CABINET 62 (21).

CONCLUSIONS of a Meeting of the Cabinet,
held at 10, Downing Street, S.W., on
Tuesday, 2nd August 1921 at 11.30 a.m.

PRESENT:--

THE PRIME MINISTER (in the Chair)

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

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

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

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

The Right Hon. Sir Alfred Mond,
Bart.,M.P., Minister of Health.

The Right Hon. Sir A. Griffith
Boscawen, M.P., Minister of
Agriculture.

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

The Right Hon. the Viscount
Birkenhead, Lord Chancellor.

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

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

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

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

The Right Hon. Sir Gordon Hewart,

THE FOLLOWING WERE ALSO PRESENT:--

Sir Ernest Pollock, K.B.E.,K.C.,
M.P., Solicitor-General. (for
conclusion 3)

The Right Hon. Denis, S. Henry,
K.C.,M.P., Attorney-General for
Ireland. (for conclusion 3)

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Mr. Thomas Jones, ..................Principal Assistant Secretary.
(1) With reference to Cabinet 57 (21), Conclusion 3, the Secretary of State for the Colonies reported that the plebiscite in Mesopotamia was running strongly in favour of the Emir Feisal, and that the High Commissioner proposed to proclaim him as King of Mesopotamia on August 15th.

(2) With reference to Cabinet 61 (21), Conclusion 2, the Chancellor of the Exchequer made a statement in regard to National Revenue and National Expenditure.

He recalled that the prospective revenue had already necessitated a demand that the Government Departments should cut down expenditure by 20%. The financial outlook, however, was such that in the near future further economies would be essential, and there was very little prospect of achieving this by the ordinary departmental methods. In these circumstances he considered the best plan would be to appoint a strong independent Committee, which would command general confidence and respect and would give its full time to the task, to make recommendations to the Cabinet for effecting forthwith all possible reductions in the National Expenditure on Supply Services, having regard especially to the present and prospective position of the Revenue. The Committee would have no right to criticise a policy, although it would be invited to state how much a particular policy cost, in order to furnish to the Government the data on which their decision would have to be taken.

Considerable discussion took place in regard to the principle of this proposal. It was criticised as lowering the dignity of the Cabinet and of Ministers. It might please the so-called Anti-waste Press for a time, but, in fact, it was impossible to substitute irresponsible outside
business men for responsible Ministers, or even effectively to supplement their activities. The Cabinet were reminded that the matter had not yet been discussed by the Cabinet itself. The proposals of the Departments had not even been circulated. If the Committee was sufficiently competent to effect great reductions in expenditure, it ought to take the responsibility and to become the Cabinet. As the proposal stood the Committee would be irresponsible, and not amenable to Parliament or to anyone else. The appointment of business men was criticised on the ground that they had not proved particularly successful in administration and that this was being generally realised. It was pointed out that this enquiry was part of the normal responsibility of the Chancellor of the Exchequer. The proposed Committee would amount to putting the Chancellorship of the Exchequer in commission. The preparation of the questionnaire to be addressed to Departments was itself the proper function of the Treasury. The alternative suggestion was made that if the Chancellor of the Exchequer was too pressed with public business to undertake the task himself, a series of groups of Cabinet Ministers should be formed to assist the Ministers at the head of the great spending Departments to examine into their expenditure. They might invite Ministers to formulate proposals for a $5\%$, $10\%$, or $50\%$ reduction, and the Cabinet itself, on the advice of a Cabinet Committee, would be the proper judge of what economies should be effected.

On the other hand it was pointed out that the Committee was not to have any executive function. Its report was to be made to the Cabinet and submitted for their approval. The Committee was not to proclaim a policy or even to express
on opinion on policy. It would merely have the right to
state what was the cost of a particular policy. The Cabinet
were reminded of the overwhelming pressure of departmental
work on Ministers, which rendered it extremely difficult
for them to undertake extra departmental work or even to
give as much time as they would wish to their parliamentary
duties, much less themselves to undertake a detailed enquiry
of this kind. The fact was recalled that the appeals made
by the Prime Minister and the Cabinet Finance Committee
during the last two years had produced comparatively meagre
results. The Prime Minister himself, in the present
overwhelming pressure of public affairs, could not possibly
devote his personal attention to the details of departmental
expenditure. The same was true of the Lord Privy Seal and
the Chancellor of the Exchequer. Other Ministers urgently
needed a holiday and could not possibly devote their
vacation to this task. Moreover, the delicate position
of a Minister at the head of one spending Department critic­
is ing a Minister at the head of another was indicated. Hence,
the choice really lay between the Committee now proposed
and no proper inquiry at all. The suggestion that the proposal
was lowering to the dignity of the Cabinet was rebutted. The
claim was made that no new doctrine was involved. For years
it had been customary to appoint outside Commissions to
advise on matters of Departmental responsibility, and
several examples were given. The advantage was pointed
out of a single Committee which would co-ordinate the
proposals for reduction in the various Departments. In
favour of the appointment of the Committee it was further
urged that its report might be of great value to the
Government in effecting economies, and more particularly
in resisting the almost invariable criticism in the House
of Commons that they selected the wrong economies. It would probably also result in vindicating the Government in many respects.

On a review of the considerations briefly summarised above, and after very full discussions, the Cabinet agreed:

(a) To authorise the Prime Minister to appoint an independent Committee to make recommendations to the Cabinet for effecting forthwith all possible reduction in the National Expenditure on Supply Services, having regard especially to the present and prospective position of the revenue.

(b) That the report of the Committee should be secret until the Cabinet have decided whether and when a whole or a part should be published;

(c) That the composition of the Committee should be left to the Prime Minister, the personnel suggested being generally agreed to.

THE SECRETARY OF STATE FOR THE COLONIES asked that his dissent from the above conclusions might be formally recorded.

IRELAND. [5] With reference to Cabinet 602(21) the Cabinet had before them the Conclusions and the Report of a Committee on Military Law in Ireland which had been appointed by the Prime Minister, under the Chairmanship of the Lord Chancellor, to examine with special reference to recent events in Ireland, the steps to be taken to establish firmly the position of the Military Governor under martial law so that his proceedings shall be recognised as final and unaffected by the proceedings in a court of law.

(C.P. 3186)
The Cabinet were informed that the release of the two prisoners involved—Joseph Egan and Patrick Higgins—had been authorised on Friday last on the express advice of the Lord Chancellor of Ireland who was acting on behalf of the Viceroy, during Lord Fitzalan's absence from Ireland. Sir John Ross had urged that the movement for peace in Ireland would be gravely prejudiced if the order of the High Court were flouted and it had been understood, when authorising the release of the two prisoners, that a similar situation was not likely to arise in the case of the other prisoners under sentence of death.

The Cabinet were also informed that Sir John Ross, who had been summoned to London for consultation, had been unable to come over for reasons of health, and that information had reached the Chief Secretary that the Master of the Rolls was unlikely to sit in Court on Thursday, as originally he had proposed to do. A formal appeal had been made against his ruling in the case but this would not be heard until October 24th as the Long Vacation had begun.

The Cabinet agreed—

(1) To adopt the views set forth in the Report of the Lord Chancellor's Committee. (J.P. 2165)

(2) To ask the Lord Chancellor and the Attorney General to prepare for the Leader of the House a reply to a question, setting forth the legal position and indicating that the Master of the Rolls was wrong in law but that the Cabinet, acting on the advice of the Lord Chancellor of Ireland, agreed to make an exception in favour of the two prisoners rather than seriously endanger the negotiations for peace which were in progress.

(4) In reply to a question by the Secretary of State for War the Prime Minister stated that Mr de Valera had agreed that if negotiations broke down reasonable notice of the termination of the truce should be given.
The Cabinet had before them a Memorandum by the Minister of Health dealing with proposals for an enquiry into certain problems of local government in Greater London. (C.P. 3099)

The Cabinet agreed:

To advise His Majesty to appoint a Royal Commission to consider the reform of the local government of London, the terms of reference to be agreed between the Minister of Health, the Prime Minister and the Lord Privy Seal.

The Cabinet took note that the Prime Minister had invited Mr. Balfour, Mr. H.A.L. Fisher and, failing Lord Bryce, Sir Rennell Rodd, to serve as British Representatives at the Meeting of the Assembly of the League of Nations to be held in Geneva in September next.

The Cabinet briefly considered the attitude which the British representatives should take up at the Meeting of the Assembly to the question of the admission of Germany to the League of Nations. Doubt was expressed as to the likelihood of Germany applying for admission in view of the attitude of the United States.

The Cabinet agreed:

To leave the matter to the discretion of the British representatives.

2, Whitehall Gardens, S.W.
August 2, 1921.