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- S E C R E T -

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CABINET 60 (20).

CONCLUSIONS of a Meeting of the Cabinet, held at 10, Downing Street, S.W.1, on THURSDAY, NOVEMBER 11, 1920, at 12-15 p.m.

PRESENT:-

The Prime Minister (in the Chair).

The Right Hon. A. Bonar Law, M.P., Lord Privy Seal.	The Right Hon. A. Chamberlain, M.P., Chancellor of the Exchequer.
The Right Hon. E. Shortt, K.C., M.P., Secretary of State for Home Affairs.	The Right Hon. W.S. Churchill, M.P., Secretary of State for War and Air.
The Right Hon. Sir E. Geddes, G.C.B., G.B.E., M.P., Minister of Transport.	The Right Hon. T.J. Macnamara, M.P., Minister of Labour.
The Right Hon. Sir Robert Horne, G.B.E., K.C., M.P., President of the Board of Trade.	The Right Hon. H.A.L. Fisher, M.P., President of the Board of Education.
The Right Hon. Sir L. Worthington Evans, Bart., M.P.	

The following were also present:-

The Right Hon. Lord Edmund Talbot, M.V.O., D.S.O., M.P., Joint Parliamentary Secretary, Treasury (For Conclusion 2).	Major The Right Hon. F.E. Guest, C.B.E., D.S.O., M.P., Joint Parliamentary Secretary, Treasury (For Conclusion 2).
The Right Hon. A.H. Illingworth, M.P., Postmaster-General (For Conclusion 2).	The Right Hon. Sir Alfred Mond, Bart., M.P., First Commissioner of Works (For Conclusion 2).

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

Mr Thomas Jones, Principal Assistant Secretary.

THE SITUATION
IN SOUTH RUSSIA.

(1) With reference to Cabinet 49 (20), Conclusion 3, the Prime Minister read telegrams dated November 10, 1920, from the Naval Commander-in-Chief in the Mediterranean, communicated by the Admiralty, in which it was stated that General Wrangel's forces had evacuated the Perekop position and had fallen back on a second and last defensive line about five miles to the Southward. If his men were to fight, General Wrangel could hold, but otherwise Sevastopol would fall within a week of the line being broken. The French had officially asked to begin at once the evacuation of the civilians, whose number was reported to be 80,000, and to send tugs for the removal of the Russian ships. The French Admiral had asked for British assistance.

The Cabinet agreed --

- (a) That the British Government should not undertake any action for the evacuation of refugees other than those of British nationality or for the removal of ships under General Wrangel in Black Sea ports.

(The Secretary of State for War (Mr Churchill) asked that his protest might be recorded against this decision, which, in his view, might probably result in a massacre of the civilians in the Crimea.) ϕ

- (b) That the British policy should be that of strict neutrality which should on no account be compromised.
- (c) That, in the unavoidable absence of the Secretary of State for Foreign Affairs, the Secretary should invite his attention to these decisions, with a view to a communication being made to the French Government, if he thinks fit.

ϕ (The First Lord of the Admiralty, who was not present at the Meeting, asked that his name might be associated with the Secretary of State for War's protest.)

FUTURE
TRANSPORT
POLICY.

Composi-
tion of
District
Boards of
Management.

-) (2) The Minister of Transport stated that he was later in the day to meet a number of Chairmen of Railway Companies and he would like the direction of the Cabinet on the question of the composition of the District Boards of Management. The Cabinet were reminded that when the question of the future of the Railways was under consideration (Cabinet 33 (20) Minute 6) the Cabinet had given their general approval to the proposal to group the Railways of the country into five or six large groups. Over each of the groups there would be a Board of Management and it had been suggested that each Board should be composed of 21 members, 12 of whom would represent the Shareholders who would thus be in a majority. There would be 9 representatives of the employees, 3 of whom would be administrative officers and 6 workmen elected by the workmen from among those employed by the Railways of the group. Conversations on this basis had taken place with the General Secretary of the National Union of Railwaymen and in the White Paper (Cmd. 787) presented to Parliament the following indication of the Government's policy had been made public.

"Each of the grouped railways will require a Board of Management, and in order to secure efficiency and uniformity, and avoid undue cost, the number of members composing the Board should be limited to probably 21. The composition of the Board is considered to be of the greatest importance, and whilst in the past the directors of Railway Companies have all been appointed by the shareholders, the Government are of opinion that the time has arrived when the workers - both officials and manual workers - should have some voice in management."

Since the Cabinet decision and the publication of the White Paper negotiations have proceeded between the Ministry of Transport and the representatives of the Railway Shareholders and Traders, and these negotiations had shown these bodies to be strongly opposed to the inclusion of representatives of the workmen on the

District

District Boards. They were willing that the workmen should act on Advisory Committees but that they should not participate directly in management, as it was feared that if this principle were conceded in the case of Railways a demand for its extension to other industries would follow. They were unwilling to admit that an adequate case for differentiation could be made out in the case of Railways where ordinary free competition did not operate.

In the course of the discussion it was generally agreed that considerable opposition would be offered in the House of Commons to the adoption of the principle of direct representation of workmen on the District Boards, that it would be impossible to deal with the matter in the House this Session, and that the application of the principle needed further examination.

The Cabinet agreed :-

- (1) That the Minister of Transport should give no indication of any weakening on the part of the Government in regard to the principle of the direct representation of workmen on the Boards of Management.
- (2) That the matter should be further considered by the Cabinet after information had been obtained by the Ministry of Labour and the Ministry of Transport in relation to schemes which were being put forward in France and Italy for giving workmen a share in the management of industry.

IRELAND.

Home Rule
Bill.

(3) The Cabinet briefly discussed the position of the Home Rule Bill, which was down for Third Reading that afternoon in the House of Commons. In view of it being Armistice Day, it was hoped to avoid, as far as possible, an acrimonious Debate, and some indication of his willingness to do this had been given by Mr Asquith to the Prime Minister.

It was generally agreed --

That the Prime Minister, in his speech, should emphasize the very great lengths to which His Majesty's Government had gone in the Bill in the direction of granting effective self-government to the Irish people.

THE DYE
INDUSTRY.

(4) The attention of the Cabinet was called to the serious position of the British Dye Industry, and particularly of the Dyes Corporation, which had been launched during the war on the distinct understanding that it would be protected by the Government for ten years by the prohibition of the import of German dyes except under Licence by the Board of Trade.

Owing to a legal decision by Mr Justice Sankey, it had not been possible to exercise this prohibition, and German dyes were coming into this country in large quantities. The British Dyes Corporation had not yet developed the necessary skill to compete with the German manufacturers, who had the advantage of a favourable Exchange. In consequence of this, the British Company was in a very serious financial position, and it was suggested that the Dye Industry ought to be dealt with separately and at once, and that the Board of Trade should be authorised to prohibit the importation of German dyes which compete directly with those made in this country, and should only license those which were not as yet produced here.

In the course of the discussion it emerged that an adequate supply of cheap dyes was of vital importance

in the Textile Printing Trade in Lancashire, and that many dye users believed that the British Corporation was far from being efficiently managed.

The President of the Board of Trade said that a subsidy would not meet the case, and the Chancellor of the Exchequer expressed his inability to agree to a subsidy.

The Cabinet were reminded that very definite pledges were given at the last Election, not only in relation to this industry but to key industries generally, and that these pledges would have to be redeemed.

The Cabinet agreed --

That, in the first instance, the subject should be examined in detail by the Cabinet Committee on Expenditure, who should report to a full meeting of the Cabinet.

REFORM OF THE
HOUSE OF LORDS.

(5) The Cabinet agreed --

[That the Prime Minister should set up a small Committee to examine the various proposals which had been put forward for the reform of the House of Lords.

The Secretary was requested to circulate the Report of Lord Bryce's Committee on the subject.]

Since the Meeting, the Prime Minister has approved of the following Committee:-

Lord Curzon (in the Chair),
Mr Balfour,
Lord Birkenhead,
Mr Chamberlain,
Mr Churchill,
Mr Fisher,
Sir Gordon Hewart.

Mr R.B. Howorth (Secretary).

TREATY OF
VERSAILLES.
(Article 213)
Right to
investigation
in Germany.

(6) The Cabinet had before them a letter from the Admiralty to the Secretary, Cabinet, covering a Memorandum by the British (Naval, Military and Air)

Representatives on the Permanent Advisory Commission of the League of Nations, together with a Note by the Secretary, Cabinet (B.E.D. Paper No.36).

The Memorandum pointed out that the Inter-allied Commission of Control will disappear as soon as Germany has carried out the Disarmament Clause of the Treaty of Versailles. It will be necessary, however, to make provision for carrying out the investigations authorised by Article 213 with the object of making sure that Germany does not later on attempt to evade her obligations as regards Disarmament.

The question, therefore, arose as to the nature of the machinery to be provided for the execution of these duties of investigation.

The Cabinet approved the proposals put forward by the British (Naval, Military and Air) Delegation that the Commission of Investigation should include -

- (a) A President from among the members of the Permanent Advisory Commission of the League of Nations.
- (b) The local attachés and such other members of the Permanent Advisory Commission as the Council may direct.
- (c) Additional technical members to be asked for when required by the Council for such Governments as they decide.

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2, Whitehall Gardens, S.W.1,

November 11, 1920.