CONCLUSIONS of a Meeting of the Cabinet held at 10, Downing Street, S.W.1, on WEDNESDAY, JUNE 3, 1920, at 11-30 a.m.

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

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

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

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

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

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

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

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

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

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

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

The Right Hon. Sir Hamar Greenwood,
Bart., K.C., M.P.,
Chief Secretary for Ireland.

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

The Right Hon. Sir Robert Horne,
G.B.E., K.C., M.P.,
President of the Board of Trade.

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

The Right Hon. Sir E. Worthington Evans,
Bart., M.P.

The following was also present:-
The Right Hon. Denis Henry, K.C.,
M.P., Attorney-General for Ireland (for Conclusions 2, 3 & 4).

Mr Thomas Jones, Principal Assistant Secretary.
The attention of the Cabinet was called to recent information from Buda Pest, and particularly to telegram No. 312, dated June 1, 1920, to the effect that the French proposed to make a loan to Hungary of 260,000,000 francs, in return for which the Hungarian railways and tobacco monopoly will be handed over as a guarantee. The French Government were also stated to have undertaken to assist in obtaining for Hungary admission to the League of Nations, and to use their influence to secure certain territorial advantages to Hungary.

It was observed that the issue of so large a loan was hardly consistent with the weakness of the French financial position, on which the French Government have so strongly insisted.

The subject was adjourned pending the receipt of more definite information.

With reference to Cabinet 53(20), Appendix III, the Cabinet had before them a Report by the Irish Executive, in consultation with the Lord Chancellor and the Lord President of the Council, in regard to the various questions referred to them (Paper C.F.-1375) (See Appendix).

The Cabinet discussed at some length the proposal embodied in the Report, that the restriction should be removed by which a Court Martial, acting under the Defence of the Realm Regulations, has not the power to impose the capital penalty. The general view of the Cabinet was that trial by a Court Martial composed solely of military men was undesirable.

The precedent of the Army (Courts of Enquiry) Act, 1912, was cited.

The Cabinet agreed —

(a) That a Bill should be drafted, providing for the appointment by the Irish Government of a Special Tribunal, composed of three persons, the President being a Judge, with power to try cases and to inflict the death penalty; this Tribunal to sit without a Jury, and no appeal from its verdict to be allowed.
Subject to (a) above, to approve the Report of the Irish Government and their colleagues of the British Government (Paper C.P.-1375) (see Appendix).

With reference to Cabinet 27 (20), Conclusion 8, and Cabinet 33 (20), Appendix II (1), the Cabinet had under consideration the action to be taken in regard to Irish interned prisoners who had succeeded in many cases in taking advantage of their release to hospital, after hunger-striking, to escape, with the result that a large proportion were now at large, some of whom had returned to Ireland. Although the Irish Government had the power to deport from Ireland and to re-arrest and re-deport those who had succeeded in returning to Ireland, the machinery of identification at their disposal at present did not enable them to prevent the return of these men from Great Britain to Ireland, or to ensure their re-arrest. This produced a situation which was humiliating not only to the Irish, but also to the British Government.

The Cabinet agreed —

(a) That it was important to prevent the return to Ireland of men in prison, or in hospital, or at large in England, who had been concerned in murder; and that there was not the same objection to the return of political agitators:

(b) That the Chief Secretary and his advisers should scrutinise the list of prisoners, in order so far as possible, to discriminate between these two classes, with a view to the arrest and detention of the class concerned in murder:

(c) That the Home Secretary and the Secretary for Scotland should be responsible for providing places of internment for, and carrying out the wishes of the Irish Government in respect of, the deportees so long as they remain in Great Britain:

(d) That the Irish Government should endeavour, in cases where they thought fit, to apprehend and to re-deport escaped internees who had succeeded in returning to Ireland; that, in order to give effect to the above, the form of the Deportation Order should be reconsidered by the Chief Secretary for Ireland in consultation with the Home Secretary:

(e) That the Home Secretary should proceed to the appointment of the Advisory Committee to be set up under the Cabinet decision of May 12, 1920 (Cabinet 27 (20), Conclusion 8).
With reference to Cabinet 23 A. (20), in the course of the preceding discussion a suggestion was made that, with a view to a comprehensive settlement of the present difficulties in Ireland, the time was approaching when the Cabinet should consider the precedent of the "Kilmainham Treaty" and the possibility of reaching a somewhat similar arrangement with the Sinn Fein leaders.

The Cabinet generally agreed —

That, before embarking on the consideration of any such step, it was necessary for the Government first to secure the upper hand in their policy of establishing law and order in Ireland.

With reference to Cabinet 28 (2C), Conclusion 7, the WEALTH.

Cabinet had before them a Memorandum by the Chancellor of the Exchequer covering the Report of the Select Committee (White Paper 162) on the Increase of War Wealth (Paper C.P. 1319).

The Chancellor of the Exchequer gave a summary of the Report, and described more particularly the modified scheme prepared by the Board of Inland Revenue and favoured by the Committee, by which a sum of £500,000,000 could be obtained, £350,000,000 in the first two years after the passing of legislation and the setting up of machinery, and the remaining £150,000,000 in the course of the ensuing ten years. It was assumed, under this scheme, that the Excess Profits Duty would be reduced to 40 per cent. The general object of such a levy would be:

(a) To make some approach to equalisation of War sacrifice in the field of Finance:

(b) To reduce the War Debt as soon as possible and at a time when money values had a close relation to the values prevailing when the debt was contracted;

(c) To reduce the Floating Debt.

It was explained that, inasmuch as the Government would have to allow any levy on war wealth to be paid in Government bonds at issue price, the sources available for the reduction —
of the Floating Debt would be in part diminished, and that the case for the levy was to that extent and in that sense weakened.

The Chancellor of the Exchequer, continuing, made a statement of the views of the banking, commercial and industrial interests, of the working-classes, and of his own views.

From the Chancellor's statement, and from other sources of information given to the Cabinet, it was clear that, subject to a few notable exceptions, the representatives of banking, commerce and industry were, as a whole, strongly opposed to a levy on war wealth, and were of opinion that its adoption might even produce a grave financial panic. Stress was laid on the heavy burden of taxation now imposed, and it was not clear that over a period of years the taxation of war fortunes would raise more money than the present system of Excess Profits Duty, which, on the whole, met with less objection from the business community than would a capital levy.

On the other hand, stress was laid on the political difficulty of defending the rejection of a scheme for taxing the unpopular war profits which had been publicly declared feasible by a Select Committee of the House of Commons. It would be difficult to meet the imputation that the Government was subject to the excessive influence of war profiteers and the big moneyed interests. There was a strong feeling, especially among ex-Service men, that those who had come out of the War, not only with their lives but with increased wealth, were unduly fortunate and should be made to surrender some considerable part of their abnormal gains. To fail to seize this opportunity would put a very strong weapon of attack in the hands of those parties in the State who were challenging the whole capitalist system, whereas to impose the proposed levy, it was argued, would be to save that system while acknowledging that its accidental abuses must be remedied.

The discussion was adjourned until Friday, June 4, 1920, at 10-30 a.m.
CABINET.

COMMITTEE ON IRELAND.

CONCLUSIONS of a meeting held in the Lord Chancellor's Room at the House of Lords, S.W. on Monday, 31st May, 1920.

PRESENT:

The Lord Chancellor
The Lord President of the Council.
The Lord Lieutenant of Ireland. The Chief Secretary for Ireland.

The following were also present:-

Sir John Anderson,
Sir Claud Schuster,
Sir Francis Creer.

The Committee in the first place considered the powers that can at present be exercised under the existing enactments for the prevention of crime and restoration of order, and in particular those given by the Criminal Law and Procedure Act, 1887, and the Defence of the Realm Acts and the Regulations made under them. The Committee reviewed the provision made by former Irish Emergency Statutes with respect to courts martial, arrest and suspects, the carrying and importation of arms and the constitution of special civil courts. Upon a detailed analysis of the powers necessary for the purpose of dealing with the present emergency and an examination of those conferred by the existing Statute Law and under the Defence of the Realm Regulations and a comparison of those powers with those which could be exercised if martial law were declared, the Committee came to the conclusion that in present circumstances the existing powers would be sufficient if strengthened by the/
conferment upon a court martial acting under the Defence
of the Realm Regulations of the power to impose the capital
penalty. Under the present law the power of a court martial
to impose a capital penalty is confined to offences committed
with the intention of assisting the enemy. The Committee
recommend that this restriction should be removed and that a
court martial should be authorised to impose a capital penalty
in all cases in which, if the offence were dealt with by a
civil court, that court would have power to pronounce sentence
of death, and that legislation should be introduced for the
purpose.

The Committee considered a proposal for legislation
for securing the payment of the compensation awarded to persons
who had suffered injury to the person or property, or to the
personal representative of police officers and other persons
who had been murdered. In several cases county councils
against whom decrees for compensation have been made have
refused to levy rates to raise the compensation, and it was
proposed that power should be taken to intercept the payments
to such councils from the Local Taxation (Ireland) account and
to apply the same in discharge of the compensation. A Bill
for the purpose was considered and its introduction was
recommended.

The Committee considered suggestions for setting up a
form of blockade against disaffected areas by stopping postal
and railway communications with those areas and restricting
the movement of the population, but were of opinion that this
course, whilst inflicting considerable injury to innocent
persons, would be of doubtful efficacy in restoring order and
would be likely to give rise to serious labour troubles which
might not be confined to the disaffected areas or to Ireland.