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CONCLUSIONS of a Meeting of the Cabinet held
at 10, Downing Street, S.W., on Thursday, 16th
June, 1921, at 11.30 a.m.

PRESENT:-

The Right Hon. A. Chamberlain, M.P.,
Lord Privy Seal - (In the Chair).

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

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

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

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

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. C. Addison, M.P.

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

THE FOLLOWING WERE ALSO PRESENT:-

Mr. L.S. Amery, M.P., Parliamentary & Financial
Secretary, Admiralty.
(For Conclusion 4).

Sir M.P.A. Hankey, G.C.B., Secretary,
Mr. Thomas Jones, Principal Assistant Secretary.
Col. S.H. Wilson, C.B., C.M.G., Principal Assistant Secretary, C.I.D.

THE IMPERIAL
MEETINGS.

—
British Re-
presentation.

(1) The Lord Privy Seal, on behalf of the Prime Minister, informed his colleagues that at the first of the forthcoming Imperial Meetings the Prime Minister proposed that the British Government should be represented by the following Ministers:-

The Lord Privy Seal,
The Lord President of the Council,
The Secretary of State for Foreign Affairs,
The Secretary of State for the Colonies.

The Secretary of State for India would be present as a representative of India.

Other Ministers would be invited to attend meetings according to the nature of the business.

QUESTIONS
POSTPONED.

(2) In the absence of the President of the Board of Trade, the Cabinet postponed the discussion of the following questions which had appeared on the Agenda Paper:-

REPORT OF IMPERIAL SHIPPING COMMITTEE,
INTER-ALLIED COLONIAL EXHIBITION.

SINGAPORE.

(3) ~~The Cabinet had before them~~ a Note by the Secretary, covering a Conclusion of the Standing Defence Sub-Committee of the Committee of Imperial Defence, on the question of the development of Singapore as a naval base (Paper C.P.-3039), together with a detailed Memorandum by the Oversea Defence Committee on the same subject (C.I.D. Paper No.143-C).

Development
of, as a
Naval Base.

The Lord President of the Council (Mr Balfour), as Chairman of the Standing Defence Sub-Committee, explained to the Cabinet the reasons which had led up to his Sub-Committee arriving at the Conclusion which was under consideration (See Minutes of 5th and 6th Meetings of Standing Defence Sub-Committee). Mr Balfour outlined broadly how the naval situation had changed, and how the renewal of the Anglo-Japanese Alliance, although reducing the probability of danger arising in the Pacific in the immediate future, would not remove the need for developing a naval base at Singapore, which, standing as it did at the entrance to the Pacific, not only covered the main entrance to the Indian Ocean from the eastward but flanked the route from Eastern Asia to Australasia, and was of very great importance to the Dominions. He further pointed out that, now that oil fuel had been introduced into the Royal Navy, although the fleet might get to Singapore, it would be helpless when it arrived there if it did not find at least the important elements of a naval base. He also called attention to the fact that, even if the work of developing the port were begun now, it would probably not be completed before the expiration of the next term of renewal of the Anglo-Japanese Alliance, say, four to five years. Mr Balfour added that it was because the interests of the British Empire in the Pacific were so immense that the Standing Defence Sub-Committee had, after a long discussion, arrived at the Conclusion which was before the Cabinet: as, whatever fleet we might maintain, it was almost impossible to continue a situation which meant that we could not use it in those waters where it was most likely to be required.

During the discussion which took place, it was pointed out that the development of Singapore as a naval base would incidentally protect the West Coast of Canada from attack by Japan, insofar that, so long as the British fleet could be concentrated and use the port as a repair and supply base, Japan could not afford to send her fleet to the Western Coast of Canada.

The great importance of being in a position to tell the Dominion Governments that we had a Naval Policy was also strongly emphasized, attention being called to the fact that the United States were continually suggesting that the American Navy was available for the protection of civilisation and the white races of the world. But the main point was that we must be in a position to say that we had a practical plan. This was even more important than actually commencing the work of developing Singapore at the moment.

The Cabinet were also informed that the Oversea Defence Committee had been instructed to prepare in detail a programme of expenditure to be spread over a series of years, and that the necessity for this expenditure would be subject to careful investigation.

On the understanding that ^{no} considerable expenditure need be expected for the next two years, the Cabinet agreed—

To approve the following Conclusion of the Standing Defence Sub-Committee of the Committee of Imperial Defence, for submission to the forthcoming Meeting of Prime Ministers and Representatives of India:—

"The Committee recognise that the question of incurring expenditure under existing conditions on the development of Singapore as a naval base is one which involves political and financial considerations outside their purview: and that accordingly a final decision in the matter must rest with the Cabinet.

In view, however, of the vital importance from a strategical and Imperial point of view of developing the port of Singapore on such lines as will make it possible for the British fleet to operate in the Pacific, if called upon to do so, the Committee are of opinion that at the

forthcoming meeting of Prime Ministers and Representatives of India, the policy favoured by His Majesty's Government should be stated as follows:-

- (a) His Majesty's Government fully recognise that the basis of any system of Imperial defence against attack from oversea, whether upon the United Kingdom, Australasia or elsewhere, must be, as it has always been, the maintenance of our sea power:
- (b) The most pressing question in this connection at the present time is that of the measures to be taken for the protection of Imperial interests in the Pacific:
- (c) His Majesty's Government are advised that for this purpose it is essential that Singapore should be available as a base of concentration, repair, and supply for the British fleet and auxiliary services; and they are accordingly prepared to take the lead in developing that port as a naval base:
- (d) Owing to existing financial conditions it will not be practicable to incur a large expenditure for this purpose in the immediate future; but it is the intention of His Majesty's Government to develop the base as funds become available, and the greater the assistance that can be rendered by the Oversea Governments in this connection the sooner will the necessary programme be completed".

STATE-AIDED
EMPIRE SETTLEMENT.

(4) With reference to Cabinet 66 (20), Conclusion 4, the Cabinet had before them a Memorandum by the Secretary of State for the Colonies, covering a letter from Lieut.-Colonel I.S. Amery, together with a summary of the results of a Conference between representatives of certain of the Dominions and of the Colonial Office on the subject of State-aided Empire settlement (Paper C.P.-2943).

The Parliamentary Secretary to the Admiralty (Lt.-Col. Amery), who, as former Under-Secretary for the Colonies, was closely concerned in this matter, gave the Cabinet an explanation of the proposals of the Conference.

In the course of the discussion, stress was laid on the great importance, on the broadest Imperial grounds, of continuing to send a stream of settlers from the Mother Country to the Dominions. The War had provided the best example of the high returns obtainable from such a policy. The importance was also emphasized of overseas settlement from the point of view of unemployment, not only in its immediate results but also owing to the increasing difficulty of providing continuous and regular employment within the British Isles for the whole population of this country.

On the understanding that caution should be exercised in regard to any immediate expenditure, and that there should be no Supplementary Estimate or fresh Vote during the present financial year, the Secretary of State for the Colonies was authorised to enter into negotiations with the Prime Ministers of the Dominions on the lines of the proposals of the Conference, which are set forth in Paper C.P.-2943.

ADEN.

(5) In the course of the preceding discussion, the Secretary of State for the Colonies reported to the Cabinet that a message, accompanied by gifts, had been received from the Arab Chief of Aden, who had for the last year or two caused a good deal of trouble in the Aden region. He was not without hope that this approach might lead to more friendly relations and a consequent reduction of expenditure on the garrison of Aden.

THE AGRICULTURE ACT.

(6) With reference to Cabinet 47 (21), Conclusion 1, the ~~Minister of Agriculture and Fisheries~~ informed the Cabinet of the present position of the negotiations with the agricultural interests in regard to the repeal of Part I of the Agriculture Act. Meetings had been held with the National Farmers' Union, at which an offer had been made to them of a cash payment of £2 per acre, which would cost the State about £11,000,000. They had asked for £3 per acre, which would have cost nearly £35,000,000. It had been pointed out to them that negotiations on such a basis would not succeed, and after a prolonged discussion they had agreed to recommend their members to accept, if offered, payment at the rate of £4 per acre for oats and £3 per acre for wheat. On this basis the cost to the State would be in the neighbourhood of £19,000,000 or £20,000,000.

In the course of the discussion, reference was made to the great importance of securing, before the Second Reading of the amended Bill, the assent of the farmers to the formation of local Wage Conciliation Boards in place of the existing machinery.

A suggestion was made that, in defence of the Government's policy, reference should be made to the gain which would accrue to the public from falling food prices as a set-off to the cost of the Government subsidy.

It was explained that the Secretary for Scotland was unable to be present at the Cabinet as he was meeting a deputation of Scottish agriculturists.

The Cabinet took note of the statement by the Minister of Agriculture and Fisheries, and the Chancellor of the Exchequer undertook to prepare a Memorandum dealing with the compensatory advantages of cheap food over the cost of the subsidy to the farmers.

2, Whitehall Gardens, S.W.1,

June 16, 1921.