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CONCLUSIONS of a Meeting of the Cabinet,  
held at 10, Downing Street, S.W., on Wednesday,  
May 11th, 1921, at 11.30 a.m.

P R E S E N T :-THE PRIME MINISTER (IN THE CHAIR).

The Right Hon. A. Chamberlain, M.P.,  
Lord Privy Seal.

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

The Right Hon. Sir Robert Horne,  
G.B.E., K.C., M.P., Chancellor of the  
Exchequer.

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

The Right Hon. W.S. Churchill,  
M.P., Secretary of State for the  
Colonies.

The Right Hon. Sir L. Worthington  
Evans, Bart., M.P., Secretary of  
State for War.

The Right Hon. Lord Lee of Fareham,  
G.B.E., K.C.B., First Lord of the  
Admiralty.

The Right Hon. S. Baldwin, 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 A. Griffith-  
Boscawen, M.P., Minister of  
Agriculture and Fisheries.

The Right Hon. T.J. Macnamara, M.P.,  
Minister of Labour.

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

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

The Right Hon. R. Munro, K.C.,  
M.P., Secretary for Scotland.

THE FOLLOWING WERE ALSO PRESENT :-

The Right Hon. The Earl of Crawford  
and Balcarres, First Commissioner  
of Works. (For Conclusions 2, 3  
and 4.)

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

Mr. Thomas Jones.....Principal Assistant Secretary.

MEMBERS'  
EXPENSES.

(1) With reference to Cabinet 33 (21), Conclusion 2, it was stated that the concession of a grant of a first-class railway pass to and from London and the Member's constituency and his home was being interpreted departmentally as meaning that the pass would be available between London and any point in the Member's constituency, and between London and the Member's home, and that the privilege would be open to all Members of the House of Commons.

The Cabinet concurred in this interpretation, and agreed —

That the arrangements should be made on the understanding that the concession will only be applicable when the House of Commons is sitting.

REDUCTION OF  
EXPENDITURE.

(2) The Cabinet had before them a Memorandum by the Chancellor of the Exchequer, attaching a Draft Circular which the Treasury proposed to circulate to Public Departments, directing them to examine current expenditure with a view to securing a large reduction in the Estimates for 1922/23 (Paper C.P.-2919).

After hearing a statement by the Chancellor of the Exchequer in amplification of his Memorandum, in which he emphasized the inevitable difficulties in balancing the Budget in 1922/23, the Cabinet agreed —

- (a) To approve the terms of the Circular for issue by the Treasury, on the understanding that the results of the surveys carried out by Departments, so far as they involve any alterations in policy, shall be referred to the Cabinet as a whole:
- (b) That every Minister at the head of a Department should be invited to give his personal attention to this Memorandum, with a view to effecting the necessary economies.

EXPENDITURE  
UNDER THE  
AGRICULTURE  
ACT, 1920.

(3) In the course of the preceding discussion, the Minister of Agriculture and Fisheries foreshadowed a considerable increase in the expenditure under the Agriculture Act, 1920, due to the fall in foreign prices of the agricultural produce affected, and stated that he was about to circulate a Memorandum to the Cabinet on the subject for immediate consideration.

The Cabinet agreed --

That a Cabinet Committee, composed as follows --

The Lord Privy Seal (in the Chair),  
The Secretary of State for India,  
The First Lord of the Admiralty,  
The President of the Board of Trade,  
The Minister of Agriculture and Fisheries,  
The Secretary for Scotland,  
Dr. Addison,  
Lieut. Commander Hilton Young,  
Major Wood,

Mr Pembroke Wicks (Secretary) --

should meet to consider and advise on the Memorandum of the Minister of Agriculture and Fisheries.

ENQUIRY  
INTO THE  
ACCOMMODA-  
TION OF  
STAFFS OF  
GOVERNMENT  
DEPARTMENTS  
AT ACTON AND  
OTHER OUT-  
LYING AREAS.

(4) The Cabinet had before them a Memorandum by the Chancellor of the Exchequer in regard to the occupation of the new Government buildings at Acton (Paper C.P.-2903).

In accordance with the suggestion contained in the Memorandum, the Cabinet agreed --

That a Committee, consisting of two representatives of the Treasury and two of the Office of Works, with Sir Eric Geddes as Chairman, should meet, with the following Terms of Reference:-

"To consider and determine as to the Departments or Branches of Departments to be accommodated in the new Government buildings now in course of erection at Acton.

In view of the desirability of terminating the continued occupation of the temporary buildings in the Parks and London County Council gardens, and on roofs of public buildings, and having regard to the increased cost of central accommodation, the Committee is further instructed to consider and report to the Cabinet as to the extent to which Departments or Branches of Departments now accommodated centrally might be transferred to outlying areas".

LEAGUE OF  
NATIONS.

--  
Limitation  
of Military,  
Naval and Air  
Expenditure.

(5) The Cabinet had before them the following documents relating to the recommendation adopted by a majority vote of the Assembly of the League of Nations with regard to the limitation of military, naval and air expenditure:-

- (i) A letter from the Secretary-General, dated March 8, 1921, covering the recommendation of the Assembly which was to the effect that the various Governments should give an undertaking not to exceed for the first two financial years following financial year 1921-22, the sum total of expenditure on the military, naval and air services provided for in the latter Budget, subject, however, to reservations in regard to expenditure incurred in connection with Article 16 of the Covenant or of Treaties registered by the League under exceptional conditions notified as such to the Council of the League in accordance with the spirit of paragraphs 2 and 6 of Article VIII of the Covenant. (Paper C.P.-2729.)
- (ii) A Note by the Secretary containing the terms of a reply to the letter from the Secretary-General as recommended by the League of Nations Committee of the Cabinet (Paper C.P.-2669).

On the understanding that the letter did not prejudice the liberty of the Government to make such provision for Imperial defence as might be essential to our security in the unsettled conditions now prevailing, the Cabinet agreed --

- (a) To approve the terms of the following letter prepared by the League of Nations Committee of the Cabinet under Mr Balfour's Chairmanship:-

"Sir,

His Majesty's Government have under careful consideration your letter of March 8th. enclosing the recommendation adopted on December 14, 1920, by a majority vote of the Assembly of the League of Nations with regard to the limitation of naval, military and air expenditure during the two financial years following the next budget of each member.

In reply, I am directed to inform you that the policy of His Majesty's Government is entirely in harmony with the spirit of the recommendation adopted on December 14th. by the Assembly of the League. His Majesty's Government have already effected very substantial reductions in their naval, military and air expenditure, and look forward to the

possibility of further economies in the next two years. These, however, must be subject to the reservations mentioned in the recommendation".

- (b) That this letter should be sent by Mr Balfour, on behalf of the British Government.

GERMAN ACCEPT-  
ANCE OF  
ULTIMATUM.

(6) With reference to Cabinet 37 (21), Conclusion 2, the Prime Minister read to the Cabinet the reply by the new German Government (See Appendix), which had been handed to him that morning by the German Ambassador, to the Allied ultimatum of May 5, 1921.

The Cabinet agreed —

- (a) To take note with satisfaction that the communication from the German Government was a full and complete acceptance of the proposals of the Allies in their ultimatum of May 5:
- (b) That the Secretary of State for Foreign Affairs should summon the Ambassadors of France, Italy, Japan and Belgium, and should communicate to them the terms of the German reply, and that he should mention it to the new American Ambassador, who was to call upon him today:
- (c) That the Secretary of State for Foreign Affairs should also communicate the German reply to the British Ambassadors at Paris, Rome, Tokio, Brussels and Washington:
- (d) That the Prime Minister and the Leader of the House of Lords should make statements in the House of Commons and the House of Lords respectively, in which they should communicate the actual terms of the German reply, pointing out that it was a complete acceptance of the Allied ultimatum of May 5, and mentioning that it had already been communicated to the Allied Governments:
- (e) That the Secretary of State for War should take steps to ensure that the General Officer Commanding on the Rhine, and any other military authorities concerned, should immediately be notified that the German Government had accepted the terms of the Allies:
- (f) That there should be no question at present of any Allied naval operation off the German coast.

CO-ORDINATION  
OF SCIENTIFIC  
RESEARCH IN  
GOVERNMENT  
DEPARTMENTS.

(7) ~~The Cabinet agreed~~

That the Interim Report of Mr Balfour's Committee on the Co-ordination of Scientific Research in Government Departments (Paper C.P.-2864) should be dealt with by Mr Balfour, in consultation with the Chancellor of the Exchequer so far as financial considerations are involved.

GRANTS IN AID  
OF BRITISH  
INSTITUTIONS  
IN FOREIGN  
COUNTRIES.

(8) The Cabinet had before them a Memorandum by the Secretary of State for Foreign Affairs recommending the allocation of a sum of £100,000 per annum for a term of years, to be spent on the support of British institutions, more especially those devoted to educational purposes, in foreign countries, this sum to be expended on the advice of a Standing Committee on which the Treasury would be represented (Paper C.P.-2569).

In view of the short notice which had been given that this subject was to be discussed, the Cabinet agreed --

To postpone consideration of this question.

IRELAND.

Proposed  
Truce during  
the Elec-  
tions.

(9) With reference to Cabinet 27 (21), Conclusion 2, the Cabinet had a short preliminary discussion in regard to various proposals that have been made for a truce in Ireland during the forthcoming elections.

The Cabinet agreed --

- (a) That the question should be discussed at a special meeting of the Cabinet to be held in the House of Commons on Thursday, May 12, 1921, at 4 p.m.
- (b) That the Secretary to the Cabinet should telegraph to the Chief Secretary for Ireland asking him for his views and those of his principal Civil and Military Advisers on the question of a truce and of the proposed message by the Viceroy:
- (c) That the Secretary of State for Foreign Affairs should consider and advise the Cabinet as to the draft of the proposed message by the Viceroy.

LIQUOR  
CONTROL  
BOARD.

(10) With reference to Cabinet 29 (21), Conclusion 2,  
the Prime Minister referred to the question of appointing  
a Chairman of the Liquor Control Board, and the Lord Privy  
Seal undertook to confer with the Home Secretary on the  
matter.

. . . . .

2, Whitehall Gardens, S.W.1,

May 11, 1921.

APPENDIXREPLY OF THE GERMAN GOVERNMENT TO THE  
ALLIED ULTIMATUM OF MAY 5, 1921.Translation.9, Carlton House Terrace,  
S.W.1.

May 11, 1921.

Mr. Prime Minister,

In accordance with instructions just received, I am commanded by my Government, in accordance with the decision of the Reichstag, and with reference to the resolution of the Allied Powers of the 5th of May, 1921, in the name of the new German Government to declare, as desired, the following:-

The German Government is resolved --

- (1) To carry out, without reserve or condition, their obligations as defined by the Reparation Commission:
- (2) To accept and to carry out, without reserve or condition, the guarantees in respect of those obligations prescribed by the Reparation Commission:
- (3) To carry out, without reserve or delay, the measures of military, naval and aerial disarmament, notified to the German Government by the Allied Powers in their Note of January 29, 1921, those overdue being completed at once and the remainder by the prescribed dates:
- (4) To carry out, without reserve or delay, the trial of the war criminals, and to execute the other unfulfilled portions of the Treaty referred to in the first paragraph of the Note of the Allied Governments of the 5th of May.

I ask the Allied Powers to take note immediately of this Declaration.

etc. etc.

(signed) STEINER.

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