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CABINET 4 (12).

CONCLUSIONS of a Meeting of the Cabinet held in Mr Bemar Law's Room, House of Commons, S.W.1, on FRIDAY, NOVEMBER 7, 1919, at 4-45 p.m.

盛世—

The Prime Minister (in the Chair).

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

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

The Right Hon. Lord Birkenhead, Lord Chancellor.


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

The Right Hon. A. Curzon of Red lesbians, K.G., C.G.M., C.M.G., Secretary of State for Foreign Affairs.

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

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

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


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

The following were also present:

The Right Hon. A. Illingworth, M.P., Postmaster-General.

Lieut.-Colonel Sir M.P.A. Hankey, C.G.M., Secretary.
(1) With reference to Cabinet 3 (19), Minute 5, the Cabinet resumed their discussion on the subject of Out-of-Work Donation. In addition to the Memorandum by the Minister of Labour (Paper C.P.-64), which had been under discussion at the previous Meetings, they had before them Memoranda by the Chancellor of the Exchequer (Paper C.P.-69), stating six facts bearing on the subject under consideration, and by the First Lord of the Admiralty (Paper C.P.-69).

During the discussion it was recalled that the Chancellor of the Exchequer, on October 29th, in the course of a review of the national prospects in regard to finance, had informed the House of Commons that the ordinary civil Out-of-Work Donation would cease to an end on November 24th, and had added the following words:-

"If it is renewed, it will be the act of the House, and the responsibility will rest with the House". (Hansard, Vol.176, p.413.)

In view of this announcement the Cabinet came to the conclusion that it would not be right to continue the Out-of-Work Donation to civilians generally, unless exceptional conditions, such as could not at present be foreseen, arose.

In order to make provision for the Dockyard men, the Cabinet decided to approve in principle the Admiralty scheme for suspending discharges, as described in the Minutes of the last Meeting, subject to its feasibility being agreed to by a Committee composed of:

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

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

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

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

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

It was further decided that —

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

Finally, it was decided —

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

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

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

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

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

(e) The Out-of-Work Donation to civilians, other than ex-sailors, soldiers and airmen, shall cease on November 26th, and shall not be renewed unless unforeseen circumstances of great urgency arise.

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

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

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

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

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

- [Signature]

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

(2) The Cabinet had before them a Memorandum by the Secretary of State for the Colonies, dealing with the affairs of Malta, covering also a report by the Parliamentary Under Secretary of State and a despatch from the Governor (Paper D.1.-9817). In these documents certain changes and developments were recommended in the Constitution of the Island of Malta.
The Cabinet agreed —

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

(3) The Cabinet had before them Memoranda by the Minister of Labour (Paper C.P.-43), and the Secretary of State for War (Paper C.P.-53), on the Employment of Disabled ex-Servicemen in the Post Office.

The issue placed before the Cabinet in these Memoranda was as to whether, in consequence of an agreement entered into by the Post Office before the War (whereby 50 per cent of certain classes of vacancies in the Post Office are reserved for ex-professional sailors and soldiers), preference should be given to ex-sailors and soldiers of the Regular Services over men who were not members of the professional Navy and Army but had become disabled in the present War. Sir Malcolm Ramsay's Committee on the question of the Employment of Disabled Men in Government Departments (whose Report is included with Paper G.T.-7569, approved by the War Cabinet on August 13, 1919 — War Cabinet 413, Minute 9) had recommended that posts expressly reserved for professional sailors, soldiers and airmen should not be allocated to disabled men when a qualified ex-regular sailor, soldier or airman was available. This point of view was developed in the Memorandum by the Secretary of State for War (Paper C.P.-53), in which it was pointed out that the reserve of these posts had been held out by the War Office as one of the strongest inducements for enlistment in the Army before the War.

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

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

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

(4) Attention was called to the following Parliamentary Question to be asked by Colonel Yale on November 13th:

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

The Cabinet agreed—

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

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

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

It was explained that a portion of the moneys allotted by the British Government to the relief measures, undertaken and administered by the Supreme Economic Council,
had, at the request of Lord Robert Cecil, who was at that
time the British Representative on the Supreme Economic Coun-
cil and is President of the "Save the Children Fund", been
allowed to be used for the purpose of raising voluntary
contributions in the manner explained in the Question. It
was understood that similar action was being taken in
France.

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

2, Whitehall Gardens, S.W.1,
November 7, 1919.