connected with the de-valueation of the Franc, which had been rendered possible only by the co-operation of the British and United States Governments. They were now anxious to follow up the de-valueation by measures to unfreeze international credit and trade, and by the reduction of trade restrictions. In principle he was in agreement, but held that the initiative rested with France, since it was not British tariffs, quotas and restrictions that were holding up trade. The French Government had startled us at Geneva by suggesting an Economic Conference on a basis which would enable the United States and Russia to be summoned, but not Germany or Italy.

The Secretary of State for Foreign Affairs interpolated that he thought the French proposal would also have excluded Russia, but the Chancellor of the Exchequer said that the information received indicated that Russia would be included, from reliable officials indicated that Russia would be included.

The Chancellor of the Exchequer, continuing, said that he himself had felt that to enter ostentatiously into negotiations from which Germany and Italy would be excluded would be most imprudent and calculated to react against the holding of the political Five-Power Conference. He had expressed his views, therefore, in no uncertain terms. The French had withdrawn their proposal and had agreed to co-operate in any suggestion we might make. They themselves, however, had proposed that a Note should be sent to the United States Government. In view of the
election in the United States of America he had thought the moment ill-timed for this. Just now the French had a representative in London who wished to open negotiations. Meanwhile the Financial Secretary to the Treasury had raised questions as to whether it was desirable to hold a Conference at all, and, if a Conference was to be held, what was to be discussed? He himself felt something ought to be done to take advantage of the present situation, but thought that the proper line was to let the French know that we had made our contribution in not raising our tariffs or increasing restrictions on the fall of the Franc, and that it was now the French turn to make some real contribution.

The President of the Board of Trade said that the lowering of the French tariffs and barriers to trade was in fact more than offset by the effect of the fall in the value of the Franc. He warned the Cabinet that caution must be exercised. He was anxious to remove trade barriers, provided that this was not done at our expense.

The Secretary of State for Foreign Affairs said he had made enquiries from His Majesty’s Ambassador in Washington, who was now in this country and who thought that if President Roosevelt won his election his victory was likely to be followed by an approach to the United States to enter into negotiations for a trade treaty. The President might even have the mind, somewhat vaguely, to the idea of an International Economic Conference.

The Minister of Agriculture and Fisheries also uttered a note of warning as to the caution that had to be exercised in entering on a Conference.
8. The Secretary of State for the Colonies warned the Cabinet that he had observed many indications that there would be a big drive on the subject of German Colonies when Parliament re-opened and the question would have to be considered before Parliament met.

The Secretary of State for Foreign Affairs gave the Cabinet an account of a very secret conversation he had held on his way to Geneva with M. Blum. In the course of this conversation, the French Prime Minister had given an account of two conversations with Doctor Schacht in regard to the German economic difficulties and the vital importance to Germany of Colonies. Doctor Schacht had intimated that the German Government would like to have conversations at once with the British and French Governments with a view to some kind of a deal under which Germany in return for some Colonial concessions would give guarantees for peace in Western Europe, with an indirect guarantee to Great Britain and France that she would not attack Russia, and participation in a Disarmament Conference even though Soviet Russia was represented there. Doctor Schacht's attitude had subsequently been confirmed by Her Hitler.

The Secretary of State for Foreign Affairs had pointed out to M. Blum the great danger of conversations on the basis that we were willing to discuss Colonies while Germany had not indicated with any precision what she was prepared to do. At this interview, he had promised to send an interim reply which he had done after consultation with the Prime Minister and one or two of his colleagues. He read
to the Cabinet this reply, in the course of which he had pointed out that the British policy in regard to German Colonies was covered by his own statement in Parliament on the 27th July. In more recent conversations, M. Blum had regretted the resolution passed by the Conservative Party Conference at Margate which he thought closed the door to this negotiation. He himself had not accepted this view, and had pointed out that it was as well that Herr Hitler should appreciate the strength of public opinion in this matter.
9. The Secretary of State for Foreign Affairs gave an account of the circumstances in which the International Committee for the Application of the Agreement regarding non-intervention in Spain now sitting in London had been appointed on French initiative supported by our own Government. The arrangement was not 100 per cent effective but had reduced the quantity of arms and ammunition sent to Spain. The situation had recently been complicated by the Russian accusation against certain Powers, which had led to a somewhat violent meeting of the Committee. Nevertheless, the Committee still remained in being. The Soviet Government had recently sent a message to the effect that there was serious leakage through Portugal and that the British and French fleets ought to blockade that country. The Chairman of the Conference (Lord Plymouth) was about to reply that the procedure prescribed by the Conference itself of calling on the countries concerned to reply to charges made against them was being followed up and that the Russian proposal could not be brought before the Conference until the replies were received.

Information had recently been received which indicated that the Italians were breaking the rules in the Balearic Islands. The moment was peculiarly inopportune for bringing this matter before the Committee, but he proposed at the appropriate moment to consult the French Government and if they raised the matter, to promise to support it.

The Secretary of State was reminded that the Italian contravention was widely known
and was certain to be raised in Parliament and that there should not be undue delay in taking any action he deemed necessary.

The Cabinet were also informed that there was information that the Russians were sending aircraft to Barcelona.

The First Lord of the Admiralty who had recently returned from a visit to the Mediterranean reported that naval officers who had recently been in the Balearic Islands reported that the Italians were rather over-stressing their attitude and that the islanders were inclined to resent this.

The Secretary of State for Foreign Affairs said that he had received definite assurance from Italy that they had no designs on the Balearic Islands.

The Cabinet were reminded that information had been received to the effect that considerable quantities of arms and munitions were being sent to the Spanish Government from Mexico.
The Political Situation.

Question of Temporary Suspension of Immigration.

(Previous Reference: Cabinet 56 (35), Conclusion S.)

F.R. 54(36)

10. The Cabinet had before them the following Memoranda circulated by the Secretary of State for the Colonies for their information:

C.P.-254 (35), containing a copy of a Secret Despatch from the High Commissioner for Palestine, dated 12th September, 1935, regarding the political situation in Palestine and the question of the deportation of the Mufti, together with a copy of the Secretary of State’s reply, dated 1st October:

C.P.-260 (35), containing the text of a Secret Despatch from the High Commissioner expressing the view that, while temporary suspension of immigration might possibly be justified for political reasons, he was satisfied that it could not be defended, certainly not publicly, on those grounds, and that it was not at present justifiable on economic grounds.

The Secretary of State for the Colonies said that he had circulated the above memoranda only for information. He read to the Cabinet the following extract from a telegram which he had received that morning from the High Commissioner in Palestine:

"There has already been a very marked diminution of disorder and General Dill considers that there is now no need to issue the proclamation of delegation either before or after 19th October unless untoward developments take place."

He warned the Cabinet that very shortly he would have to bring before them the question of the continuance or otherwise of immigration while the Royal Commission was at work. He asked to place on record his gratitude to the Secretary of State for War for the assistance rendered by the Army Council.
11. The Prime Minister reminded his colleagues that a King's Speech would be required for Prorogation on Thursday, the 29th October, and a second King's Speech for the Opening of the New Session on Tuesday, the 3rd November. He proposed to follow a precedent and appoint a Cabinet Committee to prepare a draft for the consideration of the Cabinet.

The Secretary to the Cabinet had already warned the Private Secretaries concerned unofficially that paragraphs of the Speech on Prorogation should be sent to the Cabinet Office not later than 4 p.m. on Friday, the 16th October, and the paragraphs for the Speech on the Opening of Parliament not later than noon on Wednesday, the 21st October.

The Cabinet agreed:

(a) That a Cabinet Committee composed as follows -

The Chancellor of the Exchequer (In the Chair)
The Lord President of the Council
The Home Secretary
The Secretary of State for India
The Minister of Health

should meet to prepare, for the consideration of the Cabinet, drafts of the King's Speech on Prorogation and on the Opening of the New Session of Parliament; and that for the latter Speech the Parliamentary Secretary to the Treasury should be added to the Committee.

(b) That the Ministers concerned should send paragraphs for the Speech on Prorogation to the Cabinet Office not later than 4 p.m. on Friday, the 16th October, and paragraphs for the Speech on the Opening of Parliament not later than noon on Wednesday, the 21st October.
(c) That the Cabinet Committee should submit a draft of the Speech on Prorogation to the Cabinet in time for consideration on Wednesday, the 21st October.

(d) That the Cabinet Committee should submit a draft of the Speech for the Opening of Parliament to the Cabinet in time for consideration on Wednesday, the 28th October.
19. The First Lord of the Admiralty gave the Cabinet a brief description of his recent visit to the Mediterranean, in the course of which he had visited Malta, Gibraltar and Cyprus. He had discussed the defences of Malta and Gibraltar and he understood that proposals for improving the present position would shortly be submitted to the Committee of Imperial Defence. He was satisfied that, while Malta could not be made invulnerable, it could be rendered difficult for attack even by Italy. In the case of Gibraltar, the features that struck him were the lack of anti-aircraft artillery and the fact that not a single gun pointed towards Spain and, above all, the importance of providing an aerodrome — though admittedly, this was a matter of the utmost difficulty. So far as Cyprus was concerned, he hoped to submit proposals to the Committee of Imperial Defence of a much less costly nature than those which had hitherto been mentioned.
The Cabinet had before them C.P.-259 (36)) containing the Report of a Sub-Committee of the Committee of Imperial Defence on the Vulnerability of Capital Ships to Air Attack (C.I.D. Paper No. 1258-B) together with an extract from the Draft Minutes of the 282nd Meeting of the Committee of Imperial Defence when the recommendations made in the above Report were considered. The conclusions reached by the Committee of Imperial Defence were as follows:

"(a) To approve the Report of the Sub-Committee on the Vulnerability of Capital Ships to Air Attack (C.I.D. Paper No. 1258-B);

(b) To ask the Minister for Co-ordination of Defence, with the assistance of Sir Maurice Hankey, to prepare a White Paper for submission to Parliament, containing the conclusions and recommendations in the Report (C.I.D. Paper No. 1258-B); this should be as full as possible, subject to the requirements of secrecy;

(c) That the Naval Staff and the Air Staff should arrange between them the best method for continuing the experiments recommended in the Report with the cooperation of the General Staff in those relating to anti-aircraft defence. They should render a statement of progress to the Committee of Imperial Defence after a period of six months;

(d) That the Admiralty and Air Ministry (and War Office where concerned) should co-operate in the selection of impartial witnesses of the experiments to be undertaken, who might render good offices as assessors in cases where professional opinion may differ;

(e) To refer the Report of the Sub-Committee (C.I.D. Paper No. 1258-B), together with the Minutes of the Committee of Imperial Defence thereon, to the Cabinet for information;

(f) To invite the attention of the Home Defence Committee and any other sub-committee that may be concerned to Conclusion 12, paragraph 60, of the Report (C.I.D. Paper No. 1258-B) regarding the necessity for adequate air defence of our Naval ports and docking facilities upon which our capital ships rely."

The Cabinet took note of and approved the above conclusions.
14. The Cabinet had before them a Joint Note by the Financial Mission the Chancellor of the Exchequer and the President of the Board of Trade (C.P.-251 (35)) circulating for the consideration of their colleagues a Report by Sir Frederick Leith-Ross, prepared at their request, summarising his impressions and suggestions on the conclusion of his recent Mission to China.

The Cabinet agreed:

(a) That Sir Frederick Leith-Ross' recent report should be referred to the Cabinet Committee on Political and Economic Relations with Japan.

(b) That the Secretary of State for the Colonies should be added to the Committee for the purposes of the inquiry.
15. The Cabinet had before them a Memorandum by the Secretary of State for Dominion Affairs (C.P.-247 (35)) informing his colleagues that at a banquet given by the Government of the Union of South Africa on September 7th to the delegates to the Transport Conference, General Hertzog had proposed the following toasts of Heads of States represented at the Conference:

1. The King of the Belgians,
2. The President of France,
3. His Majesty the King of the United Kingdom of Great Britain and Northern Ireland,
4. The President of Portugal,

after which the Governor of Angola had proposed the health of "His Majesty King Edward VIII, Sovereign of the Union of South Africa. In effect this procedure amounted to:

(a) An express adoption by the Union Government at a public banquet, at which representatives of foreign Governments and the press were present, of the theory of the indivisibility of the Crown, which we and at any rate certain other Dominions do not share:

(b) The inclusion of the King as one in a list of "foreign" Heads of States.

Representations had been made to General Hertzog by the Acting United Kingdom High Commissioner, but General Hertzog took the line that the question of whether the Crown was or was not indivisible was not one for decision by Governments or the Imperial Conference, but must be settled on facts, and that the facts showed that there was undoubtedly a "King of South Africa"; he insisted most emphatically that there was no other way in which the toast-list could have been framed, and said that it would be better for him to resign and hand over the country to the Republicans than to go back on the attitude he had adopted. On September 15th, however, at the Governor-General's dinner to visiting Governors after the opening of the Empire Exhibition, the toast-list was unexceptionable from the United Kingdom point of view.
The Secretary of State for Dominion Affairs informed the Cabinet that the High Commissioner, who had lately been on leave in this country, had been asked to keep an eye on the question and to take any favourable opportunity to improve the situation.

The Cabinet took note of CP.247 (35)
16. The Cabinet had before them a Memorandum by the Secretary of State for India (C.P.-216 (36)) submitting for the approval of his colleagues a proposal by the Government of India that, in the present state of communal tension in the Punjab, the Punjab Government should be permitted to use tear gas against unlawful assemblies, provided that:

(a) Suitable equipment and police trained in its use are available; and
(b) The Local Government is satisfied that the occasion and circumstances are appropriate for the use of tear gas.

The Secretary of State asked that he should further be authorised, if successful results should be obtained, to permit any other Local Government which might wish to follow the example of the Punjab to use tear gas on the same conditions.

The Cabinet approved the proposals of the Secretary of State for India set forth in C.P.216(36) and summarised above.
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The Cabinet approved the proposals of the Secretary of State for India set forth in C.P.216(36) and summarised above.
POWERS OF COMMAND 17. The Cabinet had before them a Memorandum by the Secretary of State for War (C.P.-243 (36)) relating to the regulation of the powers of command to be exercised by the new type of Indian commissioned officers over British personnel of the Army in India. This question had formed the subject of exhaustive correspondence and discussion between all parties concerned, and eventually a compromise was arrived at and expressed in King's Regulations, with His Majesty's approval, in the following terms:

"Such power will be exercised on such occasions as may be appointed by the officer commanding the station, brigade, brigade area, district or command, or by the C-in-C. in India, as regards such personnel serving together under their command."

This wording made it clear that power of command should be exercised on specific occasions, but the matter had been dealt with in Indian Army Order 799 of 1935 as follows:

"H.E. the C-in-C., under the power conferred upon him by King's Regulations ... is pleased to order that Indian commissioned officers shall on all occasions exercise power of command in relation to the personnel of the British Army in India, subject to any restrictions which may be imposed as regards such personnel serving together under their command by the officer commanding the station, brigade, brigade area, district or command."

Although such an instruction was contrary to the plain intention both of the paragraph and of the parties concerned in the preliminary discussions, the Secretary of State for War had reluctantly decided, for reasons set forth in the Memorandum, to acquiesce in the above Indian Army Order. He reported the matter for the information of the Cabinet, however, as the Order had been the subject of comment in the public press, and the arrangement approved by it might conceivably produce incidents which would be the subject of Parliamentary enquiry.
The Cabinet took note of the memorandum by the Secretary of State for War (C.P. 248(36)) as summarised above.
In accordance with the Conclusion mentioned in the margin, the Cabinet again had before them a Memorandum by the President of the Board of Trade (C.P.-203 (36)) covering the draft of a Bill prepared with the object of giving effect to an obligation under an International Convention adopted at Geneva in 1929 and ratified by His Majesty's Government in June, 1931, to adopt or propose within five years measures necessary to enforce the following prohibitions:-

(a) Imitations of the Red Cross Emblem or of the words "Red Cross" or "Geneva Cross", and

(b) The arms of the Swiss Confederation (i.e., the Red Cross Emblem with the colours reversed) and imitations thereof.

The arguments put forward in the Memorandum showed that the prospect of legislation on this subject was disagreeable, although the obligation to legislate in the interests of Switzerland still remained. The President of the Board of Trade felt unable to make any recommendation to the Cabinet on the question, and desired to know which of the following alternatives should, in their opinion, be adopted:-

(1) To tell the Swiss Government that, owing to the great difficulty of passing legislation now, we could not implement our obligation by the due date (December 23, 1936),

or

(2) To introduce the necessary legislation in the autumn, and, should considerable opposition develop, to drop the Bill.

The Secretary of State for Foreign Affairs reminded the Cabinet that we had given a definite undertaking to take action. The least the Government could do would be to introduce the Bill and not to press it if there was very strong opposition.
The Secretary of State for India asked to be informed if the necessary legislation was not to be introduced.

The Secretary of State for Dominion Affairs said there were two Dominions which were in the same position as ourselves, insomuch as they had undertaken to take action, but whose position depended on the action taken by this country.

The Cabinet agreed:

To refer the question in the first instance to the Committee on the King's Speech.
19. The Cabinet had before them a Memorandum by the President of the Board of Trade (C.P.-257 (36)) on the question of obtaining Parliamentary sanction for the recommendations contained in the Report of the Departmental Committee on Fixed Trusts (Cmd.5259), a summary of which was annexed to the Memorandum. The general conclusion of the Committee was that the "Unit Trust" — a title suggested by the Committee to cover both Fixed and Flexible Trusts — when properly conducted offered the small investor facilities which he did not previously enjoy for acquiring a particular type of investment, and that accordingly the movement was one which should be controlled but not prohibited. The Committee had expressed themselves as against the setting up of an authority without whose licence Unit Trusts could not be formed or enlarged, and had proceeded to make a number of detailed recommendations for safeguarding the interests of the potential and actual investor. Early legislation being desirable, the President of the Board of Trade asked authority to have the necessary Bill drafted for submission in due course to the Committee of Home Affairs with a view to introduction early next Session. At the end of his Memorandum, however, the President emphasised that certain dangers were inherent in the Unit Trust movement which would not be eliminated by the proposed legislation: e.g., the movement had prospered on the foundation of a rising market in securities, and no-one could foretell what would happen in times of depression.
The Cabinet approved the proposals of the President of the Board of Trade as set forth in C.P.257 (36) to have the necessary Bill drafted for submission to the Committee of Home Affairs with a view to introduction early next session.
The Chancellor of the Exchequer referred to a passage in his speech at the Annual Meeting of the Conservative Party at Margate in which he had spoken of the importance of measures for improving the physique and health of the nation by such measures as physical training. He had received many letters favourable to the idea, and none in an adverse sense, and the idea had caught the attention of the public. He suggested that a small Cabinet Committee should be appointed to consider what should be done.

The Chancellor of the Exchequer's idea met with general support.

The Cabinet agreed —

That a Cabinet Committee, composed as follows, —

The Chancellor of the Exchequer (in the Chair),
The Home Secretary,
The President of the Board of Education,
The Minister of Health,
The Minister of Labour, —

should be appointed to examine the question of measures for improving the physique of the nation and to make proposals.
21. In the course of the discussion on the preceding question the Minister of Health informed the Cabinet that he had received reports that caused him some anxiety as to the medical condition of the population in some of the special areas, particularly in South Wales. There was evidence of physical deterioration which in some cases affected the children. He asked if, in connection with the armament programmes, something could not be done to bring hope and life to some of these districts, for example, Merthyr Tydfil. He was reluctant to ask for special arrangements for feeding, but that might become necessary. The very fact that the remainder of the country was prosperous aggravated the misfortunes of these districts.

The Prime Minister pointed to the danger that the districts in question would think that no-one cared about them, as this provide fertile soil for Communism.

The Minister of Labour said that he had examined a remarkable list of actions taken to improve the situation in the special areas, as well as a catalogue of proposals that it had not been possible to carry out. What remained was an appeal to industrialists to establish manufactories in these districts. The late Commissioner for the South Wales area had taken some steps in this direction, but in the form of a roneo-ed letter, which had probably been overlooked by many of the 7,000 industrialists to whom it had been addressed. He was trying to devise a more effective form of appeal.

The Minister for Co-ordination of Defence said that his duty, in conjunction with the Service Ministers, was to press forward the defensive
programmes, and at the moment he was confronted with great difficulties in regard to labour, and especially building labour. If they were to put, for example, an aeroplane factory in South Wales, the skilled labour would not be available and four years would be lost before a single aeroplane could be produced. If he was told by the Cabinet that he was to put the interests of the special areas in front of the defensive programmes, he could do it; but if the programmes were to advance at maximum speed we could not afford to establish them in South Wales. Finance was not the difficulty, as one of his colleagues had suggested. He added that he would be deceiving the Cabinet if he gave any other reply.

The Secretary of State for Air said that he had already succeeded in promoting a good deal of work in Lancashire by an ascertainment of firms which could undertake work as sub-contractors to the main contractors of the Air Ministry. He had recommended Sir Robert Horne, the Chairman of the Industrialists Committee on the Special Areas, to adopt a similar procedure, and he understood that this would be investigated. He had also asked the Air Ministry to look into the possibilities of South Wales for the establishment of underground petrol storage, if this should be approved.

The Minister for Co-ordination of Defence said that another possibility for Wales was in the production of liquid fuel from coal, whether by the Billingham process or the Fischer process, both of which were uneconomic but might become necessary on defence grounds.

The President of the Board of Education added that before Christmas he would be publishing the
Annual Report on the Health of School Children, which would reveal some unpleasant facts about the health of children in South Wales.

The Chancellor of the Exchequer thought it would be premature to take a decision at that meeting on such a short discussion, but if health was deteriorating he agreed that something must be done. He was more than doubtful as to the wisdom of adopting a completely uneconomic decision.

The subject, which was not on the Agenda Paper of the Cabinet, was adjourned.
22. The Prime Minister informed the Cabinet that he had received an intimation from The King that His Majesty would be glad if Cabinet Papers, other than Cabinet Conclusions, could be circulated to His Royal Highness The Duke of York. He had gladly acceded and had instructed the Secretary to make the necessary arrangements.
23. The First Lord of the Admiralty reported that a week or two ago an episode had occurred on board H.M.S. Guardian when the hands had not fallen in when ordered and ten minutes had elapsed before the order was obeyed. The Admiralty had made some investigation and had come to the conclusion that the crew had not intended any mischief, but the ringleader was a man who had been suspected in the past of a mischief of the same kind. As a Court Martial would take place on the morrow and would receive some publicity, he wished his colleagues to know what had occurred.

2, Whitehall Gardens, S.W.I.

14th October, 1936.
CABINET 58 (36)

Meeting of the Cabinet to be held at No.10 Downing Street, S.W.1., on WEDNESDAY, 21st OCTOBER, 1936, at 11.0 a.m.

AGENDA

1. FOREIGN AFFAIRS.
   (a) Preparations for the Five Power Conference.
       (Reference Cabinet 57 (36) Conclusion 7)
       Memorandum by the Secretary of State for Foreign Affairs,
       C.P. 268 (36) - to be circulated.
   (b) The Situation in Spain - (If required)
       (Reference Cabinet 57 (36) Conclusion 9)

2. THE SITUATION IN PALESTINE - (If required)
   (Reference Cabinet 57 (36) Conclusion 10)

3. THE KING’S SPEECH ON THE PROROGATION OF PARLIAMENT.
   (Reference Cabinet 57 (36) Conclusion 11)
   Draft Speech prepared by Cabinet Committee.
   C.P. 264 (36) - to be circulated

4. GOVERNMENT BUSINESS: LEGISLATIVE PROGRAMME FOR THE 1936-37 SESSION.
   3rd Conclusions (36) of Committee of Home Affairs, covering classified list of Bills. - to be circulated.
5. CONCLUSIONS OF HOME AFFAIRS COMMITTEE (OTHER THAN THOSE CONCERNED WITH THE LEGISLATIVE PROGRAMME).

8th Conclusions (36) of Committee of Home Affairs - to be circulated.

(i) Trade Marks Bill.

(Reference Cabinet 30 (36) Conclusion 7).
Memorandum by the President of the Board of Trade, covering draft Bill.
H.A. 25 (36) - already circulated.

(ii) Trunk Roads Bill.

(Reference Cabinet 49 (36) Conclusion 3).
Memorandum by the Minister of Transport, covering draft Bill.
H.A. 34 (36) - already circulated.

6. UNEMPLOYMENT INSURANCE (AGRICULTURE) - PRIVATE GARDENERS.

(Reference Cabinet 56 (35) Conclusion 9).
Memorandum by the Minister of Labour.
C.P. 267 (36) - already circulated.

(Signed) M. P. A. MANKEY.
Secretary to the Cabinet.

2, Whitehall Gardens, S.W.1.
October 19th, 1936.
CONCLUSIONS of a Meeting of the Cabinet held at
10, Downing Street, S.W.1., on WEDNESDAY,
the 21st October, 1936, at 11.0 a.m.

PRESENT:
The Right Hon. Stanley Baldwin, M.P.,
Prime Minister. (in the Chair).

The Right Hon. J. Ramsay MacDonald, M.P.,
Lord President of the Council.

The Right Hon. Sir John Simon, G.C.S.I., K.C.V.O.,

The Right Hon. The Viscount Halifax, K.G.,

The Right Hon. Malcolm MacDonald, M.P.,
Secretary of State for Dominion Affairs.

The Most Hon. The Marquess of Zetland, G.C.S.I.,
G.C.I.E., Secretary of State for India.

The Right Hon. Walter Runciman, M.P.,
President of the Board of Trade.

The Right Hon. Walter Elliot, M.C., M.P.,
Minister of Agriculture and Fisheries.

The Right Hon. Sir Kingsley Wood, M.P.,
Minister of Health.

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

The Right Hon. Anthony Eden, M.C., M.P.,
Secretary of State for Foreign Affairs.

The Right Hon. A. Duff Cooper, D.S.O., M.P.,
Secretary of State for War.

The Right Hon. The Viscount Swinton, G.B.E.,
M.C., Secretary of State for Air.

The Right Hon. W. Ormsby-Gore, M.P.,
Secretary of State for the Colonies.

The Right Hon. Sir Thomas Inskip, C.B.E., K.C.,
M.P., Minister for the Co-ordination of Defence.

The Right Hon. Oliver Stanley, M.C., M.P.,
President of the Board of Education.

The Right Hon. Ernest Brown, M.C., M.P.,
Minister of Labour.

The Right Hon.
The Earl Stanhope, K.G., D.S.O.,
M.C., First Commissioner of Works.

1. The Prime Minister read a letter, dated October 19th, which he had received from Mr Attlee, the Leader of the Labour Opposition, expressing grave concern as to the situation in Spain and suggesting that in view of the increasing gravity of the position the Prime Minister should consider the immediate summoning of Parliament. He then read a draft of the reply which, subject to the approval of the Cabinet, he proposed to send. The effect of this draft reply was to point out that an International Committee in London was engaged in the work of investigating certain allegations which had been made; that the policy of the Government was not only to carry out loyally their own undertaking not to send arms to Spain but also to promote in every way possible the execution of the terms of the international agreement on the subject; that the work of the Committee would not be materially assisted and that the limitation of the conflict in Spain would not be affected by the summoning of Parliament a few days earlier than it was due to meet; and that consequently he did not think it desirable to request Mr Speaker to summon Parliament earlier than October 29th. At the same time he would be prepared to arrange that a Debate on the Situation in Spain should take place on the day on which Parliament re-assembled, namely, October 29th. The Prime Minister added that the effect of this was likely to be to postpone until October 30th the prorogation of Parliament.

The Cabinet approved the draft reply proposed by the Prime Minister, which, together with Mr Attlee's letter to the Prime Minister, is attached as Appendix I to these Conclusions.
The King's recent Announcement.

2. The Secretary of State for Foreign Affairs referred to a declaration recently made by the King of the Belgians on the attitude of Belgium towards the present European situation, and more particularly towards the proposed new Locarno Treaty. There was nothing particularly new, so far as our knowledge of the Belgian attitude was concerned, in what the King had said. The Belgian Foreign Minister had, in conversations at Geneva, expressed similar views, and before the Foreign Secretary went to Geneva the Committee of Imperial Defence had examined the effect of the Belgian desire to be a guaranteed but not a guarantor country. The difficulty arose mainly from the unfortunate manner in which the announcement had been made. The root cause of the announcement was the internal politics of Belgium. The Flemings, who had always been somewhat anti-French, had become more so owing to the Franco-Soviet pact. Their support, however, was necessary to the Government in order to secure the passage of their armament programme. The Belgian Government had miscalculated the international effect of this announcement in the manner of Herr Hitler. The Secretary of State himself had had several conversations with the Belgian Ambassador, and the difficulties had partly been cleared up. The outstanding difficulty, however, arose out of the declaration of March 19th, when the Belgian, French, British and Italian Governments had declared that nothing that had happened before or since the breach of the Treaty of Locarno should be considered as having freed the signatories from any of their obligations or guarantees, which subsisted in their entirety. How far was that affected by the Belgian action? The British position obviously was not directly affected, as we had undertaken to stand by the United Kingdom under Locarno. But we had undertaken in March to stand by the
He suspected the Belgian attitude to be that they would stand by the old Locarno Treaty except insofar as concerned the guarantee that they gave therein to France. The question arose as to whether he was to press Belgium on the point. He was inclined to take no action for the moment and leave it to France to clear the matter up, which he understood the French Government intended to do in their own time. The only difficulty was that the question might be raised in Parliament.

In a short discussion on this point it was suggested that a Question might be asked in Parliament as to how we stood in the matter of the Locarno Treaty and the declaration of March 19th, which was drawn up on the assumption that all were bound by Locarno. The Government might be asked as to whether Belgium was still bound, and, further, as to whether this country was still bound.

One view was that it would be rather risky to give an affirmative answer to the latter question, as involving an unpopular commitment. Another point of view was that it would be a mistake to say anything which threw doubt on the validity of the Locarno engagement and that it would be better to take at its face value the Belgian statement that "The King's speech does not in any way affect the obligations by which Belgium is bound". If that were done, the question as to the British obligation would not arise.

The Cabinet agreed with the Secretary of State for Foreign Affairs —

(a) That he should leave to the French Government in their own time to ascertain the precise attitude of the Belgian Government towards the existing Locarno Treaty.
(b) That if the question of the Belgian attitude was raised in Parliament, he should quote the Belgian declaration that the King's speech does not in any way affect obligations by which Belgium is bound.
3. The Cabinet had before them a Note by the Secretary of State for Foreign Affairs (C.P.-266 (36)) circulating in combined form the recent correspondence regarding the preparations for the proposed Conference of the five Locarno Powers.

The Secretary of State for Foreign Affairs recalled that on September 17th we proposed non-aggression and guarantee arrangements as in the Locarno Treaty, supplemented by guarantees for the United Kingdom from Germany and France. The French agreed; the Belgians, though their official reply is still outstanding, do not want to give the guarantees to France and Germany which they gave in the Locarno Treaty; the Italians prefer an agreement going no further than the old Locarno Treaty; the Germans prefer an agreement with the same non-aggression and guarantee arrangements as in Locarno. The importance of the German attitude was that, when considering an Air Pact, they were willing to give this country a guarantee. They now proposed that the Air Pact should be swallowed into the Locarno Treaty, and consequently we should receive no guarantee.

So far as exceptions to the Treaty were concerned, we wished to except self-defence and action under the Covenant, as in Article 2 of the Locarno Treaty; the French agreed, and wanted a special provision intended to cover their commitments in Central and Eastern Europe, on the understanding that those commitments fell within the Covenant; the Belgians had so far expressed no opinion; the Germans wanted no exceptions. Neither the Germans nor the Italians would accept the exceptions required by the French Government. So far as the League of Nations was concerned, we claimed that
So far as the League of Nations was concerned, we claimed that violation of the non-aggression undertaking was a matter for the League: ultimately, even in the case of a flagrant aggression this was the case. The French agreed; the Belgians and Italians had expressed no view; the Germans did not consider it necessary or appropriate to submit this question to the League of Nations.

Everyone accepted our views as to the completion of the new agreement by arbitration and conciliation arrangements as in Locarno.

The situation, therefore, was far from easy. As soon as the Belgian official answer was received he proposed to collate the replies and to ask the Cabinet for a discussion.

The Prime Minister asked that the Secretary of State for Foreign Affairs should, if possible, circulate a memorandum on the question before the end of the week, with a view to a discussion at the next regular weekly Meeting of the Cabinet.
4. The Secretary of State for Foreign Affairs drew the attention of the Cabinet to telegrams he had sent on the previous day to the British Chargé d'Affaires at Madrid and to the British Ambassador to Spain, at Hendaye, with a view to mitigating the dangers to, or sufferings of, non-combatants, including an urgent appeal on purely humanitarian grounds to the authorities on both sides to come to an agreement for an exchange of hostages, and more especially for the release and removal into some place of safety of women included among the hostages. In addition, the good offices of His Majesty's Government were offered. He had thought it right, in the present situation, not to delay action until after the meeting of the Cabinet.

The Cabinet warmly endorsed the action of the Secretary of State for Foreign Affairs.
5. The Secretary of State for Foreign Affairs recalled that the International Committee on Non-Intervention had asked the Portuguese, Italian and German Governments to reply to certain charges made by the Soviet representative on the Committee. An answer had been requested by Friday next, but no reply had been received as yet. The Italian and German Press seemed to indicate that their respective Governments were in no hurry, which gave the impression that they would not be averse to a breakdown. He himself proposed to see the three Ambassadors concerned the same afternoon and to ask for a reply before Friday, even if it were only of an interim nature. He thought it unavoidable that the International Committee should meet again on Friday. Meanwhile the Foreign Office had received details of certain alleged infractions, of which he handed round particulars. (Appendix II.)

After a short interval for study of the memorandum a discussion followed on the question of whether the Secretary of State for Foreign Affairs should bring these alleged breaches of the agreement to the notice of the International Committee.

It was pointed out that the more specific evidence was against the Soviet Government, the evidence of Italian breaches being less definite. It was undesirable to give the appearance of making accusations against one Government only. It was recalled, however, that His Majesty's Government had taken a lead in bringing to the notice of the Committee the allegations of the Spanish Government against certain other Governments, including the Italian Government.

The Cabinet were reminded that when Parliament met the Government were certain to be asked questions as to what evidence of breaches of the agreement they had
received, and it would then be necessary to make some
disclosures. In these circumstances, while it was
most important to avoid any action calculated to
jeopardise
the international agreement, it seemed unavoidable
to bring the evidence, where it was sufficient, to
the notice of the Committee.

It was suggested that this might be accomplished
by stating that the information we have is not
definite enough to justify the bringing of specific
charges. We felt, however, that we ought to supply
the Committee with such information as we had, which
went to show that some infractions had taken place
on both sides. It would then be for the International
Committee to take such action as it thought fit.

A suggestion was made that it might be advisable
to give notice to the Ambassadors of the countries
concerned — Russia and Italy — of the proposed
action.

The Cabinet agreed —

(a) That the Secretary of State for
Foreign Affairs should prepare a
Memorandum, in the light of the
Cabinet discussion, for considera-
tion by the international Committee:

(b) That if some new factor should arise,
such as an announcement by some other
Power of its intention to communicate
evidence of a breach of the agreement,
he should consult the Prime Minister
as to the expediency of communicating
his Memorandum to the Committee.
6. The Secretary of State for Foreign Affairs informed the Cabinet that if the insurgents captured Madrid he proposed to recognise them as belligerents. The significance of this was contained in the following note by the Naval Staff, which, in the absence of the First Lord of the Admiralty, had been sent to the Secretary and was read to the Cabinet:

"It is understood that the Foreign Office have it in mind to suggest that the Spanish insurgents should be recognised as belligerents when Madrid falls.

From the Naval point of view the effect of this would be to confer belligerent rights at sea upon both sides in the Spanish Civil war. These rights would include the right of blockade (if a blockade could in practice be made effective) and the right to seize contraband on the high seas. For example, the insurgent warships would be legally within their rights in capturing Russian ships on the high seas conveying arms to their opponents. The same would apply to cargoes of arms and other contraband in British ships."

The Secretary of State for Foreign Affairs added that in normal circumstances the insurgents would, in accordance with precedent, have been recognised as belligerents some time ago but for the international agreement of non-intervention.

The Cabinet approved the proposal of the Secretary of State for Foreign Affairs.
7. The Secretary of State for the Colonies said that he would ask the Cabinet for certain decisions in regard to Palestine at their next regular weekly meeting.
8. The Cabinet had under consideration a draft of the King's Speech on the Prorogation of Parliament (C.P.-264 (36)) in the form suggested by the Cabinet Committee appointed at the meeting referred to in the margin.

The Cabinet discussed the draft paragraph by paragraph and agreed that certain alterations should be made as follows:

Page 1, third paragraph:

A re-draft should be made so as to avoid the repetition of the word "which".

Page 1, fourth paragraph:

For the words "is of happy augury for the future" put "has set a happy example".

Page 1, fifth paragraph, line 2:

It was pointed out that the word "remains" ought to be "remain" as elsewhere in the draft the usual practice had been followed/referring to the Government in the plural.

Page 1, seventh paragraph:

For the following sentence:

"My Government have given, and will continue to give, the fullest encouragement to all practical humanitarian efforts etc."

put words to the following effect -

"My Government have spared no pains to promote and encourage humanitarian efforts etc.

(N.B. An alternative to the word "pains" will be necessary since the word "pain" appears in the first line of the paragraph.)

Page 2, first paragraph:

Attention was drawn to the juxtaposition of the word "steadily" in the first paragraph and the word "steady" in the first line of the second paragraph.
Page 2, second paragraph:

It was felt that the following sentence:-

"Levels of unemployment have been generally reduced during several successive months."

should be strengthened possibly, for example by a reference to the remarkable and continuous increase in employment, which has maintained a high and progressive level over many months.

The Cabinet Committee was asked to consider the desirability of inserting words to suggest that schemes for amelioration had engaged the attention of the Government in connection with the distressed areas.

Page 2, fifth paragraph:

The Ministers of Health and Education were asked to concert a paragraph in which attention would be drawn to what had already been provided for by legislation, with a view to making a start with the campaign for the physical education of the people.

It was pointed out to the Cabinet that there was no reference to Palestine, which had bulked somewhat largely during the present Session of Parliament.

The Cabinet were informed, however, that the Cabinet Committee had expressly reserved a reference to Palestine until the King's Speech on the Opening of Parliament, when the subject could be debated.

The Cabinet agreed:

To approve generally the King's Speech on the Prorogation of Parliament as submitted in C.P. 254 (36), subject to revision in the light of the discussion by the Cabinet Committee.

(See also the following Conclusion relating to Government Business.)
9. The Cabinet had under consideration a Note by the Secretary to the Committee of Home Affairs (H.A.-23 (36)) covering classified lists of Bills suggested by Departments for the Parliamentary Session 1936-37 (See Appendix): together with the following Conclusion thereon by the Committee of Home Affairs (H.A.C. 8th Conclusions (36) 1):

"To recommend the Cabinet to adopt the following classification of the Bills named in Paper H.A.-23 (36), on the understanding that it will be for the Cabinet to determine the order of priority and relative importance of the Bills within each of the respective lists:

(A) Annual or Compulsory Bills.
(B) Urgent or Essential Bills and Orders in Council (other than those named in (A) above).
(C) Useful Bills, mainly non-controversial.
(D) Other Bills not yet ready, or Bills required in certain events.
(E) Consolidation Bills.

The Committee's detailed conclusions on the Bills set out in H.A.-23 (36) are contained in Appendix III, Appendix III.

The Home Secretary who had taken the chair in the absence of the Lord Chancellor at the Committee on Home Affairs warned the Cabinet that he would have to ask for the addition of one important Bill to those included in the list submitted by the Home Affairs Committee, namely, a Bill in respect of Public Order. The Cabinet Committee appointed at the meeting referred to in the margin had not yet completed its work, but all were agreed that legislation would be necessary probably in respect of the difficult matter of uniforms, military organisation for political purposes and the control of processions. He hoped
FOREIGN PARTY ORGANISATIONS IN THE UNITED KINGDOM.

(Previous Reference: Cabinet 55 (36) Conclusion 18)

to be in a position to submit further details next week, after which it would be necessary to approach the Opposition Leaders.

The Secretary of State for Foreign Affairs asked whether the Cabinet Committee could also consider further the question of Foreign Organisations in this country, which had also been mentioned at a meeting of the Cabinet earlier in the year referred to in the margin.

The Home Secretary said that in due course this might be possible, but he asked that this should not be referred to the Committee until its present reference was disposed of.

The Chancellor of the Exchequer as Chairman of the Committee on the King's Speech asked whether that Committee was expected to express an opinion as to the priority of the different Bills in the list submitted by the Committee on Home Affairs.

The Cabinet agreed:

(a) To approve generally the recommendations of the Committee on Home Affairs as set forth above.

(b) To take note that it will be necessary to add to the Committee's list a Bill on Public Order.

(c) That a decision as to whether the question of Foreign Party Organisations in the United Kingdom should be referred to the Cabinet Committee on Public Order, should be reserved until after the Committee had disposed of its present reference.

(d) That the Cabinet Committee on the King's Speech should be asked to give consideration to the order of importance, from a Parliamentary point of view, of the principal Bills in the list submitted by the Committee on Home Affairs, with a view to assisting the Prime Minister and the Parliamentary Secretary to the Treasury in the Parliamentary Programme.
(e) To take note that if the Committee on the King's Speech desired it, the Prime Minister was prepared to hold a special meeting of the Cabinet to consider any particular points of difficulty arising in connection with the order of priority of the various Bills referred to in (d).
10. The Cabinet had under consideration a memorandum by the President of the Board of Trade (H.A.-25 (36)) covering the draft Trade Marks Bill, designed to amend the Trade Marks Acts, 1905 to 1919, which in certain important respects had become out of harmony with modern business methods: together with the following recommendation by the Committee of Home Affairs thereon (H.A.C. 8th Conclusions (36), Minute 2):

"To authorise the introduction, on or after 17th November next, in the House of Lords, of the Trade Marks Bill, in the form of the draft annexed to H.A.-25 (36), subject to any drafting or other minor alterations that might be found necessary or desirable".

The Cabinet approved the above recommendation by the Committee on Home Affairs.
11. The Cabinet had under consideration a Memorandum by the Minister of Transport (H.A.-24 (36)) covering the draft Trunk Roads Bill, with the object of transferring to the Minister of Transport the complete administrative and financial responsibility for some 4,500 miles of road forming important through routes (other than such parts of those routes as lie within the administrative County of London, a County Borough or a large Burgh in Scotland): together with the following Conclusion by the Committee of Home Affairs thereon (H.A.C. 8th Conclusions (36), 3):

"(1) To draw the special attention of the Cabinet to the question of principle raised in para. 7 of the Minister of Transport's Memorandum (H.A.-24 (36)) regarding the claim by certain Local Authorities for relief in respect of loans and loan charges for trunk road works incurred by them in the past.

(2) Subject to (1) above and to any drafting or other minor alterations that might be found necessary or desirable, to recommend the Cabinet to authorise the introduction forthwith in the House of Commons, with a view to its passage into law before Christmas, 1936, of the Trunk Roads Bill in the form of the draft annexed to H.A.-24 (36)."

The Lord Privy Seal said he understood that it was desired to pass this Bill before the Christmas Recess. He hoped that it would be sent to the House of Lords in ample time and he had been warned that this ought to be by the 1st December.

The Prime Minister said he did not know whether this would be possible, but he would take note of the point.

A suggestion was made that the Bill might be introduced in the House of Lords, but it was thought that financial considerations were involved and the Prime Minister said no decision could be
taken on the point without consultation with the Minister of Transport.

The Cabinet approved the second recommendation of the Committee on Home Affairs and left the question of principle referred to in Conclusion 1 to the Ministers concerned.
12. The Cabinet had before them a Memorandum by the Minister of Labour (C.P.-267 (36)) stating that a unanimous Report by the Unemployment Insurance Statutory Committee had now recommended that private gardeners, numbering about 125,000, should be brought into Unemployment Insurance under the agricultural scheme, and proposing, with the assent of his colleagues, to lay the necessary draft Order soon after the meeting of Parliament. The Minister suggested January 4, 1937, as the date of commencement of payment of contributions, if Parliamentary approval of the necessary resolutions could be obtained by the middle of November. The Exchequer contribution would be rather more than £100,000 a year, but this amount should be more than off-set by the saving to the Exchequer as from April 1, 1937, of the cost of unemployment allowances which would otherwise have been payable to unemployed private gardeners.

The Cabinet approved the proposal of the Minister of Labour as set forth in his memorandum C.P. 267 (36) and summarised above.
13. The Prime Minister read to the Cabinet a letter from Mr Collins, the son of the late Secretary of State for Scotland, expressing his gratitude and thanks, and those of his sister and grandmother, to all the members of the Cabinet for their kind messages of sympathy. Mr Collins recorded that his father had lived the happiest years of his life working in close contact with his colleagues in the Cabinet. He and his family were proud that he had had this distinction.
14. The Chancellor of the Exchequer apologised for having to bring this question to the Cabinet without circulating papers. His colleagues would recollect that at a meeting held at the invitation of the Lord Mayor of London last March, it was resolved that the Memorial to His late Majesty King George V should take the form of —

1. A statue to His late Majesty in London in some noble setting.

2. A philanthropic scheme of a specific character which would benefit the whole country and which could be in the late King's name.

A Committee was appointed to advise the most appropriate means by which effect could be given to this resolution, and it was finally decided that for the first of these purposes an area of ground at Abingdon Street immediately opposite the Houses of Parliament should be acquired, cleared of existing buildings and laid out as an open space, in the centre of which a statue of the late King should be erected.

For the second purpose it was decided that the most suitable project was the provision of playing fields for young people and children throughout the country.

These decisions were reached on the sole responsibility of the Lord Mayor's Committee. They had had before them various alternatives, including a proposal for the maintenance as an open space of the site in Parliament Square which was recently acquired by the Middlesex County Council at great cost, towards which the Council have more than once urged the Government, without success, to contribute, as an entirely separate improvement scheme. Before the Lord Mayor's Committee reached their decisions, the Prime Minister and he himself had informed a deputation of members of Parliament
that they would not refuse to consider a contribution to either the Abingdon Street or the Parliament Square improvement scheme if one or other were adopted by the Committee.

The full Abingdon Street scheme as originally advocated by the Archbishop of Canterbury involved the demolition of all the houses between Poets' Corner and College Street and was estimated to cost approximately £400,000. To carry out this scheme in full and at the same time to provide adequately for the national playing fields would have necessitated the raising by public subscription of approximately twice as much, since the Committee had given a pledge that not less than one half of the public subscriptions should be applied to the Playing Fields scheme. In fact the Fund on the 16th October amounted to only £293,000 and it was obvious that even allowing for the promised contribution from the Government, the Memorial Committee would have to modify their ideas.

In these circumstances the Lord Mayor and Lord Macmillan called recently to explain the position to the First Commissioner of Works and himself and ascertain the Government's views. The Fund then stood at about £280,000 and they hoped that it would reach £300,000. They realised that the original Abingdon Street scheme was impracticable, but they were convinced that a satisfactory truncated scheme could be carried out on the same site, in which the demolition would stop at a point opposite the Victoria Tower, leaving untouched numbers 28 - 18 Abingdon Street. They estimated that this scheme would cost about £200,000, and they proposed to contribute about £100,000 to it, in the hope that the Government would make good the balance. That would enable them to devote say £200,000 to the provision of
national playing fields which naturally makes a much wider appeal to the public than the metropolitan scheme. They were confident that a scheme on these lines would be thoroughly satisfactory from all points of view. He, himself, indicated that the figure of which he had been thinking for the Government contribution was in the neighbourhood of £50,000 rather than £100,000, but he promised to consider the matter and communicate with them further.

Circumstances today are not propitious to a large gift of cash by the Government to a purpose of this kind; indeed, any cash contribution might be criticised. No Government contribution of any kind was made to the national memorials to Queen Victoria or King Edward VII. It was, however, clear that the scheme in the form in which it has been publicly announced could not proceed without Government assistance of some kind; and it so happened that we were in a position to give a generous measure of support to the Fund without imposing a corresponding immediate burden upon the Budget. Of the area which it was proposed to devote to the memorial, about one half is property in the ownership of the Office of Works, a portion of which is already unoccupied. The actual value of the occupied portion might be put at about £80,000, based on the capital cost of providing alternative accommodation elsewhere. He thought, however, that it would be generally felt to be inappropriate that so large a portion of the public subscriptions should be devoted to a payment to the Government for public property, more especially as the surrender of this property would not involve the Government in any immediate capital expenditure, since the Office of Works would almost certainly provide the
necessary alternative accommodation by renting rather than purchase or building. He proposed, therefore, that the Government contribution should take the form of a free gift of all the property within the area now in the ownership of the Office of Works. The value of this to the Fund might be put at approximately £100,000 including the value of the unoccupied space; but the consequent charge on the Budget would be limited to the cost of rent of alternative accommodation, say £3,000 per annum.

To complete the truncated scheme as proposed by themselves, the Committee would have to incur from the Fund an expenditure of approximately £100,000, leaving a sum of nearly £200,000 already in hand for the National Playing Fields—practically as much as they themselves had aimed at.

It would be necessary to obtain Parliamentary approval of the gift, and he proposed, if his colleagues approved, to move a Resolution to that effect on the first convenient occasion.

Meanwhile the Lord Mayor very much wished to announce the Government’s decision on the occasion of the Guildhall Banquet on November 9th, and he proposed, subject to the approval of the Cabinet, to authorise him to do so, making clear that the gift was subject to the approval of Parliament.

He added that it was proposed that the Memorial Committee should take full responsibility for the appointment of the Architect and Sculptor and for the lay-out of the site; but the First Commissioner of Works would, of course, be represented on the Executive Committee and would be consulted on all questions of principle. Further, the approval of the Commissioners
of Works was necessary for the erection of any statue in any public place, under the terms of the Public Statues Act of 1854.

It had been suggested that the aesthetic value of the scheme might be improved by including in the site No. 28 Abingdon Street. The acquisition of this house for demolition would add £15,000 net to the cost; and he proposed to leave it to the Memorial Committee to decide whether it was worth while for them to incur this extra expenditure from their own resources.

The Minister for Co-Ordination of Defence as Chairman of the National Playing Fields Association warned the Cabinet that the sum of £200,000 would not go nearly so far as Lord Macmillan had assumed in a recent speech, in providing playing fields throughout the country. Except in a few localities expenditure of this order would hardly be noticeable.

The Cabinet approved the proposals of the Chancellor of the Exchequer as set forth above.
15. The Chancellor of the Exchequer said he was ready to discuss the question of military uniforms in connection with the recruiting question if the Secretary of State for War desired to raise it that day.

The Secretary of State for War said he would prefer to deal with the question of recruiting as a whole on some future occasion.
The Secretary of State for Foreign Affairs reported to the Cabinet that the German Government were anxious to acquire guns from their former battleships sunk at Scapa Flow. The Foreign Office and Admiralty had no objection and the Board of Trade were understood to favour it.

The President of the Board of Trade said that the Germans wanted these guns for metallurgical investigation.

The Cabinet agreed:

That the German Government should be allowed to acquire the guns salvaged from their former battleships sunk at Scapa Flow.
17. The Secretary of State for Foreign Affairs informed the Cabinet that the Australian Government wished to attach officers of the rank of Counsellor to His Majesty's Embassies at Tokio and Washington. They would serve under His Majesty's Ambassadors. The Foreign Office were favourable to the arrangement. The Cabinet approved the above proposal.
Dear Prime Minister,

Ever since the Adjournment of the House in July there has been, as you know, grave concern regarding the situation in Spain, and with the progression of events anxiety has steadily deepened.

Although the allegations have not yet been definitely proved, there is strong ground for the belief that the policy of non-intervention has been deliberately violated, and whilst it is true that the International Committee have now initiated an investigation into these allegations, we fear that the delay, not wholly unavoidable, will enable the policy of non-intervention to be still further abused in order to aid those who are in rebellion against the elected Government of Spain.

In view of the increasing gravity of the situation we would ask you to consider the immediate summoning of Parliament in order that the full position may be made public and the House given an opportunity to consider how best to deal with it.

Yours sincerely,

(Signed) C.R. ATTLEE.

The Rt. Hon. Stanley Baldwin, P.C., M.P.,
10, Downing Street,
London, S.W.1.
My dear Attlee,

I have to-day consulted my colleagues about the request conveyed by your letter to me of October 19th that Parliament should be summoned immediately to consider the situation in Spain.

The Government's main concern has been to see that events in Spain do not involve hostilities over a wider area. With that object in view they supported the initiative of the French Government in setting up the International Committee. That Committee is even now, as you mention in your letter, engaged in the work of investigating certain allegations which have been made. The Government are determined not only to carry out loyally their own undertaking, but also to promote in every way possible the execution of the terms of the agreement. I do not see that the work of the Committee will be materially assisted or that the main object which the Government has in view, namely the limitation of the conflict to Spain, will be vitally affected by the summoning of Parliament at the most four or five days earlier than it is due to meet.

For these reasons I do not think it desirable to request Mr. Speaker to summon Parliament earlier than October 29th.

At the same time I appreciate your desire to have an early discussion and I would be prepared to arrange that a debate on the situation in Spain should take place on the day on which Parliament reassembles, namely October 29th.

Yours sincerely,

(Signed) STANLEY BALDWIN.

The Right Hon. C.R. Attlee, M.P.
List of probable infractions of the Agreement regarding Non-Intervention in Spain based upon evidence supplied by British official sources.

It should be noted that His Majesty's Consular Officers have not been instructed to seek out information of this nature, the opinion being held that the sole duty of His Majesty's Government in the first instance was to see to the application of the Agreement in the United Kingdom rather than to seek evidence of infractions by other countries.

For this reason the information at our disposal as voluntarily supplied by His Majesty's Ships and Consular Officers is somewhat meagre.

No information containing sufficient evidence to warrant a charge being made is available in regard to Germany, France or Portugal.

ITALY

(1) On September 7th the Italian s.s. "Itereide" discharged a cargo at Palma which, from observations made by His Majesty's Ship "Galatea" was seen to include 6 fighters and an unknown quantity of bombs, shells, rifles and ammunition. On the same day 3 Italian bombers arrived.

(2) His Majesty's Vice-Consul at Palma reported that on September 23rd cargo was transferred from the Italian s.s. "Sicilia" to the Italian destroyer "Malocello" which landed the cargo on September 23-24. The cargo was believed to contain ammunition and bombs but this could not be confirmed.

(3) His Majesty's Vice-Consul at Palma reported that on September 25th the unloading of cargo from an Italian steamer at Palma on to the Italian cruiser "Polar" took place all day.
(4) On October 3rd His Majesty's Vice-Consul at Palma reported that the landing of arms which had been transferred from Italian merchant ships to Italian men-of-war was still continuing and was being observed by our men-of-war.

**SOVIET RUSSIA.**

(1) His Majesty's Ship "Active", Cartagena October 10th. Spanish hull "Campeche" unloading 4" guns, trench mortars, hand grenades and large quantity of rifles and ammunition all from Russia. Russian Senior Air Officer Commanding reported to have arrived.

(2) His Majesty's Ship "Arrow", Cartagena October 15th. Most reliable information that Russian steamer "Komcomon" disembarked 49 tanks, 80 military 3-ton lorries with Russian crew of two or three men each - total 300 men who are reported to be trained in aviation.

(3) His Majesty's Ship "Grafton", Cartagena October 15th. Russian steamer "Stari Bolshevik" arrived from Odessa October 15th with military lorries and tanks. Reported on 19th October by His Majesty's Ship "Grafton" to have unloaded:­

- 20-25 cases as for aircraft, containing dismantled machines painted green.
- 18 3-engine machines.
- 15 large tanks.
- 320 cases of bombs.
- Large quantity of ammunition and aviation spirit.

**FOREIGN OFFICE.**

**OCTOBER 20TH, 1936.**
APPENDIX III.

1936-37 Session.

Government Legislative Programme.

(A)—Annual or Compulsory Bills.

(B)—Urgent or Essential Bills (other than those named in List "A"):
(i) Bills which must become law by certain dates;
(ii) Other Essential Bills.

(C)—Useful Bills, mainly Non-Controversial.

(D)—Other Bills not yet ready, or Bills required in certain events.

(E)—Consolidation Bills.

(A)—Annual or Compulsory Bills.

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<tr>
<th>Department</th>
<th>Bill or Subject</th>
<th>Required by</th>
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<tbody>
<tr>
<td></td>
<td>3. Consolidated Fund†</td>
<td>March 1937.</td>
</tr>
<tr>
<td></td>
<td>5. Isle of Man Customs</td>
<td>July 1937.</td>
</tr>
</tbody>
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* It might prove possible to postpone this Bill until later in the Session. If it is passed this year, a further Public Works Loans Bill could be taken either in the Summer or in December 1937.

† If the Unemployment Assistance (Temporary Provisions) Bill (see page 3) is proceeded with early, a supplementary estimate and an extra Consolidated Fund Bill may be needed before Christmas 1936.

‡ It may be found desirable to make some Acts permanent by this Bill; for which purpose it might be necessary to set up a Select Committee next Session. The Minister of Health stated that, should he wish to make permanent the Public Works Facilities Act, 1930, under this procedure, he would consult the Parliamentary Secretary to the Treasury at a later stage.
**(B)—Urgent or Essential Bills (other than those named in List (A)).**

**B (i).—BILLS WHICH MUST BECOME LAW BY CERTAIN DATES.**

(Bills of which the principles have received recent Cabinet approval.)

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<thead>
<tr>
<th>Department</th>
<th>Bill or Subject</th>
<th>Required by</th>
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<tbody>
<tr>
<td>Ministry of Agriculture and Fisheries</td>
<td>2. Live-stock (Cabinet 41 (36) 7) ...</td>
<td>31st July, 1937. The increased subsidy promised cannot operate until legislation is passed. See also Bill to impose an import duty on beef and veal (page 4).</td>
</tr>
<tr>
<td>Ministry of Transport</td>
<td>3. Bill to transfer the control of Trunk Roads to the Minister of Transport (Cabinet 40 (36) 3)</td>
<td>Christmas 1936, if the Bill is to be in operation on 1st April, 1937. The Government's intention to introduce the Bill has been announced, and negotiations with Local Authorities are proceeding. See also item (8) of present Conclusions.</td>
</tr>
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</table>

(Bills of which the principles have not received recent Cabinet approval.)

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<tr>
<th>Department</th>
<th>Bill or Subject</th>
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<tr>
<td>Dominions Office</td>
<td>4. Empire Settlement ... ...</td>
<td>31st May, 1937.</td>
</tr>
<tr>
<td>India Office*</td>
<td>5. East India Loans ... ...</td>
<td>1st April, 1937.</td>
</tr>
</tbody>
</table>

* The India Office also require Parliamentary approval during the next six months for the following:

(a) 14 Orders, &c, certain to be ready to be laid on November 3, and wanted before Christmas in order of importance.

1. Draft Instrument of Instructions to Governors (with corresponding document for Burma).
2. Family Pension Funds Order as revised.
3. Federal Court Order.
4. Governors' Allowances and Privileges Order, with corresponding Order for Burma.
5. Conditions of service, duties and powers of Auditor-General and duties of Home Auditor, with corresponding Order for Burma.
6. Commencement and Transitory Provisions (No. 2) Order (containing provisions relating to the Central Budget and relating to the appointment of Government Director of Railways).
7. Order specifying Defence appointments to be made by the Crown or in a manner directed by the Crown, with corresponding Order for Burma.
8. Order prescribing salaries and conditions of service of Burma Counsellors.
10. Provincial Elections (Miscellaneous Provisions) Order (containing provisions for (i) making Sind and Orissa Advisers eligible for election, and (ii) amending the Ovrupt Practices Order in relation to costs of election enquiries).

(b) Other Orders which cannot be ready until after Christmas.

1. India and Burma Monetary Systems Order.
2. Burma-Indian Trade Agreement and Burma Immigration Agreement Order.
3. High Court Judges Order, with corresponding Order for Burma.
4. Order adapting existing Indian laws, with corresponding Order for Burma.
6. Financial contributions to and by Federated Shan States (Burma).
7. Burma Order arising from the Amery Tribunal Award, and Allocating to Burma its share of existing railway funds.
<table>
<thead>
<tr>
<th>Department</th>
<th>Bill or Subject</th>
<th>Required by</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scottish Office</td>
<td>0. Agricultural Wages (Scotland)</td>
<td>Christmas 1936, if approved by the Cabinet and</td>
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<td></td>
<td></td>
<td>if the Bill is to be in operation before the</td>
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<td></td>
<td>Scottish Hiring Term of Whit Sunday, 1937.</td>
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<td></td>
<td>1. Christmas 1936, if it is decided to proceed with</td>
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<td></td>
<td>the Bill.</td>
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<td></td>
<td>2. 23rd December, 1936.</td>
<td>His Majesty's Government are under an obligation</td>
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<tr>
<td></td>
<td></td>
<td>to put into force certain prohibitions imposed by</td>
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<td></td>
<td></td>
<td>Convention not later than the above date.</td>
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<td></td>
<td>3. The Cabinet have agreed (Cabinet 55 (36) 16) that</td>
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<td></td>
<td>they must consider the terms to be inserted in</td>
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<td></td>
<td>the Bill before it is presented to the Committee</td>
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<td></td>
<td>of Home Affairs</td>
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<td>4. 31st March, 1937, if the subsidy is to be renewed.</td>
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<td></td>
<td>See Bill dealing with Assistance to British Shipping</td>
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<td></td>
<td>in the Pacific (on page 6).</td>
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<td>5. 30th September, 1937.</td>
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<td>6. 31st March, 1937.</td>
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<td>7. 15th April, 1937 (the date of expiration of the</td>
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<td>present Act), if it is decided to proceed with the</td>
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<td></td>
<td>Bill.</td>
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<td></td>
<td>8. 23rd December, 1936.</td>
<td>His Majesty's Government are under an obligation</td>
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<td>to put into force certain prohibitions imposed by</td>
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<td></td>
<td></td>
<td>Convention not later than the above date.</td>
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<td></td>
<td>9. The Cabinet have agreed (Cabinet 55 (36) 17) to</td>
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<td></td>
<td>discuss the matter again before the annual legis-</td>
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<td>lative programme is fixed.</td>
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<td>10. 31st March, 1937, if the subsidy is to be renewed.</td>
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<td></td>
<td>See Bill dealing with Assistance to British Shipping</td>
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<td></td>
<td>in the Pacific (on page 6).</td>
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<td></td>
<td>11. 30th September, 1937.</td>
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<td></td>
<td>12. 31st March, 1937.</td>
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<tr>
<td></td>
<td>13. As soon as possible and at latest 31st March, 1937</td>
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<tr>
<td></td>
<td>(see footnote to page 1).</td>
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<td></td>
<td>15. It is intended to combine in the Bill an</td>
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<td></td>
<td>amending measure as regards London and the</td>
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<td></td>
<td>continuation as regards the provinces of certain</td>
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<td>temporary provisions of Rating and Valuation Acts of</td>
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<td>1928 and 1932 (which for technical reasons cannot be</td>
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<td>dealt with by the Expiring Laws (Continuance) Bill).</td>
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</tr>
</tbody>
</table>
B (ii).—OTHER ESSENTIAL BILLS.

(Bills of which the principles have received recent Cabinet approval.)

<table>
<thead>
<tr>
<th>Department</th>
<th>Bill or Subject</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lord Chancellor's Department</td>
<td>1. County Court Judges (Salaries) (Cabinet 53 (30) 14)</td>
<td>The Cabinet agreed that the Bill should be introduced as early as practicable in the present autumn.</td>
</tr>
<tr>
<td>Home Office</td>
<td>2. Regency. (Cabinet 52 (30) 9)</td>
<td>Final decision postponed until after the King's Speech on opening of Parliament had been drawn up.</td>
</tr>
<tr>
<td></td>
<td>3. Factories. (Cabinet 57 (36) 4)</td>
<td></td>
</tr>
<tr>
<td>Ministry of Health</td>
<td>5. Maternity Services (Scotland) (Cabinet 52 (30) 10)</td>
<td>Short and non-controversial. Main object is to reduce the age for pension from 50 to 40. Mentioned in Mr. Baldwin's Election Address of 1929.</td>
</tr>
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<td></td>
<td>6. Blind Persons. (Cabinet 56 (36) 10)</td>
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<td></td>
<td>7. Fixed Trusts. (Cabinet 57 (36) 19)</td>
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<tr>
<td>Mines Department</td>
<td>8. Coal Mines. (Cabinet 50 (30) 13)</td>
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<td></td>
<td>9. Coal Royalties. (Cabinet 46 (35) 12)</td>
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</tr>
<tr>
<td>Ministry of Transport</td>
<td>10. Bill dealing with the position of the Railway Freight Rebates Fund. (Cabinet 49 (36) 4)</td>
<td>Deficiencies in the Fund will continue until legislation is passed. It is proposed that this should be introduced at the beginning of the Session.</td>
</tr>
</tbody>
</table>

(Bills of which the principles have not received recent Cabinet approval.)

<table>
<thead>
<tr>
<th>Department</th>
<th>Bill or Subject</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasury*</td>
<td>11. Bill to impose an import duty on beef and veal</td>
<td>See Live-stock Bill (page 2).</td>
</tr>
<tr>
<td>Home Office</td>
<td>13. Certain balances of the Public Trustee</td>
<td>(i) To amend the law relating to the overloading of ships; (ii) to carry out certain recommendations of the Sea Fish Commission relating to fishery vessels; and (iii) to deal with the recommendations of the Departmental Committee on Steering Gear (see Sea Fisheries' Bill (page 5)).</td>
</tr>
<tr>
<td>Board of Trade</td>
<td>14. Fire brigades</td>
<td></td>
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<tr>
<td></td>
<td>15. Merchant Shipping†</td>
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</tr>
</tbody>
</table>

* Parliamentary time will also be needed for a number of Import Duties Orders which require affirmative Resolutions. It may also be needed for other essential Treasury Bills.
† Should be taken if possible before Tramp Shipping Subsidy Bill (see page 3).
Department | Bill or Subject | Remarks
--- | --- | ---
Ministry of Agriculture and Fisheries | 16. Wheat Act (Amendment) | A minor measure necessary in order to overcome the difficulty created by the House of Lords' judgment in the case of R. and W. Paul v. Wheat Commission.
Ministry of Agriculture and Fisheries and Scottish Office | 17. See Fisheries | To make provision for the organisation of the production and marketing of fish and other matters arising out of the Second Report of the Sea Fish Commission. See Merchant Shipping Bill (page 4).
Ministry of Health | 18. Contributory Pensions Extension | The Government's Election Manifesto promised to extend the scheme to "blackcoated" and other workers.
Ministry of Labour | 19. Unemployment Insurance of Non-Manual Workers. Bill to raise income limit above £250 a year | To give effect to a recommendation of the Unemployment Insurance Statutory Committee.

* Another recommendation of the Unemployment Insurance Statutory Committee will make it necessary to lay Resolutions before both Houses of Parliament bringing private gardeners within the scope of the Agricultural Insurance Act (see C.P. 267 (36)).

(C) — Useful Bills, mainly Non-Controversial.
(Bills of which the principles have received recent Cabinet approval.)

Home Office | 1. Hydrogen Cyanide (Fumigation).* (Cabinet 45 (36) 18) | Reintroduction of a Bill which received a Second Reading in the House of Lords last July.
Scottish Office | 2. Deer (Scotland). (Cabinet 21 (36) 1) | A controversial measure. Suitable for introduction in House of Lords. See item (2) of present Conclusions.
Board of Trade | 3. Trade Marks. (Cabinet 30 (36) 7) | -
Ministry of Health | 4. Private Street Works. (Cabinet 8 (36) 8) | -
Ministry of Transport | 5. Bill to make pensionable the appointments of—
(a) The President of the Railway Rates Tribunal.
(b) The Chairman of the Road and Rail Appeal Tribunal.
(c) Chairmen of Traffic Commissioners. (Cabinet 49 (36) 5). | -

(Bills of which the principles have not received recent Cabinet approval.)

Treasury | 7. Income Tax Codification
8. Savings Bank
9. Insurance of lives of children under ten* | -
Lord Chancellor's Department | 10. Administration of Justice | Possibly suitable for introduction by a Private Member.
<table>
<thead>
<tr>
<th>Department</th>
<th>Bill or Subject</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home Office</td>
<td>11. Nationality</td>
<td>Amendment of the law on certain points agreed with the Dominions</td>
</tr>
<tr>
<td></td>
<td>12. Police</td>
<td>Amalgamation of small Borough Forces with County Forces.</td>
</tr>
<tr>
<td>Scottish Office</td>
<td>13. Piers and Harbours (Scotland)</td>
<td>Introduced in 1934 but not proceeded with.</td>
</tr>
<tr>
<td></td>
<td>14. Water Sewerage and Rivers Pollution (Scotland)</td>
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<tr>
<td></td>
<td>15. Public Records (Scotland)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>16. Local Authorities Expenses (Scotland)</td>
<td></td>
</tr>
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<td></td>
<td>17. Salmon (Scotland)</td>
<td></td>
</tr>
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<td></td>
<td>18. Enforcement of Fines (Scotland)</td>
<td></td>
</tr>
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<td></td>
<td>19. Repeal of Act for the better Government of Prisons in the West Indies</td>
<td></td>
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<td></td>
<td>20. Naval Discipline Act (Amendment)</td>
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<td></td>
<td>22. Agricultural Marketing Acts (Amendment)</td>
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<tr>
<td></td>
<td>23. Regulation of Commons</td>
<td>The Bill passed through the Lords in 1934, but no time could be found for it last Session.</td>
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<tr>
<td></td>
<td>24. Allotments</td>
<td></td>
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<td></td>
<td>25. Superannuation of Local Government Officers (Amendment)</td>
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<td></td>
<td>26. Trusts for the upkeep of graves</td>
<td>Suitable for introduction by a private Member.</td>
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<tr>
<td>(D)—Other Bills not yet ready, or Bills required in certain Events.</td>
<td>(Bills of which the principles have not received recent Cabinet approval.)</td>
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<tr>
<td></td>
<td>2. Reorganisation of Offices (Scotland)</td>
<td></td>
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<tr>
<td></td>
<td>4. New Trade Agreement with India</td>
<td>This will probably be concluded in course of next few weeks. If it may be possible to make the necessary legislative changes in the Finance Bill.</td>
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<tr>
<td></td>
<td></td>
<td>F.R. 35 (27) 10.</td>
</tr>
<tr>
<td></td>
<td>5. Assistance to British Shipping in the Pacific</td>
<td>Report from Imperial Shipping Committee expected shortly. If it is subsequently decided, in agreement with the Dominions, to grant financial assistance, early legislation will be necessary: This might be combined with the Tramp Shipping Subsidy Bill (see page 3), provided that agreement on the Pacific question is reached in time.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>F.R. 49 (27).</td>
</tr>
<tr>
<td>Department</td>
<td>Bill or Subject</td>
<td>Remarks</td>
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<tr>
<td>Board of Trade</td>
<td>6. Compulsory Insurance</td>
<td>To carry out recommendations of Departmental Committee on Compulsory Insurance, e.g., of motor cars. Report expected before end of 1936.</td>
</tr>
<tr>
<td>Admiralty</td>
<td>8. Wills Acts (Amendment)</td>
<td></td>
</tr>
<tr>
<td>Ministry of Agriculture and Fisheries</td>
<td>9. Food Supply</td>
<td>The deliberations of the Sub-Committee on Food Supply in Time of War may make legislation necessary.</td>
</tr>
<tr>
<td></td>
<td>10. Norwegian Fisheries</td>
<td>Legislation may be required in the event of an International Convention being negotiated.</td>
</tr>
<tr>
<td></td>
<td>11. Mesh of Fishing Nets and Size Limits for the Sale of Fish</td>
<td>Ditto.</td>
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<td></td>
<td>12. Revision of Existing Anglo-French Fisheries Convention</td>
<td>Ditto.</td>
</tr>
<tr>
<td></td>
<td>13. Mental Treatment</td>
<td>Amendment prior to consolidation.</td>
</tr>
<tr>
<td></td>
<td>14. Marriages</td>
<td>Amendment prior to consolidation.</td>
</tr>
<tr>
<td>Ministry of Health</td>
<td>15. Electricity Distribution</td>
<td>Report of Cabinet Committee awaited. (See Cabinet 41 (36) 8 and 45 (36) 2.)</td>
</tr>
<tr>
<td></td>
<td>16. Bill to amend and strengthen the Road Traffic Acts</td>
<td>May be required if steps now being taken to strengthen the Army Reserve prove unsuccessful, when the Bill will become urgent.</td>
</tr>
<tr>
<td>War Office</td>
<td>17. Bill to amend the Reserve Forces and Militia Act, 1898</td>
<td>Scheme now under consideration, but not yet fully formulated.</td>
</tr>
<tr>
<td>Colonial Office</td>
<td>18. Bill to establish a Colonial Marketing Board</td>
<td>Objects of Bill are (a) to provide for allocation of part-pensions to dependents, and (b) to facilitate the employment of English teachers abroad. Dependent on negotiation with the National Union of Teachers.</td>
</tr>
<tr>
<td>Board of Education</td>
<td>19. Bill to amend the Teachers (Superannuation) Acts</td>
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</tbody>
</table>
(E)—Consolidation Bills.

(Bills of which the principles have not received recent Cabinet approval.)

<table>
<thead>
<tr>
<th>Department</th>
<th>Bill or Subject</th>
<th>Remarks</th>
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</thead>
<tbody>
<tr>
<td>Home Office</td>
<td>1. Firearms Consolidation</td>
<td>Should be passed by 1st May, 1937.</td>
</tr>
<tr>
<td>Air Ministry</td>
<td>2. Air Navigation Consolidation</td>
<td></td>
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<tr>
<td>Scottish Office</td>
<td>3. Children and Young Persons (Scotland) Consolidation</td>
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<td>4. Housing (Scotland) Consolidation</td>
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<td></td>
<td>5. Education (Scotland) Consolidation</td>
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<tr>
<td>Ministry of Health</td>
<td>6. Public Health Consolidation</td>
<td>A further instalment of the Public Health Consolidation Bill, which it is expected will be presented by the Joint Committee of both Houses of Parliament.</td>
</tr>
<tr>
<td>General Post Office</td>
<td>7. Post Office Consolidation</td>
<td></td>
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</tbody>
</table>
CABINET 59 (36).

Meeting of the Cabinet to be held at No. 10 Downing Street, S.W.1., on TUESDAY, 27th OCTOBER, 1936, at 3.0 p.m.

AGENDA.

1. UNITED KINGDOM - ARGENTINE COMMERCIAL NEGOTIATIONS. GUARANTEE WITH REGARD TO IMPORTS OF MUTTON AND LAMB.
   (Reference Cabinet 36 (36) Conclusion 4).
   Memorandum by the Minister of Agriculture and Fisheries.
   C.P. 280 (36) - already circulated.
   Memorandum by the President of the Board of Trade.
   C.P. 281 (36) - already circulated.

2. THE PRODUCTION OF AERO-ENGINES: POLICY OF HIS MAJESTY'S GOVERNMENT.
   Note by Secretary of State for Air covering draft of a White Paper.
   C.P. 287 (36) - circulated herewith.

   (Signed) M.P.A. HANKEY.
   Secretary to the Cabinet.

2, Whitehall Gardens, S.W.1.

27th October, 1936.
CONCLUSIONS of a Meeting of the Cabinet held at 10, Downing Street, S.W.1., on TUESDAY, 27th OCTOBER, 1936, at 3.0 p.m.

PRESENT.

The Right Hon. Stanley Baldwin, M.P., Prime Minister. (In the Chair).

The Right Hon. J. Ramsay MacDonald, M.P., Lord President of the Council.


The Right Hon. Malcolm MacDonald, M.P., Secretary of State for Dominion Affairs.

The Right Hon. W. Omsby-Gore, M.P., Secretary of State for the Colonies.


The Right Hon. Walter Elliot, M.C., M.P., Minister of Agriculture and Fisheries.


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

The Right Hon. Anthony Eden, M.C., M.P., Secretary of State for Foreign Affairs.

The Right Hon. A. Duff Cooper, D.S.O., M.P., Secretary of State for War.

The Right Hon. The Viscount Swinton, G.B.E., M.C., Secretary of State for Air.

The Right Hon. Walter Runciman, M.P., President of the Board of Trade.


The Right Hon. Oliver Stanley, M.C., M.P., President of the Board of Education.

The Right Hon. The Earl Stanhope, K.G., D.S.O., M.C., First Commissioner of Works.

THE FOLLOWING WERE ALSO PRESENT:

The Right Hon. J. Colville, M.P., Parliamentary Under Secretary of State, Scottish Office. (For Conclusion 2)

Sir R. B. Howorth, K.C.M.G., C.B., Deputy Secretary.
1. The Prime Minister read to the Cabinet a letter from Mrs. Collins, the mother of the late Secretary of State for Scotland, thanking the Cabinet for their sympathy and expressing her pride at the many high tributes which had been paid to her son's work.
The main object of the Meeting of the Cabinet was to discuss the following documents relating to a request by the Argentine Delegation, as a condition of the new Agreement now under discussion, for a guarantee that imports of mutton and lamb from Argentina into the United Kingdom would not be further reduced during the currency of the Agreement, viz., during the years 1937, 1938 and 1939:

A Memorandum by the Minister of Agriculture and Fisheries (C.P.-280 (35)) circulating a Statement prepared by the Agricultural Departments, in consultation with the Dominions Office, which in its final paragraph said that the question for decision was whether the proposed guarantee should be given to Argentina in the knowledge:

(1) that it will lead to serious opposition from the agricultural industry and from the Government's supporters in Parliament and will gravely embarrass us in negotiations with Australia and New Zealand on future arrangements for regulating mutton and lamb supplies:

(2) that the supply situation in 1939 will probably be such that the Government will be faced with the alternatives of imposing a cut on Dominion imports which might well be equal to or greater than the additional cut now provided for on foreign imports, or of allowing a supply and price situation to develop, for which the only other remedy available will be an Exchequer subsidy to United Kingdom sheep producers:

A Memorandum by the President of the Board of Trade (C.P.-281 (36)) stating that Argentina was entitled to some guarantee, and suggesting that a 10% further cut on all foreign supplies (following the past cut of 35%) would provide good ground on which to discuss Dominion exports, if necessary; that the concession to Argentina was small; and that it was necessary if an Agreement was to be concluded whose advantages to our investors and exporters (especially in South Wales and Lancashire) outweighed all the concessions we had given.
The Prime Minister emphasised the great importance of the question under discussion, and hoped that the members of the Cabinet principally concerned would state fully their respective points of view.

The President of the Board of Trade said that it was necessary to bring before the Cabinet a question which, as indicated in the concluding paragraph of C.P.-281 (36), raised issues of the greatest possible importance. Negotiations had been taking place with the Argentine for a new Trade Agreement for some months and much progress had been made. In 1933 an Agreement had been made with the Argentine which in almost every respect was more satisfactory to us than could have been anticipated when the negotiations for that Agreement had opened. The Argentine Government had faithfully carried out the Agreement, with very great benefit to British trade and industry. We had hoped under the Agreement substantially to increase our cotton exports to the Argentine. This hope had been fully realised. The increase in our exports of woollen goods had also exceeded expectations. The coal exports had not been so satisfactory, but this was due not to any failure of the Agreement, but to extraneous circumstances, such as the substitution of oil for coal.

Our exports to the Argentine of iron, steel and other metal goods and of electrical machinery had also greatly increased. The position under the 1933 Agreement might be summarised as follows:— Reductions of Argentine duties were secured for 30% of our exports to that country, the free entry was conventionalised for 28%, and existing duties were stabilised for about 13%.

The value of the exports of United Kingdom goods to the Argentine, which fell from £14.5 millions in 1931 to £10.7 millions in 1932, had risen to £15.3 millions.
in 1935. Our frozen debts in the Argentine, which amounted to many millions of pounds in 1932, had been partly paid off in cash, and the balance of £132 millions had been funded in sterling bonds. Subject to an agreed reduction of a sum not exceeding £3 millions annually, to meet the service of the Argentine Public Debt in third countries, the sterling arising from our purchases of Argentine products had been made available for United Kingdom requirements, and so far as we were aware no new frozen debts, either trade or financial, had accumulated.

Encouraged by these considerations, negotiations for a new agreement had been opened, the representatives of the Argentine being Dr le Breton and Dr. Malbran. The various provisions of the 1933 Agreement were exhaustively examined, and in practically every case we had managed to obtain improved terms. This was remarkable when it was remembered that we had secured the agreement of the Argentine to a levy of 3d. a lb. on their chilled beef exports to this country (with corresponding duties on other beef and beef products) as against their present right of free entry. This figure of 3d. had only been secured after long and troublesome discussions and many references to Buenos Aires. Ultimately, however, the Argentine negotiators had accepted the 3d. as unalterable. In the case of minor points the issues had been dealt with by Officials, but he himself had intervened in all the more important questions, and he was satisfied that in the result a very hard bargain indeed had been driven with Argentina. Throughout the negotiations there had been present in his mind a matter of first-class importance. For some considerable time the United States had been showing an increased interest
in the Argentine. The Secretary of State, Mr Cordell Hull, had paid a visit to the Pan-American Congress and on that occasion had made promises which, on his return to the United States, he found himself unable to perform. Mr Cordell Hull was going to attend another Pan-American Congress at Buenos Aires after the Presidential Election, probably early in December next, and on this occasion it was probable that he would make an offer to Argentina which was likely to take the form of facilitating her meat exports to the United States, which was faced with a prospective meat shortage. At present the United States imposed a duty of 3d. a lb. on imported meat, but this in itself was no serious handicap to the Argentine exporters. The real protection which the American cattle raiser had hitherto enjoyed came from the restrictions on the entry of Argentine meat based on sanitary precautions to prevent the spread of foot-and-mouth disease. Mr Cordell Hull was expected to maintain that there was now little danger on this score and that the embargo could safely be removed. It was possible that he might succeed in arranging a satisfactory Trade Agreement with the Argentine on this basis, and if he could persuade the Argentine that the United States was as good a market for her beef as the United Kingdom, our export trade must inevitably suffer.

The Cabinet should realise that, whereas the United Kingdom used to be the sole market for Argentine meat, we now had a competitor in the United States, which might be able to make offers as good as, if not better than, we could. The matter was therefore urgent, as it was very important that, if possible, we should conclude the new Agreement with the Argentine before
Mr Cordell Hull's mission to South America in December.

There was no reason to suppose that the Argentine negotiators would go back on the terms to which they had already agreed, but they themselves no doubt had in mind the possibility of negotiations with the United States, and from every point of view it was desirable that our Agreement with them should be concluded before the American negotiations opened.

Agreement had been reached on all outstanding matters with the one exception of the question of mutton and lamb exports, and it was this issue that the minister of Agriculture and Fisheries and himself had agreed to submit to the Cabinet for decision. Full details of the different points of view were contained in the Memoranda which had been circulated. But he wished to draw attention to the following considerations. The new Agreement contemplated a levy of 3d. a lb. on chilled beef, and a further possible cut of 5% over and above the reductions which had resulted from the existing Agreement. We had already cut Argentine mutton and lamb exports by 35½ or 454,000 cwt. per annum out of a total cut in foreign mutton and lamb imports of 655,000 cwt.

The concession which he now asked the Cabinet to approve was a small one, but in his view it was necessary to make it if the Agreement was to be concluded and if our manufacturers, investors and importers were to benefit by the concessions which had been obtained for them. He knew of no other alternative which the Argentine would be likely to accept, and it was necessary for a decision to be reached with the least possible delay.
The Minister of Agriculture and Fisheries thought that the President of the Board of Trade had made a very fair statement. It was necessary for him to submit to the Cabinet the somewhat different point of view of the Agricultural Departments.

There could be no difference of opinion as to the beneficial character of the new Agreement from the point of view of British trade and industry. The danger of the United States becoming a competitor for Argentine meat did not appear to those concerned with agriculture as great as it appeared to the British exporter to the Argentine. In view, however, of the lavish promises which both Democrats and Republicans were making in the Election to the American farming interests, it might be doubted whether Mr Cordell Hull would be able to carry out any promises he might make to facilitate Argentine meat exports to the United States. Foot-and-mouth disease was rampant in Argentina, and while we were able to protect ourselves by elaborate veterinary technique, the United States could not do so to anything like the same extent.

The Cabinet should, however, bear in mind the enormous importance to the Argentine of the United Kingdom market, and in this connection the Minister quoted the following comparative figures:

1. World Trade.

<table>
<thead>
<tr>
<th></th>
<th>Average of 1925/30</th>
<th>1934</th>
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</thead>
<tbody>
<tr>
<td>World’s wheat exports</td>
<td>U.K. took 30%</td>
<td>U.K. took 41%</td>
</tr>
<tr>
<td>maize</td>
<td>&quot; 20%</td>
<td>&quot; 25%</td>
</tr>
<tr>
<td>beef</td>
<td>&quot; 69%</td>
<td>&quot; 74%</td>
</tr>
<tr>
<td>mutton &amp; lamb</td>
<td>&quot; nearly all</td>
<td>&quot; nearly all</td>
</tr>
<tr>
<td>bacon &amp; ham</td>
<td>&quot;</td>
<td>&quot;</td>
</tr>
<tr>
<td>butter</td>
<td>&quot; 66%</td>
<td>&quot; 83%</td>
</tr>
</tbody>
</table>

2. Argentine Trade in 1934.

2/5ths of world wheat exports, of which over 1/3rd came to U.K.
2/3rds maize half
15% mutton & lamb all
Over 2 beef nearly all
Of the total imports into the United Kingdom of mutton and lamb from overseas, 90% came from the Empire and 10% from foreign countries. While, no doubt, it was true that the concession which the President of the Board of Trade favoured was a small one so far as the Argentine was concerned, it was a large and important one so far as the United Kingdom and the Dominions were concerned.

Agreement had been reached with Argentina in regard to beef, pork and other similar commodities. The trade in mutton and lamb, while of great importance to the United Kingdom and the Empire, was of relatively little consequence to Argentina. In value the total Empire trade was £35 millions, and the Argentine £2 millions. Movements up and down of the price of other primary commodities produced in the Argentine would, of course, have far greater consequences than anything which could result from a cut of 10% or over in mutton and lamb. For example, the maize exports from the Argentine would be worth £3 millions more to the Argentine this year which was secured to them by reason of free entry, and we had had to give up all idea of a levy on imported maize with which to subsidise British oats. It was very important further to remember that the home production of mutton and lamb was not being expanded to new and unprecedented levels. What we were aiming at was a return to the levels of production reached in 1908-10 and again in 1932. If this Agreement was made on the terms suggested by the President of the Board of Trade it would have to be defended in the House of Commons and the Government would have to say either that they did not believe that home production would expand or that, if it tried to do so, it would be automatically checked by the fall in prices due to oversupply. It would be very difficult indeed to
argue the case successfully. He had made every effort to meet the views of the President of the Board of Trade in agreeing to free entry. No one could pretend that the 20% tariff on chilled beef was excessive. He hoped that the Cabinet would accept the view of the Agricultural Departments that we should retain complete freedom of action to make such cuts in Argentine imports of mutton and lamb in 1938 and 1939 as might be found necessary to protect the home and Dominion producers.

The Under-Secretary of State for Scotland said that he wished to emphasise two points: one of special interest to Scotland, and the other of more general application. The Argentine Agreement was certain to be unpopular in Scotland because it provided for free entry of maize, whereas if a duty on imported maize could have been imposed this would have enabled a subsidy to have been paid on home produced oats. This feature of the Agreement would be severely criticised in Scotland, and the criticism would be intensified if we guaranteed that imports of mutton and lamb from the Argentine should in no circumstances be cut beyond the 10% in 1938 and 1939. Secondly, if mutton and lamb prices fell, there would be a very strong demand for a deficiency payment. It would be very much more difficult to find ways and means of satisfying this demand if our hands were tied in the manner desired by the President of the Board of Trade.

-9-
The Secretary of State for Dominion Affairs agreed with the President of the Board of Trade on the great value of the old Anglo-Argentine Agreement, and on the importance of reaching a new agreement. Indeed, he would have been ready to press the Dominions to make further concessions to help the Argentine Agreement if he thought that there was the least chance of an approach to the Dominions being successful.

The particular issue under discussion raised, vis-à-vis, the Dominions very great difficulties indeed. The Argentine's exports of mutton and lamb were not of much importance when compared with her total exports, but in the case of New Zealand, exports of mutton and lamb were of very great importance indeed and were of considerable importance to Australia. For some time there had been in operation a very satisfactory scheme under which the Dominions had voluntarily regulated their supplies of mutton and lamb to the United Kingdom market. We had no cause to complain of the way in which the Dominions carried out their undertakings under this scheme. There was reason to suppose that we should shortly receive requests from Australia and New Zealand for some expansion of their mutton and lamb exports to the United Kingdom.

The Prime Minister inquired whether there had, in fact, been expansion of these exports since Ottawa.

The Secretary of State for Dominion Affairs said that this was true as regards Australia, but that New Zealand's exports had not expanded. It was probable that the two Dominions would ask for some expansion over and above the 1936 figure. This proposal we were resisting. He (the Secretary of State) had informed Dr. Earle Page and he would inform Mr. Nash that in view of the
expansion of the home production of mutton and lamb the
prospects of the home market being able to absorb
increased imports from Australia and New Zealand were
very small indeed, and that the probability was that
there would have to be some cut on the present figure.
It was certain that any such cut would be strongly
resisted by the Dominions. As would be seen from the
concluding paragraph on page 4 of C.P. 280 (36), in
certain events it was envisaged that a larger cut might
have to be imposed on Australian and New Zealand exports
of mutton and lamb than on those from the Argentine.

He (the Secretary of State) understood that for
the next three years the Minister of Agriculture and
Fisheries wished to maintain the total supplies of
mutton and lamb in the United Kingdom market at about
their present level of 11,600,000 cwts. It was
estimated that by 1939 United Kingdom production would
have expanded by 500,000 to 700,000 cwts. In order
to make room for this expansion it would only be open
to us under the President of the Board of Trade's
proposal to cut imports from the Argentine by a
maximum of 10 per cent. in 1938 and 1939. This would
mean cuts on imports from Australia and New Zealand
of the order of 8 per cent. or 11½ per cent., according
to the United Kingdom expansion figure. If the cut
was 11½ per cent. it would be more severe than the 10
per cent. cut on the Argentine. It was out of the
question to think that Australia and New Zealand would
voluntarily agree to any such arrangement, and we
should be driven to impose this cut upon them in the
face of very bitter opposition which would be re-
inforced by acute criticism of the home agricultural
interests.

-11-
After prolonged and difficult negotiations we were very near agreement with the Dominions on the question of beef, but if this most contentious issue regarding mutton and lamb was now to be raised, we should not only make no progress with the Dominions whatever with regard to it, but there was a very serious danger that they would go back on what they had already agreed to in regard to beef.

The Chancellor of the Exchequer invited the attention of the Cabinet to the table on page 3 of C.P. 280 (36). It would be seen from the first and last columns of that table how the position in regard to mutton and lamb supplies had altered since the Ottawa year. The total supplies had fallen from 12,022,000 cwts. to 11,670,000 cwts. The United Kingdom production had risen slightly from 4,700,000 cwts. to 4,750,000 cwts. Australia had increased her exports from 1,489,000 cwts. to 1,750,000 cwts. New Zealand had slightly reduced hers from 3,908,000 cwts. to 3,900,000 cwts., while foreign countries had reduced their exports from 1,935,000 to 1,270,000, a very striking reduction of 665,000 cwts. There could be no question that all concerned had benefited by the reduction in the supplies, and the figures clearly showed that if any country was to blame for trying to increase production beyond the consumptive capacity of the market, that country was Australia, while the Argentine could be commended for its very big reduction. It should also be remembered that that reduction had already amounted to 35 per cent. of the Ottawa year figure.

The question was what was likely to happen in the next few years? It was estimated that home production would expand from about 500,000 to 700,000 cwts. There was no question of any interference with such expansion. It was the duty of the Government to enable home
producers to expend on the lines contemplated by restricting imports from overseas, especially having regard to the fact that our expansion did not represent a new high level, but merely the recovery of levels which we had enjoyed in the past.

The question was, at whose expense should the United Kingdom expansion be obtained?

The President of the Board of Trade suggested that the Argentine contribution should be limited to a 10 per cent. cut. On the other hand, the Secretary of State for Dominion Affairs had made it clear that if home expansion reached the higher figure of 700,000 cwts. and supplies were to be maintained at the present level and there was no increase in the home consumption, it would be necessary to impose a higher cut on imports from Australia and New Zealand than on those from the Argentine, and that this would be most violently resisted by the Dominions concerned.

It seemed an unnecessarily strong assumption that home consumption of mutton and lamb would remain at its present figure. He (the Chancellor) would have thought that the home market during the next few years was capable of absorbing a substantial increase of the supplies without prices being prejudicially affected. If home consumption could absorb, say half the estimated expansion in home production, the cut that would have to be made on imports from the Dominions would be of the order of 3 or 5\% per cent. This could not be regarded as an extravagant cut.

He would regard as disastrous a failure to make a new agreement with the Argentine, having regard both to our large investments in that country and to the value of our important export trade to Argentina. It was clear that if our prosperity was to continue,
we must look more and more to the expansion of our export trade, and it was very difficult to see how we could increase our exports to countries, like the Argentine, if we cut their exports to us.

At the same time he felt that the last paragraph of the President of the Board of Trade's Memorandum (C.P. 383 (36)) somewhat overstated the position. He (the Chancellor of the Exchequer) could not agree that because we found it impossible to reach agreement on one item with a particular foreign country that our trade agreement policy must be abandoned.

In his opinion the case of the President of the Board of Trade was, on pure merits, overwhelming, but there was a political aspect which gave him much anxiety. Critics would say, no doubt very unfairly, that the Government were sacrificing British and Dominion agricultural interests to the interests of investors and financiers. At the same time the Government would have to answer the question on whom the cuts would have to fall, and the answer must be on the Dominions, and this would raise a political storm.

He hoped, therefore, that it might be found possible to reach some agreement on this question with the Argentine which avoided raising this political difficulty. A possible suggestion was that the Argentine should be told that they would not be asked to submit to larger cuts than the 10 per cent. in 1928 and 1929 unless cuts unspecified in amount were also imposed on imports of mutton and lamb from Australia and New Zealand. He understood that the Secretary of State for Dominion Affairs would not regard a suggestion of this kind as unreasonable. It was true, of course, that this proposal was very similar in character to our undertaking regarding chilled beef which we had been unable to carry out,
and it might well turn out that the Argentine would decline to entertain it. His hope was that the President of the Board of Trade would be able to find some way of escaping from the present dilemma which would at the same time secure an agreement with the Argentine without raising the serious political difficulties which had been mentioned. In view of the fact that her exports of mutton and lamb did not constitute a very important item in the Argentine's total exports, it might well be worth while to seek for some solution of the difficulty.

The Lord Privy Seal said that no-one could be insensible to the strength of the case which had been presented by the President of the Board of Trade. What weighed with him was the great difficulty of being sure that any assumptions made now would prove to be correct in two or three years' time. For example, at the time of the Ottawa Conference those interested in agriculture would have said that in the immediate future the position of beef was tolerably secure, while that of mutton and lamb was highly dangerous. In point of fact the exact reverse had proved to be the case. He had come to the same conclusion as the Chancellor of the Exchequer, and thought that some compromise should be sought. Would it be possible to have an agreement with the Argentine in regard to the 10 per cent. cut on the lines proposed by the President of the Board of Trade, on the understanding that if our present assumptions proved incorrect and the market became flooded with supplies with detrimental consequences to prices, we should have, in default of further quantitative restriction, to fall back on some form of levy subsidy? He did not think that it was politically possible for the Government to leave themselves defenceless in this matter so far as 1938 and 1939 were concerned.
The First Commissioner of Works said that as a result of his experience of the negotiations with the Argentine and the Dominions he felt bound to agree with the President of the Board of Trade that the Argentine was fully justified in asking for a guarantee. It should be remembered that every time we had made an agreement with Australia and New Zealand about the amount of the supplies of beef to be sent to the United Kingdom within a definite period, those supplies had invariably been exceeded. The main reason why Australia had not expanded her exports of mutton and lamb to a greater extent than she had in fact done, was the adverse climatic conditions of the last few years, but we might have to face a very large increase indeed of supplies of mutton and lamb from Australia and then we should be in exactly the same position as we had been in the case of beef. He thought that the time had come when we should point out to the Dominions that our population was stationary and was likely in future to decline, that we could not possibly afford to lose our export market to the Argentine, and that it would be essential in order to protect the home producer and the home market that any cut over a certain figure imposed on imports from foreign countries should be extended to imports from the Dominions.

Australia, of course, maintained that she was a much better customer than the Argentine. She pointed out that in 1935 she took nearly £30 millions of United Kingdom goods as against about £15 millions taken by the Argentine, while our imports from the Argentine were very nearly the same in value as those from Australia. This argument would have to be faced and met.

The Secretary of State for Air was satisfied that on merits the President of the Board of Trade had made a very good bargain indeed, but the political difficulty remained.
He fully accepted the President's view that it was impossible to persuade the Argentine negotiators to accept a greater cut, and it would be very disagreeable if we had to impose cuts ourselves in face of bitter Dominion opposition. At Ottawa the conception had been that a producers' pool should be set up which would so regulate supplies in the market as to give producers satisfactory prices. He thought that our policy should be to get away from quantitative regulation in favour of import duty arrangements which would in difficult times provide ways and means by which a subsidy could be paid to our home producers. Would it not be possible to say to the Argentine that we would agree to the 10 per cent. cut, but that they must recognise that it would pay nobody to flood the market? We must, therefore, warn them that if prices fall to an unreasonable level it will be necessary to impose a duty on imports so as to provide the necessary funds with which to pay a subsidy to the home producer. It might then very well happen that the foreign and Dominion interests concerned would get together and endeavour to agree on a scheme for regulating supplies to the United Kingdom market.

It was pointed out, however, that at present our policy was based on free entry for Dominion supplies, that the foreign supplies only constituted a small fraction of the total supplies from overseas, and that accordingly the produce of a levy subsidy on foreign supplies alone would, even if the Argentine would accept such an arrangement which they would not, provide no real solution of the difficulty.

The Secretary of State for Dominion Affairs said that he did not dissent from what had been said by the First Commissioner of Works relative to the tendency in the past of the Dominions to break their bargains. This no doubt was a very relevant consideration. At the same time he
hoped that any discussion of the matter would not be coloured by the idea that the Dominions were unlikely to play the game in future. It must be remembered that at the time to which Lord Stanhope had referred, the arrangements were on a very tentative and experimental basis. This had now been corrected in the light of experience, effective machinery had been set up in Australia, and there was every reason to believe that in future the Dominion authorities would scrupulously observe any bargains they made, and that we could count on them carrying out any agreement they entered into. He agreed in principle with the Chancellor of the Exchequer's suggestion, but his difficulty was that the Dominions would only come into an agreement of the kind contemplated after months of exhaustive discussion and negotiation. It was quite out of the question to suppose that an agreement could be reached with them within the short space of the week which was available. Would it not be possible to persuade the Argentine to postpone what was to happen in 1938 and 1939 so as to give time to go into the whole question and endeavour to reach agreement with the Dominions?

The President of the Board of Education wondered whether it would not be possible to get a compromise covering the first and second years of the new agreement. The great political difficulty was that the home agricultural interests had always been told that the Government could not help them in regard to beef because their hands were tied by the 1933 Agreement. It would be deplorable if it now had to be said that we could not help in regard to mutton and lamb because our hands were tied by the new agreement.

The President of the Board of Trade recalled that the Argentine negotiators had insisted that there should be no further cut during the whole of the three years period.
They had been told in reply that the only guarantee we could give in regard to quantities in the second and third years would be a guarantee that they would not be cut by more than a percentage, which would be considerable. Greatly to his surprise the Argentine negotiators had then offered the guarantee that Argentine exports of mutton and lamb should not be reduced by more than another 5 per cent. of the Ottawa year quantities. He (the President) had stated as his last word that the most he would consider was a guarantee of not more than a 10 per cent. cut in present quantities.

He doubted whether any of the suggestions which had been made in the course of the discussion would meet the case, and he should very much like to know what in fact the Dominions would be prepared to agree to.

The Secretary of State for Dominion Affairs said that it would be very difficult indeed to persuade the Dominions to agree to any cut, but they would never in any circumstances agree to a cut larger than that imposed on the foreigner. In accordance with the general principle Australia and New Zealand would have to be treated alike.

The Minister of Agriculture and Fisheries observed that it would be pointed out that our hands are now free, both as regards the Dominions and foreign countries, and the Government would be asked why they had failed to take effective measures to protect the home producer.

The President of the Board of Trade observed that if he had to take the line that the Dominions could not be subjected to as drastic a cut as the Argentine, he could see no possibility whatever of concluding an agreement with the Argentine.

The Secretary of State for Foreign Affairs said that he could confirm what the President of the Board of Trade had said regarding the proposed Pan American Congress in
Buenos Aires in December next. If, by the time Mr. Cordell Hull reached Buenos Aires we had not concluded an agreement with the Argentine, it might be anticipated that the attitude of Mr. Cordell Hull towards any Anglo-Argentine Agreement would not be at all helpful. The time factor was, therefore, of great importance.

The Secretary of State for Dominion Affairs explained that he had not meant to suggest that the whole Anglo-Argentine Agreement should be postponed. Would it not be possible to sign an agreement which included a mutton and lamb provision that there should be no cut in the first year, but which contained no reference to what was to happen in the second and third year?

The President of the Board of Trade saw no likelihood of such an arrangement being acceptable to the Argentine.

The Prime Minister thought that it would be disastrous if the new Anglo-Argentine Agreement was not made. Everything pointed to our becoming more and more dependent on our export trade for continued prosperity at home. There was great danger that we might find, when the inevitable slump returned, that we had been squeezed out of valuable foreign markets. So far as he was concerned, he would much rather face the possibility of having to pay a subsidy in three years' time to the home producer of mutton and lamb than to involve districts like Lancashire and South Wales in the loss of valuable trade with the Argentine. He had much sympathy with the view of the Secretary of State for Dominion Affairs, but he felt that the Dominions would always be in their present difficulties until their populations had materially increased. The Dominions either could not, or would not, recognise our trade difficulties. It was no exaggeration to say that the Trade Agreements, which the President of the Board of Trade had made, had done much to
save Durham and Scotland. It must be borne in mind that there would be very widespread disappointment and apprehension, particularly among the very large number of people whose money was invested in the Argentine or who were dependent on our export trade, if we had to throw over a most advantageous commercial bargain in order to satisfy agricultural claims and apprehensions.

The Home Secretary enquired whether the President of the Board of Trade thought that it was impossible to get a modified arrangement for two years, and something less rigid in the third year.

The President of the Board of Trade thought that it was difficult to say, but from his experience of Dr. le Breton he thought that the latter had said his last word.

In reply to an enquiry as to the possibility of persuading the Dominions to agree to the imposition of a small import duty on their mutton and lamb exports, it was pointed out that this would in fact mean ruin to the New Zealand and Australian producers, and they would not look at it for a moment.

The Chancellor of the Exchequer said that he was apprehensive at the lack of flexibility in the arrangements proposed by the President of the Board of Trade in regard to the guarantee. He would like our hands to be freer, particularly in the third year.

The Lord Privy Seal enquired whether it would be possible to give the Argentine the guarantee as suggested by the President of the Board of Trade; the guarantee to operate so long as prices did not for a certain period fall below a certain level. If, however, this condition was not fulfilled, there should be consultation between the parties and no further cut should be made in the absence of agreement; in default, however, of any agreement
our hands to be free to impose a levy subsidy, and it would then have to be considered whether the Dominions should be brought into the levy or not.

The Secretary of State for Dominion Affairs said it was very doubtful indeed whether the Dominions would ever agree to such a proposal, but in any case it would be impossible for them to agree to it within a few days.

The Chancellor of the Exchequer did not think that it would be necessary to obtain Dominion agreement at the present stage. Only the first part of the Lord Privy Seal's proposal would actually be incorporated in the Angle-Argentine Agreement. His great objection to the President of the Board of Trade's proposal was that by reason of its rigidity it united in opposition the home and the Dominion producer.

The President of the Board of Education pointed out that the Lord Privy Seal's suggestion meant re-opening the whole question of a levy subsidy.

The Prime Minister thought that the opinion of the Cabinet was strongly in favour of the new agreement on merits and on general grounds, but it was open to definite political disadvantages; if these disadvantages could be removed by modifying the mutton and lamb provision on lines such as the Lord Privy Seal had suggested, the Cabinet would cordially welcome such a solution.

The Minister of Agriculture and Fisheries observed that the difficulty of the Lord Privy Seal's proposal was that it involved depriving the Argentine in certain events of the free entry which they had been promised. This would undoubtedly give rise to very great difficulties.

The Lord Privy Seal observed that at the outset of the discussion the President of the Board of Trade had indicated the very large number of important concessions to which the
Argentine had agreed. It seemed clear, therefore, that the Argentine must attach immense importance to getting the new agreement, and he should have thought that they would not create insuperable difficulties over this question of the third year if by doing so meant that the whole agreement would be lost.

The Minister for Co-ordination of Defence asked whether if the mutton and lamb clause was in fact limited to two years this would not mean that the agreement itself would be for two years.

It was pointed out that in any case an agreement for three years was on the short side, and that there would be very serious objection to an agreement for a shorter period.

The Secretary of State for Dominion Affairs said that he had hoped that the guarantee would only extend for the first year. If some arrangement had to be made to cover the second and third years, he hoped that it would be in a form which would not commit us to any particular action vis-à-vis the Dominions. In any case he would like to reserve his position in regard to the matter.
The Cabinet agreed:

(1) That the proposed new Anglo-Argentine Agreement was on general grounds a very desirable agreement, and that it should be approved subject to further consideration of the question of the proposed guarantee that Argentine exports of mutton and lamb should not be reduced by more than another 10 per cent. of the Ottawa Standard Year quantities.

(2) That this question should be examined generally in the light of the discussion, and in particular of the suggestions made by the Lord Privy Seal at the Meeting, by:
- The Lord Privy Seal
- The Secretary of State for Dominion Affairs
- The President of the Board of Trade
- The Minister of Agriculture and Fisheries

with a view to agreement being reached as to the line to be taken in the matter with the Argentine negotiators.

(3) To take note of the reservation of the Secretary of State for Dominion Affairs mentioned above.
The Cabinet had before them a Note by the Secretary of State for Air (C.P.-287 (36)) covering the draft of a White Paper on the Policy of His Majesty's Government in relation to the Production of Aero-Engines. The preparation of this White Paper had arisen out of the withdrawal of Lord Nuffield from any work in connection with the scheme for a "shadow" aero-engine industry.

The Cabinet were informed by the Secretary of State for Air that the Minister for Co-ordination of Defence was satisfied that the White Paper provided a full answer to Lord Nuffield's contentions. While completely traversing those contentions, it had been so drawn up as to stress the larger issues of policy involved. It was proposed to incorporate certain amendments, the most important being a letter addressed by Lord Austin to the Secretary of State for Air reaffirming on behalf of the firms in the "shadow" scheme their complete agreement with and confidence in the policy of the Government.

The Cabinet were also informed that Lord Nuffield, to whom the draft White Paper had been shown by the Minister for Co-Ordination of Defence, had agreed to a statement being made in both Houses of Parliament on Thursday next to the effect that he regarded the White Paper as a fair statement of the Government's case and that he did not propose to make any reply to it.

A draft of the proposed Statement in Parliament (the text of which had been seen and accepted by Lord Nuffield) was read to and approved by the Cabinet. A copy is attached to these Conclusions (see Appendix I).
After some discussion the Cabinet agreed —

(1) That on Thursday, October 29th, the statement (Appendix I) should be made in the House of Lords by the Secretary of State for Air, and simultaneously in the House of Commons a reply in the same terms should be made to Mr. Attlee's Private Notice Question.

(2) To approve the draft White Paper (C.P. 237 (36)), subject to any amendments and additions that the Secretary of State for Air and the Minister for Co-Ordination of Defence may think necessary or desirable. For the final text of the White Paper see Appendix II.

(3) That copies of the White Paper should be in the Vote Office on the evening of Wednesday, October 28th 1936, so that they might be in the hands of Members of Parliament on the morning of Thursday, October 29th.

(4) That as the White Paper would appear in the morning Papers on Thursday, October 29th, arrangements should be made for the Press to be informed unofficially from 10, Downing Street, on Wednesday, October 28th, to the effect that all difficulties had been overcome and that no debate on the subject need therefore be anticipated. The Press should not of course be informed in advance of the contents of the Parliamentary Statement, the publication of which could not be earlier than in the evening Papers on October 29th, after it had been made in both Houses.

(5) To take note that the Prime Minister had arranged to see Lord Nuffield at 3 p.m. on Wednesday, October 28th.
4. The Cabinet were informed by the Secretary of State for Air that at their meeting on October 1st (D.F.R.23th Minutes, page 12), the Sub-Committee on Defence Policy and Requirements had authorised him -

"To prosecute enquiries as to whether certain aircraft, complete with equipment, could be purchased in America, but that - in view of the political and economic considerations involved - he should not place definite orders for such aircraft without further reference to the Committee."

It was believed that a type of machine used by the United States Air Force was suitable for our own use and the British Air Attache in Washington had been instructed to enquire whether the United States authorities had any objection to our purchase of some of this type. The United States authorities were considering the matter. In the meantime, rumours had appeared in the Press to the effect that the British Air Ministry had ordered 1,000 American machines. Mr. Simmonds, M.P. had informed the Parliamentary Under-Secretary of State for Air that he was putting down a Private Notice Question for answer on Thursday, October 29th, to the following effect:

"To ask whether the Air Ministry are considering the purchase of aircraft from aircraft manufacturers outside Great Britain, and whether they have in fact placed any orders, except for single experimental aircraft, with any such manufacturers."

It was proposed to reply to the following effect:

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"The Government have from time to time made enquiry as to possible overseas sources of supply of munitions of various kinds, so that the necessary information should be at their disposal if purchases from such sources appeared at any time to be necessary or desirable. The answer to the second part of the question is in the negative."

The Cabinet approved an answer to this effect being given to Mr. Simmonds' question.

2, Whitehall Gardens, S.W.1.

28th October, 1936.
APPENDIX I.

Statement to be made in both Houses of Parliament on Thursday, 29th October, 1936.

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I am obliged to the Noble Lord for the opportunity of making a short further statement on this matter. The White Paper which has been issued sets out very fully the facts both as to the policy of His Majesty's Government and also as to the discussions which have taken place with my Noble Friend, Lord Nuffield, and his representatives. It will be seen from the White Paper that His Majesty's Government have decided to adopt a policy with which my Noble Friend is unfortunately not in agreement and I regret very much that that should be the case. His Majesty's Government have, however, made their decision upon the considered advice of the experienced firms which are undertaking the work of constructing the engines that are required and we believe it will prove successful.

I have nothing to add to the White Paper except that I regret sincerely that my Noble Friend should feel I treated him with any lack of consideration. I was greatly pressed at the time he asked to see me and I hope he will believe that the last thing in the world I intended was to be discourteous. I have Lord Nuffield's authority for saying that while he cannot agree with some of the opinions expressed, he accepts the White Paper as a fair statement of the Government's point of view of what has passed between himself and the Air Ministry and he does not propose to make any further statement on the subject of his part in the discussions. Although he is not able to co-operate in the air engine plan, he holds himself ready to place his services at the disposal of the Government for other important work.
Note on the Policy of His Majesty's Government in relation to the Production of Aero-Engines

Presented by the Secretary of State for Air to Parliament by Command of His Majesty
October, 1936
NOTE ON THE POLICY OF HIS MAJESTY'S GOVERNMENT IN RELATION TO THE PRODUCTION OF AERO-ENGINES.

It is desirable to begin by outlining the factors which governed the policy of the Air Ministry in regard to the supply of aero-engines for Service purposes prior to the formulation of the Shadow Aero-Engine Scheme in April, 1936. These factors are fundamental to a correct understanding of the position.

First, the determination of a particular make of aero-engine to be used in a Service type of aircraft is primarily a matter for the aircraft company who design and produce the aeroplane. The decision is made in the light of the Royal Air Force requirements which the aircraft must fulfil, and the aeroplane designer will naturally select a suitable type already in production, or a new or improved type so far developed as to have a reasonable prospect of being available for production in time for his purpose. It is only in special and somewhat rare cases that the Air Ministry decide on the make of aero-engine to be used in a particular type of aircraft.

Secondly, it requires a great deal of unremitting research, experimentation and development to bring to the quantity production stage a new or basically improved type of engine satisfactory for Service use.

Thirdly, owing to the higher horse power required for Service purposes, firms producing aero-engines for Service use are, apart from occasional orders for civil aircraft which fall within that high range of horse power, almost entirely dependent on Government orders for their existence. Any order obtained for foreign governments would normally follow on orders obtained for the British Government.

During the period of retrenchment which followed the war, the majority of firms which had catered for the war needs of the Royal Air Force returned to their peace time business, leaving only a few aeroplane and engine firms to supply the very limited requirements of the Service. It was, however, the policy of the Government to interest and retain the services of sufficient aeroplane and engine firms, not only to meet their requirements in the various types, but also to promote a measure of competition, and to provide an incentive to new ideas and to the advancement of design. The firms supplying the requirements of the Air Ministry in high-powered aero-engines were four in number—Armstrong Siddeley Motors, Ltd., The Bristol Aeroplane Company, Ltd., D. Napier and Son, Ltd., and Rolls Royce, Ltd.—and by their continuous work on research, assisted by the Air Ministry policy of encouragement, they produced a succession of engines of outstanding performance and reliability.
These four firms more than sufficed to supply Air Ministry requirements, and at the same time provided a sufficient measure of competition; and for these reasons other firms who desired to design and produce aero-engines for the Air Ministry were invariably informed of the facts of the situation and of their necessary effect on Government policy. It was, however, no part of the Department’s policy to withhold from firms which embarked on the design of aero-engines such technical advice as could be given when requested, and indeed advice was and is freely given in all cases.

These were the conditions obtaining in 1929 when Lord Nuffield began to engage in aero-engine construction. During the years that followed, the Directorate of Technical Development at the Air Ministry, with full Ministerial approval, were in touch with the works which Lord Nuffield had established and any advice and technical assistance which were asked for were readily given.

The 1935 Expansion Programme.

In July, 1935, the Government presented to Parliament a Supplementary Estimate covering the initial expenditure in connection with the expansion of the Royal Air Force which had been decided upon. In presenting the Estimate, the Secretary of State for Air explained to the House of Commons the general scope of that programme, both in matériel and personnel. The programme consisted of a large number of aeroplanes of various types. It was designed to embody delivery of the most suitable types of aeroplanes which could be produced within the period. Multiplicity of types was avoided as far as possible—a very important consideration in the interests of production—and the types of engine required for that programme were determined by the types of aeroplanes selected. As in aeroplanes, so in engines, it has been and is the considered policy of the Government to avoid as far as possible a multiplicity of types. The engines selected for the programme were all engines of high quality and performance, fully approved by the technical staff of the Air Ministry, and selected by the aeroplane makers as those most suitable for the aircraft which they were to supply. The provision of the necessary engines for this programme was well within the capacity of the engine-making firms who were their designers and producers, and in fact the delivery of engines is being made at a very satisfactory rate.

The engine firms are employing a large number of sub-contractors, a practice which the Government fully approve, as it assists production and spreads work throughout the country.

On the 25th July, 1935, Lord Nuffield wrote to the Secretary of State asking for an interview on the 31st July, to which the Secretary of State replied as follows on 29th July:—
I have just seen your letter of the 25th, and am sorry to say that it will be quite impossible for me to see you on Wednesday. I have two Cabinet Committees as well as a Cabinet, and two deputations, and I have to be in the House and to attend a public dinner, so that literally every minute of my day is taken up.

You will, I am sure, appreciate that at the end of the Session there is a most tremendous rush."

On the 19th November, 1935, the Secretary of State wrote to Lord Nuffield as follows:—

"You will remember suggesting to me in July that we should discuss the question of aero-engines, and I was very sorry that at the time I was so pre-occupied with the new work here that I was unable to arrange to meet you on the day which you suggested. After I first took over, my urgent work was to arrange for the execution of the new programme, which necessarily depended on certain specified types of machines and engines. In all this, as you know, I have had the constant help of Lord Weir. This programme has occupied us both to the full, but we are now able to look further ahead, and we should very much like to have a full talk with you at this stage. Would it be convenient for you to meet us on Wednesday, the 27th of November? I have provisionally arranged with Weir to keep the time from three o'clock onwards that day free."

The Secretary of State and Lord Weir, with Air Marshal Sir Hugh Dowding, the Air Member for Research and Development, saw Lord Nuffield and Mr. Cannell on the 27th November.

At this meeting Lord Nuffield began by expressing his anxiety about the unpreparedness of the supply arrangements for the production of aero-engines.

The Secretary of State and Lord Weir outlined the situation as regards the Air Ministry expansion programme, and the particular needs and structure of the aero-engine industry. They explained that the programme was within the capacity of the existing industry, and the production of reserves on the scale then anticipated, after this programme was complete, was probably also within its capacity. Both the Secretary of State and Lord Weir, however, gave it as their personal opinion that the introduction of a fifth engine firm, if that firm was a large motor manufacturing concern, would be welcome on the ground of the production experience which it could contribute. At the same time they made it clear to Lord Nuffield that the real customer for the military aero-engine was the aeroplane manufacturer, and that an engine market could not be guaranteed by the Air Ministry, although in certain
circumstances the Air Ministry had intervened to encourage aeroplane manufacturers to adopt a certain type of engine.

In the course of discussion Lord Nuffield raised the question whether he would be justified in continuing his development of the Wolseley series of aero-engines in view of the lack of support which he felt he had received from the Air Ministry.

On this aspect of the question Sir Hugh Dowding pointed out that when he was first approached two or three years before by the Wolseley Company he had told them that a military aero-engine must find its own market amongst aeroplane manufacturers. The Wolseley firm had, however, specialised in engines of a horsepower lower than that which was required by the Air Ministry for military purposes, in the hope of securing a civil market. They had now under development a 600 h.p. engine (the Gemini) which just came within the lower end of the military range and the Air Ministry had promised, in spite of certain difficulties, to provide an aircraft in which it could be tested for endurance purposes in the air. Lord Nuffield and Mr. Cannell both acknowledged the assistance which the Air Ministry was giving in this respect, but Lord Nuffield went on to say that he could not see any advantage in going on with the development of his aero-engines, although he and Mr. Cannell would think over the points that had been given them on the general situation by the Secretary of State and Lord Weir.

Lord Nuffield mentioned that he was in a position to manufacture an American engine under licence, and asked whether that would be of interest to the Air Ministry. The Secretary of State and Lord Weir pointed out that this would not be an attractive proposal for the Royal Air Force. It was most desirable to keep to British types, which were proved and wholly satisfactory, and what would be required in any further expansion would be a larger production of British types, which would fit in with the aeroplane programme. Lord Nuffield’s recollection is that he also suggested making complete Bristol engines. The recollection of the Secretary of State and Lord Weir is that the question of manufacture of Bristol engines was not raised at this interview and did not in fact arise until the further expansion programme was decided upon in the following year.

Prior to the meeting between the Secretary of State and Lord Nuffield, Wolseley Aero Engines Ltd. had written to the Air Ministry on the 15th October, 1935, bringing to their notice the activities of the Company and describing the engines which were then on a production basis or were in the course of development. The letter stated that the Company had been requested by several aircraft firms from time to time to furnish particulars of their engine development and suitability for military aircraft. They asked therefore to be given information about new specifications for which their engines might be suitable,
so that the firm might co-operate more fully with aircraft constructors. A reply to this letter was held up in view of the Secretary of State's impending interview with Lord Nuffield, but a reply was sent on the 6th December, giving as much information as could be released regarding specifications, but pointing out that only the most powerful of the engines so far projected by the firm (i.e., the Gemini) could be considered for use in Service aircraft, although there was a possibility that one or more types of civil aircraft employing some of the lower powered range of Wolseley engines would be chosen for training purposes. In acknowledging the receipt of this letter Wolseley Aero Engines stated that the information supplied would be of great assistance to them in enabling them to put forward to aircraft constructors the range of Wolseley aero-engines to meet the various specifications.

Placing of order for Scorpio engines in August, 1936.

It was decided during the summer of 1936 to adopt for training purposes a twin-engined aircraft developed by the Airspeed Company from their civil "Envoy" type. It was originally the intention to use another engine for this aircraft, but in the course of negotiations it was seen that the Scorpio engine presented certain advantages and a decision to adopt this engine was taken on the 5th August. Mr. Richardson of Wolseley Aero Engines Ltd. had already attended a meeting at the Air Ministry held on the 20th July, when he gave details of the engine, and a letter from the Company followed on the 25th July, giving particulars of the quantities which they were in a position to produce. Following the decision taken on the 5th August, Mr. Richardson was seen by the Assistant Director of Contracts (Engines) on the 11th, when the Air Ministry procedure for the placing of contracts was fully explained to him. Mr. Richardson stated that there would be no difficulty in the acceptance by his company of an Instruction to Proceed on the lines which had been indicated to him.

On the 19th August, the Chief Inspector of Engines in the Aeronautical Inspection Directorate visited the Wolseley works and discussed the problem of output with Mr. Cannell, the Managing Director. The Chief Inspector was informed that parts were in production for the first batch of 50 engines and that material supplies were available for the second batch of engines. A letter confirming the arrangements made was sent to the firm on the 21st August, and was acknowledged by the firm on the 24th. On the same date two members of the staff of the Aeronautical Inspection Directorate were temporarily attached to the works.

On the 26th August Mr. Boden, who had been appointed Managing Director of Wolseley Aero Engines Ltd. in place of
Mr. Cannell, telephoned to the Assistant Director of Contracts (Engines) and after saying that he understood that Mr. Richardson had discussed the issue of a contract with Wolseley Aero Engines, asked how the matter stood. He was informed that an Instruction to Proceed for 300 Scorpio engines was either in the post or about to be posted. (It was subsequently confirmed that the formal Instruction to Proceed had in fact been despatched before Mr. Boden telephoned.) He then stated that in view of changes that had taken place in the organisation of his company it had been decided to discontinue the manufacture of aero-engines.

Arrangements were consequently put in hand for the supply of alternative engines.

The scheme for a shadow aero-engine industry.

Early in 1936 the Government decided that it would be necessary to substitute for the programme previously approved a far larger programme of expansion for the Royal Air Force. This decision was announced in the Statement relating to Defence (Cmd. 5107) of the 3rd March, 1936, and envisaged not only a further increase in the first-line strength of the Royal Air Force, but the building up of further large reserves of aircraft and engines.

The programme was so large that it was clear that it exceeded the capacity of the existing aeroplane and aero-engine firms as then constituted. Two courses were open to the Government, either to afford assistance to existing aircraft firms to make further very large extensions of their buildings and plant or to bring in firms outside the aircraft industry who would, in the event of war, be required to turn to aircraft production.

As regards engines, the type of engine required was determined by the decision with regard to the aeroplanes. Briefly, the gap which was required to be filled by production outside the existing industry was the production of a large number of engines of Bristol type. If these engines had been urgently required for first line aircraft under the programme, the simplest and quickest course would have been to arrange with the Bristol Aeroplane Company for them to build and equip a new factory which would deliver the requisite number of engines. As, however, a large part of the extra engines were required for reserve, the Government felt able to adopt the alternative of bringing in outside firms in the manner described below.

A great deal of work had already been undertaken by the Committee of Imperial Defence in reviewing civil industry and in preparing plans by which the resources of a number of firms would in war be earmarked for particular types of war production, naval, military, air, and work common to all three Services. Under that allocation various motor firms were allocated to aircraft work.
Morris Motors Ltd. were allocated not to the Air Ministry, but to the War Office. This decision had been taken in view of the great amount of War Office work which the firm normally undertook and of the large demands which the War Office would make upon that firm in the event of war. The associated firm of Wolseley Motors Ltd. was, however, allocated to aircraft work.

The Government decided that it would serve the combined purposes of securing the additional airframes and engines which were required by the programme, of increasing the war potential, and of affording valuable experience to the firms allocated to aircraft if these firms would undertake the erection, equipment and management of a series of "shadow" factories on behalf of the Government. Action was accordingly taken in regard to both aeroplanes and engines.

It was an essential part of the shadow plan for engines that the shadow factory should be established in the closest possible association with the works of the managing firm, which would in the event of war turn their main factories over to war production. The shadow factory so established would thus in the most convenient manner carry out the work required during the present expansion, and would be best placed to be utilised by the firm immediately in the event of war.

An invitation to co-operate in the shadow scheme which took the form of a letter, reproduced as Appendix I, was accordingly sent to the following motor manufacturing firms which had been allocated to the Air Ministry for war production:—The Austin Motor Company Ltd., the Daimler Company Ltd., Rootes Securities Ltd., the Rover Company Ltd., Singer and Company Ltd., the Standard Motor Company Ltd., and Wolseley Motors Ltd.

On the 7th April, 1936, the Secretary of State and Lord Weir, with Sir Arthur Robinson, Chairman of the Supply Board, and members of the Air Ministry met representatives of these seven firms and explained the position to them in detail. They were asked to assist in securing the production of a given number of engines of Bristol type required for the needs of the expansion programme, and to utilise this opportunity to the best advantage as an education for the role which they might be called upon to play in time of war. The firms were asked to consider, in consultation with the Bristol Company, what was in their opinion the most practical way of carrying out the scheme, bearing in mind, first, the importance of obtaining delivery of the engines within a stipulated time, and, secondly, the desirability of giving the firms the experience which they would require for production of aero-engines in the event of war.

The firms concerned agreed to co-operate with the Air Ministry as a team through a committee which they formed at the meeting on the 7th April under the chairmanship of Sir Herbert Austin.
In Lord Nuffield's absence abroad, the invitation to attend the meeting on the 7th April had been sent to Mr. Cannell, who, it was assumed, would represent Wolseley Motors Ltd. Some question arose as to whether Mr. Cannell was representing Wolseley Motors Ltd. or Wolseley Aero Engines Ltd., and at a later date Mr. Lord of Wolseley Motors Ltd., joined the committee.

On the 21st April the Secretary of the Committee reported to the Air Ministry that the Committee had now discussed among themselves and with the Bristol Aeroplane Company the best means of carrying out the programme envisaged, and that they were of the opinion that each of the shadow factories set up should undertake the manufacture of a different group of parts of aero-engines, and that the assembly and test of the complete units should be undertaken by two factories only.

The Air Ministry would have preferred that each engine should not have been sub-divided among as many as seven firms. A meeting was in consequence arranged with Sir Herbert Austin as Chairman of the Committee on the 30th April, who undertook that the matter should be further considered by the Committee.

The matter was duly considered by the Committee, and the Air Ministry were informed on the 7th May that the Committee was definitely and unanimously of opinion that the only safe and practical scheme was for each firm to manufacture one section only.

In arriving at this conclusion the firms were greatly impressed by the difficulty and delay which would arise under any scheme which involved the duplication or multiplication of orders for jigs, fixtures, gauges, tools and other plant. They also took into consideration the increased strain of supervision which would be placed upon the Bristol Company if the making of the same sections were undertaken by a number of firms.

On the 6th May, Mr. Cannell had written to Lord Weir suggesting that his company should undertake the construction of 2,000 Bristol engines, as in Lord Nuffield's opinion this proposal would be of greater value to the Air Ministry than the co-operation of the Wolseley Company in the shadow scheme. This letter was acknowledged by Lord Weir and referred to the Air Council, and as a result Mr. Cannell was informed that the proposal was inconsistent with the policy proposed by the Committee which the Air Ministry had agreed to adopt.

On the 16th June, Lord Nuffield had an interview with Lord Weir in which he expressed concern at the fact that he did not know how best the production facilities of his company could be utilised. He asked that representatives of the Ministry should meet Mr. Lord and examine the general facilities of the Morris and Wolseley Companies and discuss the best way of using these facilities in peace or war. The Director of Aeronautical Production accordingly visited the Wolseley works. In the course of conversation
with Mr. Lord, he gathered that while Wolseley Motors would be prepared to participate in the scheme worked out by the Aero-Engine Committee, they would greatly prefer to make whole engines instead of components only.

Partly as a result of this report by the Director of Aeronautical Production, representatives of the seven firms were asked to meet the Secretary of State and Lord Weir again on the 29th June prior to a meeting which they were proposing to hold with the Bristol Aeroplane Company on the 30th June, at which decisions would be taken as to the sections to be manufactured by each firm. At this meeting the Secretary of State reminded the firms of the objects which the shadow scheme had in view, and said he wished to confirm finally that the advice of the firms was that these results could best be secured by dividing the work on each engine into seven sections. The success of the scheme was, he said, a matter of such paramount importance that he had considered it desirable to meet the firms' representatives to be quite sure that he had understood their views correctly, and that the plan that it was proposed to adopt was indeed the most effective plan for the purposes in view. In reply, Sir Herbert Austin, as Chairman of the Committee, assured the Secretary of State that the whole matter had been most carefully considered. The Committee were still of the opinion that the only safe and practical scheme was for each firm to manufacture one section only. The Secretary of State mentioned that he had been led to re-open the question with the firms since suggestions had reached him that some of them had agreed to adopt the seven-unit scheme only because they thought it was the scheme favoured by the Air Ministry. It would be a most serious matter if a mistake were made and an unsuitable plan adopted. Sir Herbert Austin replied that naturally there was room for differences of opinion amongst seven firms. Some of them, including his own company, would, so far as their own interests were concerned, have preferred to make complete engines, but such a course would not have secured the objects in view. Sir Herbert Austin's view was confirmed by the representatives of the other firms. Mr. Lord stated that he thought that the output required was most likely to be secured by adopting the seven-unit scheme. Specialisation was the simplest and most direct method, but he was not confident that the scheme would succeed, and suggested that the Air Ministry should cover itself by obtaining engines from some other source as well. He added that though he had little doubt that Wolseley Motors would join the scheme, their participation must for the moment be regarded as provisional, as he would need to consult Lord Nuffield.

On the following morning Mr. Lord telephoned to the Secretary of State saying that Lord Nuffield had now decided that Wolseley Motors would not co-operate in the shadow scheme. The Secretary of State accordingly sent a message to the other members of the
Committee who were meeting at Bristol, asking them to proceed with the scheme on the basis that Wolseley Motors would not co-operate.

Subsequently, at Sir Herbert Austin's request, Lord Weir saw Mr. Lord on the 7th July and discussed the possibility of Wolseley Motors Ltd. coming back into the shadow scheme. A proposal had been made that the Air Ministry should purchase for use as a shadow factory a building at Coventry belonging to the Morris organisation. The proposal was carefully considered, but the Air Ministry were for various reasons unable to accept the Coventry factory as suitable for the purpose. The whole position was further discussed by Lord Weir with Lord Nuffield and Mr. Lord on the following day. Lord Weir again explained why the proposed factory was unsuitable, and no mutually agreeable scheme could be found.

Shortly afterwards the Aero Engine Committee approached Wolseley Motors with a proposition that they should take over the manufacture of certain sections, together with the erecting and testing of part of the engines.

On the 7th August Mr. Lord telephoned to the Director of Aeronautical Production saying that Wolseley Motors Ltd. were definitely coming into the scheme, and after again suggesting that the Air Ministry should take over the factory referred to previously, agreed to establish a factory in Birmingham. An officer of the Directorate of Aeronautical Production accordingly visited Birmingham to make detailed arrangements with the firm, and in a letter dated the 14th August Mr. Lord submitted full proposals for the erection and equipment of the factory.

Mr. Lord subsequently resigned from his post of Managing Director of Wolseley Motors, and Mr. Boden was appointed in his place. On the 26th August a letter was sent by Mr. Boden to an officer on the staff of the Director of Aeronautical Production, saying that owing to the change in management his company wished to withdraw the proposals contained in Mr. Lord's letter of the 14th August. Immediately on receipt of this letter the Director of Aeronautical Production rang up Mr. Boden and suggested that he should come to the Air Ministry and explain to the Air Member for Supply and Organisation what the position was. At this interview Mr. Boden stated that when he had taken up the post of Managing Director he had taken stock of the situation and had come to the conclusion that in view of the amount of reorganisation which was taking place in Morris Motors Ltd. he could not in fairness to the Air Ministry continue to carry on with the shadow scheme and do justice to it.

Arrangements were immediately made to get in touch with the Bristol Aeroplane Company, and a representative of the Company was interviewed the same afternoon. The Company have agreed
to participate in the scheme and to undertake the assembly and testing in place of Wolseley Motors.

It will be seen from the above statement that the plan which has been adopted is that advocated by the experienced firms who are making themselves responsible for its execution as the plan which in their considered opinion is the most practical in all the circumstances. A report by Lord Austin, the Chairman of the Committee, made at the request of all the firms, expressing their confidence in the scheme, is reproduced in Appendix II.

APPENDIX I.

DEAR ——,

You will be aware of the general policy which the Government intends to pursue in order to ensure that civilian industry may be able to play a prompt and effective part in war production—should that be required—and also to obtain under the present Defence programmes certain supplies which are in excess of the capacity of the normal munitions industries.

Broadly the plan contemplates that a number of firms normally engaged on civil work shall have allotted to them the particular kind of work they will be called upon to undertake in war, that the necessary steps shall be taken to enable such firms to turn over rapidly to war work in case of need; and that particular firms should be asked during a limited period to produce certain munitions to supplement the output of the regular munition firms.

It is an essential part of the plan that the ordinary civil work of these firms should not be interfered with, and that the facilities created and put in use in the present emergency shall remain in existence as a "war potential" when no longer required for current production.

At the Air Ministry I have under consideration the measures to be taken under the above scheme with regard to aero-engines. Some actual production of particular types will be required, and plans must also be made for large-scale production in time of war. It is important that the action which is taken to meet temporary requirements should be in accord with the right method to be adopted on a much larger scale in the event of war.

Certain firms have been allocated for the production of aircraft and/or aero-engines in case of war. Your firm is one of these.

Before taking decisions as to the detailed planning of the war potential or the placing of orders for aeroplane engines outside the regular aircraft firms, I am anxious to discuss with firms who will be most directly concerned the best way of achieving the objects set out in paragraph 4. In particular I would like to have the considered opinion of firms as to whether production of engines on a large scale in war would be best obtained by each firm manufacturing complete engines, or by an arrangement under which selected component parts would be allotted to particular firms, with one or more central places of assembly. It will be appreciated that what is required in case of war is rapid production on a large scale of definite approved types. The governing factor is how to get quick large-scale production in such an emergency.
I would be grateful if you could arrange for a representative of your firm to attend a meeting with Lord Weir and myself at the Air Ministry, Adastral House, on 7th April next at 3.15 p.m. to discuss these matters. A similar invitation is being addressed to certain other firms who are particularly concerned.

You will appreciate that the subject-matter of this letter should for the present be treated as strictly confidential.

It may be convenient for you to have before you the Government White paper on the Defence Policy and Programmes and the speech in the House of Lords in which I dealt particularly with the industrial side of this question. Copies are enclosed.

Yours sincerely,

(Sgd.) Swinton.

APPENDIX II.

October 26th, 1936.

Dear Lord Swinton,

We held a Meeting of the Aero Engine Committee at Coventry to-day, at which all the Firms were represented, and they unanimously wished me to tell you that they believe in the Shadow Scheme, that they are confident it can be made a success and that they are going to “see it through.”

As your Department has no doubt been advised, the buildings for the various Factories are rapidly “taking shape,” and upon enquiry I could find no holdup or stoppage in the work connected with the purchase of machinery and the jig and tools and fixtures. By the end of the year it should be possible to form a definite opinion as to the date when manufacture might commence.

I am,

Yours sincerely,

(Sgd.) Austin.