CONCLUSIONS of a Meeting of the Cabinet, held at 10, Downing Street, S.W.1, on THURSDAY, DECEMBER 16, 1920, at 12 Noon.

PRESENT:—

The Prime Minister (in the Chair),

The Right Hon. A. Bonar Law, M.P.,

The Right Hon. Lord Birkenhead,

The Right Hon. the Earl Curzon of Kedleston, K.G., G.C.S.I.,

The Right Hon. W. S. Churchill,

The Right Hon. R. Munro, K.C.,

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

The Right Hon. A. Chamberlain, M.P.,

The Right Hon. E. Shortt, K.C., M.P.,

The Right Hon. C. Montagu, M.P.,

The Right Hon. Sir Hamar Greenwood, Bart., K.C., M.P.,

The Right Hon. Lord Lee of Fareham,

The Right Hon. Sir J. MacKay, Colonel Sir James Craig, Bart., M.P.,

The Right Hon. Sir James Craig, Bart., M.P.,

Colonel Sir James Craig, Bart., M.P.,

Mr H. Paul, Ministry of Food


Mr Thomas Jones, Principal Assistant Secretary.
AFGHANISTAN. (1) With reference to Cabinet 66 (20), Conclusion 3, the Cabinet agreed that —

If the Secretary of State for India required further authority or consultation on points of detail in giving effect to the Government's policy as regards Afghanistan, he should refer direct to the Prime Minister, who would use his discretion as to whether the matter was of sufficient importance to be brought before the Cabinet.
With reference to the Conclusions of a Conference of Ministers held on May 20, 1920 (Paper C.R. 1312), the Cabinet had before them a Memorandum by the Chancellor of the Exchequer (Paper C.P. 2247) and a Memorandum by the Secretary for Scotland (Paper G.P. 2263) dealing with the Government's liability under the Agriculture Bill now before the House of Lords.

The Chancellor of the Exchequer, in his Memorandum, directed the attention of the Cabinet to the liability which might be incurred under the Bill in respect of the guaranteed minimum prices for wheat, and especially for oats, in the light of the present tendency of prices. The guaranteed minimum price for oats for the standard year 1919 was 42s. 6d. per statutory quarter. This price was subject to adjustment in each year, according as the cost of production moved up or down. It was estimated by the Treasury that the guaranteed price for 1921—the first year in which the guarantee operates—was likely to be not less than 51/- per statutory quarter. If, as now seemed probable, the price of oats fell 10/- a quarter below the guaranteed price, the Exchequer would be called upon to pay in 1922-23 to the farmers, on the basis of the 1919 acreage, about £12,000,000, and this might rise to £15,000,000 if the prospect of the subsidy induced farmers to transfer land from wheat to oats. In the case of wheat, if the guaranteed price for 1921 were round about 30/- per quarter, the Exchequer might be involved in a subsidy of about £25,000,000 a year.

The Cabinet were reminded that the main object of the Government's policy had been to increase the supplies of food produced at home, but that, owing to the disproportionate rates at which the cereals were guaranteed, the net result might in fact be to diminish the amount of wheat grown.

It was pointed out, on the other hand, that the Government were deeply pledged to the policy of guaranteed...
minimum prices, coupled with the control of cultivation, and that it was impossible at this stage to retreat from those specific pledges. Further, the prices in the Agriculture Bill were based upon the findings of the Royal Commission on Agriculture, who had examined a number of expert witnesses on the subject. Consequently, any departure from the prices would be regarded as a serious breach of faith by the farming community. The wheat which would be harvested in 1921 had already been sown, with the exception of next year's spring wheat, which would not be more than about 5 per cent, of the total crop and could only affect the subsidy for oats to the extent of about £200,000. Further, the Ministry of Agriculture and the Board of Agriculture for Scotland contested the estimate of 51/- advanced by the Treasury. In their opinion the cost of production would be substantially less, and might not differ much from that for 1920, owing to the fall in the price of manures and seeds.

At this stage the Cabinet heard the views of Mr Paul, of the Wheat Commission, on the probable course of wheat prices in 1921 and their effect upon the amount of Government subsidies. In Mr Paul's opinion it was improbable that the course of wheat prices would involve the Government in the payment of a subsidy; but in the case of oats it was highly probable that a subsidy would be required. English oats could now be bought at about 50/- per customary quarter, and the price might very well fall to 30/- or 35/-. In the case of wheat, he thought the lowest point would be reached early next year.

The Cabinet were reminded that the Agriculture Bill was concerned not only with guaranteed prices but with security for the farmers and with the exercise of control over cultivation by the State, and that it was quite possible that the Bill, before it reached its final stages, would be very much mutilated. In that eventuality it might be necessary for the Cabinet to review their attitude not only to the Clauses dealing with guaranteed prices, but to
the rest of the Bill. It was, therefore, undesirable to reach a definite conclusion on any element in the Bill without regard to the fate of the Bill as a whole.

The Cabinet agreed — 

To postpone the consideration of the guaranteed prices specified in the Bill until the attitude of the Lords and the Commons to the Bill as a whole had become clearer.

In Case of Ireland.

(3) Arising out of the preceding discussion, the attention of the Cabinet was drawn to an Amendment which had been proposed in the House of Lords, the object of which was to exclude Ireland from the operations of the Agriculture Bill. It was pointed out that if the Home Rule Bill became law, His Majesty's Government would be unable to exercise direct control over cultivation in Ireland, while if Ireland remained in the Agriculture Bill the Imperial Exchequer would have to provide any necessary subsidy.

The Cabinet agreed —

That the Minister of Agriculture should take the line that while the Government would prefer the Agriculture Bill as it stood, they would not resist an Amendment excluding Ireland from its operations.
The Cabinet had before them a Memorandum by the Secretary of State for War on the provision of shipping for the movement of prisoners in Ireland (Paper C.P.-2266).

The Cabinet were informed that over 1,000 leading members of the Sinn Fein organisation had been interned, with beneficial results on the state of order in Ireland. The Irish gaols were now full, and an internment camp had been arranged in Ulster. It was essential that large numbers should be moved thither by sea. There was a strong objection to the use of merchant ships, owing to the risk of mutiny among the interned persons, and strikes among the crews.

The Secretary of State for War and the Chief Secretary for Ireland pressed strongly that the Admiralty should allow men-of-war to be utilised.

The Cabinet were then informed that the Admiralty had been approached on the subject on December 10th, and had at once given the necessary instructions to the officers concerned to render every possible assistance. Several warships were now available.

The Cabinet took note of the intention of the Admiralty to render every possible assistance.
(5) with reference to Cabinet 63 (20), Conclusion 3, the Cabinet had before them a Memorandum by the Shipping Controller (Paper C.P.-2106) raising the question of whether we should exercise our right under paragraph 5 of Annex III of Part VIII of the Peace Treaty to compel Germany to build merchant ships in German yards for the account of the Allied and Associated Governments in the five years after the coming into force of the Treaty. The British share of the first year’s building would be about 100,000 tons gross. In the view of the Shipping Controller, His Majesty’s Government, if it were necessary for the Allies as a whole to make any concession to Germany in the matter of shipping reparation, should forego the right to have ships built in Germany. On the other hand, if it were likely that the French and Italians would insist on a strict enforcement of the Treaty, then His Majesty’s Government ought to press for the British share of tonnage.

In the course of the discussion it was pointed out that there was at present more than an ample supply of British shipping to meet current demands, or any demand likely to be made in the near future. It was also suggested that the matter was one which might conveniently be discussed at the Conference which it was proposed to hold at Geneva after the Brussels Conference.

The Cabinet agreed —

That the Secretary of State for Foreign Affairs should communicate with the French Government, with a view to ascertaining their views on the desirability or otherwise of exercising the rights of the Allies in respect of the building of ships by the Germans under the Treaty.
(6) The Cabinet agreed on the following arrangements for meetings of the Cabinet or Conferences of Ministers as regards future business:

**Friday, December 17th, 11-12 a.m.:**

1. The Condition of Austria.
2. Our American Debt.
4. Unemployment (if time permits).

**Monday, December 20th, 12 Noon:**

1. The King's Speech.
2. Unemployment (if not dealt with on Friday).

**Tuesday, December 21st, 11-12 a.m.:**

Cabinet Committee on Finance, to consider Army and Air Estimates, 1921-22.

(7) With reference to Conclusion 1 of a Conference of Ministers held at 9 p.m. on December 15, 1920, the Cabinet further considered the situation which would arise if the Amendments of the House of Lords, dealing with the Suspensory Clause and the Appointed Day, were accepted, and were informed of the result of the negotiations which had taken place since the Conference held on the previous evening.

A suggestion was put forward that in the event of the first election of the Southern Parliament proving abortive and Crown Colony government being set up, there should not be held a second election without a Resolution of both Houses of the Imperial Parliament.

The Cabinet agreed —

That, in view of the Government's willingness to make concessions in regard to —

(a) the Senates,
(b) the Surtax,
(c) the bi-cameral Parliament,

it was undesirable at this stage to make further concessions in regard to the Lords' Amendments to the Suspensory Clause and the Appointed Day.