CONCLUSIONS of a Meeting of the Cabinet held in Mr. Chamberlain's Room, House of Commons, S.W. on Wednesday, 20th July, 1921, at 5.50 p.m.

PRESENT:

THE PRIME MINISTER

Sir A. Chamberlain, G.C., Lord Privy Seal.

Sir E. Shortt, K.C., M.P., Secretary of State for India.

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

Sir L. Worthington-Evans, Bart., M.P., Secretary of State for War.

Sir S. Baldwin, M.P., President of the Board of Trade.

H. A. E. Fisher, W.P., President of the Board of Education.

T. J. Macnamara, M.P., Minister of Labour.

R. Munro, K.C., M.P., Secretary for Scotland.


(The Rt. Hon. A. J. Balfour, C.M., M.P.,
Lord President of the Council.


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

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


Sir A. Mond, Bart., M.P., Minister of Health.

Sir A. Griffith-Boscawen, W.P., Minister of Agriculture and Fisheries.


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

THE FOLLOWING WERE ALSO PRESENT:

Sir Edward Grigg, K.C.V.O., C.M.G.


T. Thomas Jones, Principal Assistant Secretary.
With reference to Cabinet 56 (21) Conclusion 5, the Prime Minister informed the Cabinet that, after three interviews with Mr de Valera, aggregating several hours, he found it difficult to say exactly where the Irish leader stood. His general impression was that both Mr de Valera and Sir James Craig would like a settlement but they were afraid of their supporters.

Mr de Valera, who had an agreeable personality, had reached the stage of asking questions in regard to such matters as the entry of South Ireland into the Empire, swearing allegiance, the form of the oath, the name of the new State, and so forth. What he wanted was a republic, but this the Prime Minister had said was impossible being inconsistent with the monarchy. Mr de Valera however had not admitted this inconsistency.

The Prime Minister had kept carefully within the terms laid down by the Cabinet on May 25th (Cabinet 42 (21) Conclusion 2), except in one respect, namely, in regard to the army. In this matter Sir James Craig had insisted that, for the maintenance of order in Northern Ireland, he must have a territorial force, and the Prime Minister had felt that, subject to a limitation of numbers, this should be conceded.

As the conversation progressed it became increasingly clear that Ulster was the real difficulty. Was there to be fiscal autonomy for Ireland? Was there to be a Parliament for the whole of Ireland, and, if so, was it to be composed of an equal number of representatives of Northern and Southern Ireland on the lines of the Council of Ireland under the Government of Ireland Act or of numbers proportional to the respective
Sir James had made it clear that in no circumstances would Northern Ireland agree to a single Parliament for all Ireland on this latter basis. This, he had said, would enable Southern Ireland to impose taxation, to collect it, and to pack the fiscal administration with Sinn Féiners and Roman Catholics.

The Prime Minister had pointed out to Mr de Valera that insistence on this would result in Southern Ireland being placed in the same relation to Northern Ireland as Great Britain now occupied towards Southern Ireland. It might result in civil war, each part of Ireland drawing supporters from its kindred in the Dominions, so that eventually the whole Empire would be implicated. Mr de Valera had stated that Southern Ireland would never allow itself to be implicated in civil war. It would rather let Northern Ireland alone, on which the Prime Minister had commented by asking why they would not now leave Ulster alone.

Mr de Valera had criticised the Prime Minister's proposals on the ground that, while conceding something, they took much away, e.g., in regard to the Navy and Air Force. Mr de Valera had eventually intimated that he must consult his "Cabinet" only two members of which were with him in London.

It appeared desirable therefore that a statement of the proposals of the British Government should now be communicated to Mr de Valera. This had been drawn up by the Prime Minister, in collaboration with the Lord Privy Seal (Sir Chamberlain) and the Lord President of the Council (Sir Balfour). In order to avoid almost continual meetings of the Cabinet at the shortest notice he had ventured to confer with Sir Chamberlain and Sir Balfour during these conversations, which Mr de Valera had insisted on conducting with himself alone in spite of his own request for a larger conference. Sir James Craig had seen an early draft, but had intimated that it would
be better that he should not be asked to take any responsibility in this matter.

The Lord Privy Seal then read to the Cabinet the first draft of the statement, which was shortly afterwards communicated to every member of the Cabinet. The Prime Minister explained that he had undertaken to show the document to the King immediately after the meeting and to communicate a statement to Mr. de Valera to-night. It was of the first importance to carry out this latter undertaking.

(At this point there was an adjournment for a quarter of an hour to enable members of the Cabinet to read the draft.)

In the subsequent discussion various verbal alterations were agreed to.

Referring to the passage at the bottom of page 2 that Ireland "shall maintain her own military forces for Home Defence, her own Constabulary and her own Police" the Cabinet agreed that this would not exempt the British Government from their obligation, provided for in the Government of Ireland Act, to provide for the future of the existing Royal Irish Constabulary and Police.

Some discussion took place in regard to the expediency of using the word "Treaty" on page 5. It was suggested that the word "Pact" would be preferable, on the ground that the use of the word "Treaty" would furnish a precedent fraught with danger, involving recognition of an existing Irish Republic and which it might prove impossible to resist in the case of India. On the other hand reference was made to the Treaty of Limerick.

The Cabinet having been assured by the Prime Minister that this was regarded by the Sinn Feiners as an essential element in the negotiations, and by the Attorney General that there was no essential difference between a treaty and a pact from
the point of view of the position which would arise should the negotiations break down agreed to substitute the words "in the form of a Treaty" in lines 3 and 4, page 5, and "instrument" on line 5, page 5.

(2) On the clear understanding that, in the event of a breakdown in the Irish negotiations, the British Government were at liberty to publish the statement of their proposals, the Cabinet gave the Prime Minister full discretion to decide, after his next conversation with Mr de Valera, on the question of immediate publication.

(3) The Cabinet were informed that a large number of the garrison and police of Ireland were at present on leave. In the event of a sudden rupture of the truce therefore these forces would be at a disadvantage. Should the contingency of an interruption of negotiations appear probable, the Prime Minister was asked to try and avoid any sudden rupture of the truce.

(4) In the course of the discussion on the statement of the Government's policy, the Prime Minister had mentioned that he had given Mr de Valera a very serious warning that, if disorder broke out again, the struggle would bear an entirely different character. British military commitments in different parts of the world were gradually being reduced, which had enabled the Government to concentrate their forces at home. As it was immaterial whether they were quartered in Great Britain or Ireland they would be sent to the latter
country, where a great military concentration would take place with a view to the suppression of the rebellion and the restoration of order.

The Secretary of State for War later warned the Cabinet that he would require a number of military decisions of great urgency to provide for the contingency of a breaking off of the negotiations with Sinn Fein.
The Cabinet had a short discussion in regard to the future business of the House of Commons during the present Session of Parliament.

They were informed that, in order to carry through the necessary programme of business without resort to an Autumn Session, it would be necessary for the Government on Tuesday next to ask the House of Commons to suspend the 11 o'clock Rule until the end of the Session. The leaders of the Parliamentary Opposition, when shown the programme, had expressed their intention of opposing it with all the means at their disposal, in order to force an Autumn Session.

The Lord Privy Seal emphasized the importance of avoiding another Government defeat, such as had occurred on the previous evening, and the Prime Minister drew attention to the large number of Cabinet Ministers absent from the Division List.

The Lord Privy Seal made an appeal to his colleagues to do their utmost to avoid the introduction of new legislation, and said he had intended to make a special appeal to the Minister of Transport to avoid, if possible, the introduction of an Irish Transport Bill.

It was agreed, however, that the passage of the Licensing Bill was essential.

There was general agreement that, in order to maintain the Government majority in the House of Commons, the attendance of Ministers, as an example to Private Members, was important, and that arrangements should be made, if any Minister should require a holiday, for some other Minister to undertake to be present regularly at the House of Commons during his absence.

The further consideration of the subject was adjourned until Monday next.
(6) With reference to Finance Committee 54, Conclusion 1,
the Cabinet had before them a Memorandum by the First Lord of
the Admiralty (Paper No. 5137) asking for a decision from
the Cabinet that the Admiralty should be authorised to pro-
ceed with the expenditure involved in laying down the four
capital ships the preliminary expenditure for which had
already been approved in principle by the House of Commons
on March 17th on the understanding that its details could
be discussed later on the Shipbuilding Vote.

The Chancellor of the Exchequer warned the Cabinet
that the completion of these ships would involve a very
heavy expenditure.

A suggestion was made that, in view of the proposed
International Conference at Washington on Disarmament, all
expenditure on the construction of these ships should be
postponed. It was pointed out, however, that these ships
would be required in any event if our Navy was not to fall
completely behindhand, as the foreign ships for which they
were intended to compensate were already under construction
and would certainly be completed irrespective of what might
happen at the Washington Conference.

Cabinet agreed —

That the Admiralty should have authority
to proceed with the construction of the
four capital ships provided for in this
year's Naval Programme:

That the Prime Minister should reply to
that effect to a Question to be addressed
to him in Parliament on the following day.
The Cabinet took note of the Conclusions of the following Conferences of Ministers:

Conference of Ministers held on June 24, 1921, at 4.30 p.m.:

1. IRELAND.

(a) Attack on the 10th Hussars: Message from the King.
(b) Election of a Speaker to the Parliament of Southern Ireland.
(c) The Senate for Southern Ireland.
(d) Execution of Convicted Persons.

2. The King's Visit to Belfast. Appreciation of Sir James Craig.

3. The proposed Invitation to Mr. de Valera and Sir James Craig. The Commander-in-Chief's view.

(Appendix I).

Conference of Ministers held on July 12, 1921, at 12 Noon:

(1) Absence of the Secretary for Scotland.
(2) Proposed Statement by the Minister of Health.
(3) Housing Policy.
(4) Housing Subsidy.
(5) Slum Areas.
(6) Concluding Paragraph of Announcement.
(7) Method of Announcement.

(Appendix II).

Conference of Ministers held on July 13, 1921, at 1.30 a.m.:

(1) Memorandum by Dr. Addison.
(2) Slum Areas.

(Appendix III).

Conference of Ministers held on July 13, 1921, at 5.30 p.m.:

(1) Statement by the Minister of Health.
(2) Housing in Scotland.
(3) Statement by Dr. Addison.

(Appendix IV).
APPENDIX.

PROPOSALS OF THE BRITISH GOVERNMENT FOR AN IRISH SETTLEMENT, 20TH. JULY, 1921.

The British Government are actuated by an earnest desire to end the unhappy divisions between Great Britain and Ireland which have produced so many conflicts in the past and which have once more shattered the peace and well-being of Ireland at the present time. They long with His Majesty, the King, in the words of His Gracious Speech in Ireland last month, for a satisfactory solution of "those age-long Irish problems which for generations embarrassed our forefathers, as they now weigh heavily upon us"; and they wish to do their utmost to secure that "every man of Irish birth, whatever be his creed and wherever be his home, should work in loyal co-operation with the free communities on which the British Empire is based". They are convinced that the Irish people may find as worthy and as complete an expression of their political and spiritual ideals within the Empire as any of the numerous and varied nations united in allegiance to His Majesty's Throne; and they desire such a consummation, not only for the welfare of Great Britain, Ireland and the Empire as a whole, but also for the cause of peace and harmony throughout the world. There is no part of the world where Irishmen have made their home but suffers from our ancient feuds; no part of it but looks to this meeting between the British Government and the Irish leaders to resolve these feuds in a new understanding honourable and satisfactory to all the peoples involved.

The free nations which compose the British Empire are drawn from many races, with different histories, traditions and ideals. In the Dominion of Canada, British and French have long forgotten the bitter conflicts which divided their ancestors. In South Africa the Transvaal Republic and the Orange Free State have joined with two British colonies to...
make a great self-governing union under His Majesty's sway. The British people cannot believe that where Canada and South Africa, with equal or even greater difficulties, have so signally succeeded, Ireland will fail; and they are determined that, so far as they themselves can assure it, nothing shall hinder Irish statesmen from joining together to build up an Irish state in free and willing co-operation with the other peoples of the Empire.

Moved by these considerations, the British Government invite Ireland to take her place in the great association of free nations over which His Majesty reigns. As earnest of their desire to obliterare old quarrels and to enable Ireland to face the future with her own strength and hope, they propose that Ireland shall assume forthwith the status of a Dominion with all the powers and privileges set forth in this document. By the adoption of Dominion status it is understood that Ireland shall enjoy complete autonomy in taxation and finance; that she shall maintain her own Courts of Law and Judges; that she shall maintain her own military forces for Home Defence, her own Constabulary and her own Police; that she shall take over the Irish postal services and all matters relating thereto, education, land, agriculture, mines and minerals, forestry, housing, labour, unemployment, transport, trade, health, public health, insurance and the liquor traffic; and, in sum that she shall exercise all those powers and privileges upon which the autonomy of the self-governing Dominions is based, subject only to the considerations set out in the ensuing paragraphs. Guaranteed in these liberties, which no foreign people can challenge without challenging the Empire as a whole,
the Dominions hold each and severally by virtue of their British fellowship a standing amongst the nations equivalent, not merely to their individual strength, but to the combined power and influence of all the nations of the Commonwealth. That guarantee, that fellowship, that freedom the whole Empire looks to Ireland to accept.

To this settlement the British Government are prepared to give immediate effect upon the following conditions which are, in their opinion, vital to the welfare and safety of both Great Britain and Ireland forming as they do the heart of the Commonwealth:

1. The common concern of Great Britain and Ireland in the defence of their interests by land and sea shall be mutually recognised. Great Britain lives by sea-borne food; her communications depend upon the freedom of the great sea routes. Ireland lies at Britain's side across the seaways north and south that link her with the sister nations of the Empire, the markets of the world and the vital sources of her food supply. In recognition of this fact, which nature has imposed and no statesmanship can change, it is essential that the Royal Navy alone should control the seas around Ireland and Great Britain, and that such rights and liberties should be accorded to it by the Irish State as are essential for naval purposes in the Irish harbours and on the Irish coasts.

11. In order that the movement towards the limitation of armaments which is now making progress in the world should in no way be hampered, it is stipulated that the Irish Territorial Force shall within reasonable limits conform in respect of numbers to the military establishments of the other parts of these Islands.
The position of Ireland is also of great importance for the air services both military and civil. The Royal Air Force will need facilities for all purposes that it serves; and Ireland will form an essential link in the development of air routes between the British Isles and the North American Continent. It is therefore stipulated that Great Britain shall have all necessary facilities for the development of defence and of communications by air.

Great Britain hopes that Ireland, will, in due course and of her own free will, contribute in proportion to her wealth to the Regular Naval, Military and Air Forces of the Empire. It is further assumed that voluntary recruitment for these forces will be permitted throughout Ireland, particularly for those famous Irish Regiments which have so long and so gallantly served His Majesty in all parts of the world.

While the Irish people shall enjoy complete autonomy in taxation and finance, it is essential to prevent a recurrence of ancient differences between the two islands, and in particular to avert the possibility of ruinous trade wars. With this object in view, the British and Irish Governments shall agree to impose no protective duties or other restrictions upon the flow of transport, trade and commerce between all parts of these islands.

The Irish people shall agree to assume responsibility for a share of the present debt of the United Kingdom and of the liability for pensions arising out of the Great War, the share, in default of agreement between the Governments concerned, to be determined by an independent arbitrator appointed from within His Majesty's Dominions.
In accordance with these principles, the British Government propose that the conditions of settlement between Great Britain and Ireland shall be embodied in the form of a Treaty, to which effect shall in due course be given by the British and Irish Parliaments. They look to such an instrument to obliterate old conflicts forthwith, to clear the way for a detailed settlement in full accordance with Irish conditions and needs, and thus to establish a new and happier relation between Irish patriotism and that wider community of aims and interests by which the unity of the whole Empire is freely sustained.

The form in which the settlement is to take effect will depend upon Ireland herself. It must allow for full recognition of the existing powers and privileges of the Parliament and Government of Northern Ireland, which cannot be abrogated except by their own consent. For their part, the British Government entertain an earnest hope that the necessity of harmonious co-operation amongst Irishmen of all classes and creeds will be recognised throughout Ireland, and they will welcome the day when by these means unity is achieved. But no such common action can be secured by force. Union came in Canada by the free consent of the Provinces. So in Australia; so in South Africa. It will come in Ireland by no other way than consent. There can, in fact, be no settlement on terms involving, on the one side or the other, that bitter appeal to bloodshed and violence which all men of good will are longing to terminate. The British Government will undertake to give effect, so far as that depends on them, to any terms in this respect on which all Ireland unite.
But in no conditions can they consent to any proposals which would kindle civil war in Ireland. Such a war would not touch Ireland alone, for partisans would flock to either side from Great Britain, the Empire, and elsewhere with consequences more devastating to the welfare both of Ireland and the Empire than the conflict to which a truce has been called this month. Throughout the Empire there is a deep desire that the day of violence should pass and that a solution should be found, consonant with the highest ideals and interests of all parts of Ireland, which will enable her to co-operate as a willing partner in the British Commonwealth.

The British Government will therefore leave Irishmen themselves to determine by negotiations between them whether the new powers which the Pact defines shall be taken over by Ireland as a whole and administered by a single Irish body, or taken over separately by Southern and Northern Ireland, with or without a joint authority to harmonise their common interests. They will willingly assist in the negotiation of such a settlement, if Irishmen should so desire.

By these proposals the British Government sincerely believe that they will have shattered the foundations of that ancient hatred and distrust which have disfigured our common history for centuries past. The future of Ireland within the Commonwealth is for the Irish people to shape.

In the foregoing proposals the British Government have attempted no more than the broad outline of a settlement. The details they leave for discussion when the Irish people have signified their acceptance of the principle of this pact.

10, Downing Street, S.W.
July 20th., 1921.
SECRET.

CONCLUSIONS OF A CONFERENCE OF MINISTERS held at No. 10 Downing Street, S.W.1. on Friday, 24th June, 1921, at 4.30 p.m.

PRESENT:-

The Prime Minister (In the Chair).


THE FOLLOWING WERE ALSO PRESENT:-

General The Rt. Hon. J. C. Smuts, K.C.

Sir Edward Grigg, K.C.M.G., C.V.O.


Mr. Cope, Irish Government.

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

Conclusions 1 (d) and (e), 2 and 3 only.
The following conclusions were reached at the Conference of Ministers held immediately before the Cabinet meeting on Friday, June 24th, 1921:

(a) That having regard to the fact that the King is Colonel of the 10th Hussars and that that Regiment had been specially brought from the Curragh to Belfast to act as the King's escort during the State opening of the Parliament of Northern Ireland, there was no objection to the King sending a message expressing his horror at the attack by Sinn Feiners on the train taking the regiment back to the Curragh.

(b) That in the event of the Parliament for Southern Ireland, which is summoned for the 28th June, being attended only by a few representatives, such as the four University representatives, it would be inadvisable to elect a Speaker and the Chief Secretary should discourage this.

(c) The Senate for Southern Ireland should be encouraged to take the oath, notwithstanding that that body cannot function unless the Lower Chamber is also brought into being.

(d) That the execution of persons convicted of murder should be suspended pending the reply from Mr. De Valera to the invitation to a Conference in the event of the Cabinet deciding to send such an invitation.

(e) That the Commander-in-Chief should have authority in carrying out executions to discriminate between those who were guilty of cold-blooded murder and those who had killed men in fair fighting. In cases where facilities were available, the former category should be hanged, and in the latter case, they should be shot.

The Chief Secretary for Ireland said that everyone in Belfast had appreciated the decision of the Cabinet that the King should be advised to visit that city, and Sir James Craig had asked him to mention this.

General Macready, to whom the Prime Minister explained the proposals that he was about to lay before the Cabinet for the issue of an invitation to Mr. De Valera and Sir James Craig to meet
London with a view to reaching a settlement on Irish affairs, said that this was a political matter which did not affect him. He, himself could not move in any execution of a more rigorous policy before July 14th. If Mr. de Valera refused the invitation and it became clear that more bloodshed was involved, his position would be rendered easier by the action now proposed.

SIR JOHN ANDERSON agreed in the above view.

2 Whitehall Gardens, S.W.1.
25th June, 1921.
CONCLUSIONS of a Conference of Ministers held in the Board Room, Treasury, on Tuesday 12th July, 1921, at 12 Noon.

PRESENT:


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

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. C. Addison, M.P.

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

The Right Hon. C. A. McCurdy, K.C., M.P., Joint Parliamentary Secretary, Treasury.

THE FOLLOWING WERE ALSO PRESENT:


Mr. E. R. Torber, C.B.E., Ministry of Health.

Mr. T. Jones.......................... Principal Assistant Secretary

Mr. T. St. Quintin Hill.................... Principal.
(1) The Chancellor stated that he had received a strong protest from the Secretary for Scotland against the holding of a Conference of Ministers on the subject of Housing at a time when he was engaged in the House of Commons in connection with the Railway Bill and therefore unable to attend.

The Chancellor of the Exchequer added that he had arranged that the statement which had been prepared by the Minister of Health for announcement in the House of Commons would be shown to the Secretary for Scotland in draft.

(2) The Conference met in accordance with Cabinet 58 (21) Conclusion 14, and had before them a draft which had been prepared by the Minister of Health on the statement which he proposed to make in the House of Commons (See Appendix). The Conference agreed to the following:

(1) To approve the first paragraph of the Draft without alteration;

(2) To insert the words "for the time being at any rate" after the first sentence in the second paragraph.

(3) To leave for further consideration the question whether the time for completion of work by local authorities should be extended beyond July 1923, as suggested in paragraph 3 of the Draft;

(4) To approve July 1st as the date by which houses will have to be begun in order to qualify for the subsidy, and to alter the wording of the draft to the following:

"and additional houses will be subsidised only if begun before 1st July".

(5) To approve the insertion of the following words in line 3 of paragraph 5 of the Draft after the word "year": "including the absorption of considerable numbers of ex-service men".
(6) To insert the word "contemplated" after the phrase "larger clearance schemes" in line 4 of paragraph 6 of the Draft.

HOUSING POLICY.

(3) During the consideration of the Draft Statement by the Minister of Health the change of policy decided on by the Government was the subject of discussion. It was pointed out that the present Conference had been convened not to consider questions of policy which had already been settled by previous minutes of the Cabinet and the Finance Committee, but to decide the exact form of the general statement to be made by the Minister of Health. At the same time the Minister without Portfolio stated that he still desired to challenge the decision of the Finance Committee for the reasons set out in his Memorandum of July 4th (C.P.3108). Considerable discussion ensued as to the wisdom of the policy laid down by the Finance Committee. It was urged in support of reconsideration of that policy that by the cancellation of contracts and by the abrupt termination of building, the Government would in effect be dishonouring its obligations. It was true that the statement prepared by the Minister of Health expressly said that all expenditure in connection with Housing Schemes which had been incurred by Local Authorities with the approval of the Ministry of Health would rank for financial assistance under the present scheme (which limited the liability of Local Authorities to the produce of a ld. rate), but if this meant that the Government would suspend all building operations at once and so leave derelict sites on which houses were not actually being erected but which had been prepared by the laying of roads and sewers, etc, the result would be
be a technical breach of faith. It should not be forgotten that since the Armistice the Government had exercised continual pressure on local authorities to support new schemes and float loans and generally concentrate their energies on large housebuilding operations.

By Dr. Addison

It was urged that it would be wrong now for the Government to suspend immediately all building operations except those for which it had incurred a local obligation by reason of the approval of contracts. The right policy was not to suspend the building operations permanently, but to delay those operations and spread them over a longer period of time, say three or four years. This latter policy would not have any different result from that advocated by the Minister of Health, at least during the next year, since the whole building trade would be fully occupied in completing schemes for which the Government accepted responsibility. The result of publicly withdrawing Government support to housing schemes in contemplation would be a complete cessation of house building in this country since contractors could not build to let at an economic rent. Moreover, there would be no confidence in any future pledge given by the Government if it were at any time decided to renew the Government's support to house building. Politically, moreover, an abrupt suspension of Government support to house building would be disastrous.

It was pointed out, on the other side, that the Finance Committee had decided and the Cabinet had approved the decision, that Government support should not be given to the building of more than 176,000 houses. Latitude was allowed, however, in cases where there was a scheme which was not so far completed, but which could be rounded off, and the Minister of Health had discretion (subject to the general limit of 176,000 houses) to allow the
the erection of houses in particular places where such houses were necessary for the completion of a scheme. The estimated margin for this purpose was about 12,000 houses. Reference was made to the difficulty of other than approved tenders finding a universal test by which it could be decided whether the Government were committed to the erection of houses in any particular place and it was urged that under the proposal to spread out building operations for three or four years the Government liability would be unascertainable and in any case very much greater than that contemplated by the Cabinet. The Government would find itself in the morass of continuing commitments.

The Conference agreed:

(1) That the concluding sentence of the second paragraph of the Draft Statement should be altered to read as follows:-

"it is of course obvious that all expenditure in connection with the Housing Scheme which has already been incurred by Local Authorities with the approval of the Minister of Health will rank, etc." 

(2) That at the end of paragraph 2 of the Draft statement the following sentence should be inserted:-

"except with the prior consent of the Minister of Health no further assistance will be given by the State in respect of any houses for which contracts have not been made."

(3) That the Minister without Portfolio should, in consultation with the Officials of the Ministry of Health prepare a memorandum for consideration by the Conference at a meeting to be held at 10.30 a.m. in the Treasury Board Room on Wednesday, July 13th, 1921. This Memorandum to show the alternative form of statement to the House of Commons proposed by Dr. Addison.

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HOUSING (4) The Conference were informed that this subsidy had been in some measure misused for the erection of dwellings other than working class dwellings and that some reference might well be made to the fact in the Minister of Health's statement.

It was pointed out, however, that no great abuse could exist because of the restriction of the cubic capacity of the houses to a maximum of 1,400 ft.

The Conference agreed -

That the Minister of Health should not in his statement refer to the alleged misuse of the subsidy to private builders.

SLUM (5) The Conference were informed that the annual contribution of £200,000 was necessary in view of the length of time which must elapse between the floating of loans by Local Authorities to improve slum areas and the actual execution of work on those areas. Unless the Government made a contribution to the interest on the loans, Local Authorities would be unwilling to operate.

The Conference agreed - and the Chancellor of the Exchequer concurred -

That the Treasury should provide a maximum annual contribution of £200,000 towards the deficiency of capital charges on slum areas during the currency of loans raised on approved schemes.

CONCLUDING (6) The Conference agreed -

That the announcement by the Minister of Health should conclude with a brief statement of what had actually been effected under the housing schemes since the Armistice.

METHOD OF ANNOUNCEMENT (7) It was stated that the announcement of the change in housing policy would be made in answer to a question in the House of Commons. The announcement had therefore been drafted in a concise form. If however the adjournment was moved, as was quite likely, it would be necessary to be prepared with a more elaborate exposition of the Government's policy.

2 Whitehall Gardens, S.W.
July 12th 1921
In view of the very grave financial difficulties confronting the nation and the Government at present and in the next financial year owing to the unparalleled and world-wide depression in trade and the unfortunate industrial troubles which have so seriously affected both expenditure and revenue, the Government after the most careful consideration have come to the decision, with great regret, that the Housing programme must be subjected to a general review.

The Government, therefore, finds itself compelled to come to the decision of limiting the present expenditure on housing schemes. With this object it has been decided to limit the number of houses to be constructed by local authorities and public utility societies under the present scheme to 176,000. This is the number of houses for which tenders have been approved. It is, of course, obvious that all expenditure in connection with the housing schemes which has been incurred by local authorities with the approval of the Ministry of Health will rank for financial assistance under the present scheme, which limits the liability of local authorities to the produce of a penny rate.

In cases where work undertaken by local authorities with the approval of the Ministry of Health cannot for reasons outside the control of the authorities be completed by July 1922, the time for completion will be extended by the Ministry as may be necessary.

As regards the scheme of Subsidy to private builders, the powers taken under the recent Act will be exercised to the extent of making payment in full for houses completed...
within the four months after the expiration of the previous Act, i.e., by April 23rd last, and additional houses will be subsidised if begun before the 1st July. There will be cases in which commitments have been entered into, although the construction has not actually been begun, in anticipation of the continuance of the Subsidy. In order to meet these cases discretion will be vested in the Ministry of Health, to allow Subsidy to be paid and if building is started within one month of the present date, where commitments have been entered into before the present announcement of the Government policy.

There is sufficient building in hand and in prospect to occupy the building industry for at least a year and during that time it is the intention of the Government to re-examine the whole situation and to review the policy so as to bring it into closer relation to the financial capacity of the country.

The Government recognise the urgent necessity of making what improvements are possible under present financial circumstances in slum areas. While it may not be possible to carry out larger clearance schemes the Government are of opinion that much can be done by measures of improvement and amelioration. In order to assist local authorities in such work they are prepared to provide an annual contribution not exceeding £200,000 towards the deficiency of capital charges on slum areas. This contribution will continue for the whole term of the loans to be raised by local authorities to defray the necessary expenditure. By means of this contribution it is estimated that about £4,000,000 could be expended in the improvement of such areas.
CONCLUSIONS of a Conference of Ministers held in the Treasury Board Room, on Wednesday, 13th July, 1921 at 10.30 a.m.

PRESENT:


The Rt. Hon. T.J. Meanamara, M.P., Minister of Labour.

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

The following were also present:


Sir W.A. Robinson, K.C.B., O.B.E., First Secretary, Ministry of Health.

Mr. J.W. Pratt, M.P., Parliamentary Under-Secretary for Health, Scottish Office.

Colonel Sir George Macrae, D.S.O., Chairman, Scottish Board of Health.

Mr. E.R. Forber, C.B.E., Assistant Secretary, Ministry of Health.

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Mr. A. Jones..........................Principal Assistant Secretary.

Mr. W. St Quintin Hill..........................Principal.
With reference to their discussion on the preceding day, the Conference met to consider a memorandum by Dr. Addison on Housing Policy, and a draft of the announcement to be made by the Minister of Health, revised in accordance with the decisions of the Conference.

Dr. Addison explained that the formula proposed by him was given in the first paragraph on page 2 of his memorandum. He had examined, in consultation with the officials of the Ministry of Health, those cases in which it could fairly be said the Government were committed. The number of houses affected was at least 35,000, the annual loss to the State in respect of these would depend on the course of prices for building—taking a figure of £40 per house as against £60 the present figure of annual loss, the annual charge would be £1,400,000. The figures given in his memorandum were supplied by the Ministry of Health.

The Conference were informed that the Prime Minister had this morning approved the revised draft answer prepared by the Minister of Health, and had expressed the view that no alteration should be made in the number of houses allowed by the Finance Committee. It was therefore impossible for the Conference to go beyond the Prime Minister's view and the decision both of the Finance Committee and the Cabinet.

Dr. Addison stated that although his view disagreed with that of the Finance Committee, he wished it to be put forward. The particular point on which he saw difficulty was, what would be done with those undertakings which were in excess of the figure of 176,000 houses, but to the carrying out of which the Government were, in his opinion, pledged? To deal with this point he had drafted the following paragraph which should, in his opinion, be included in the Minister of Health's announcement:
"The Government recognising the vital need for reduction of public expenditure in their review of departmental Estimates have given careful consideration to those relating to housing, and to the difficulty which attaches to adjusting a sufficient effort to satisfy the vital need of the community in this matter to the equally vital need of economy.

It appears that in most districts, contracts for house building have been entered into, which will keep the industry fully employed for at least a year. Further, in this time of falling prices it is evident that great caution should be exercised in entering into additional commitments, so that whilst all obligations to which the Government may fairly be regarded as committed with Local Authorities must be honoured, it is proposed that the work, save in special cases in connection with such obligations, should be spread over a longer period, and unless other arrangements can be made in the meantime, it is proposed that an additional two years should be allowed for this work. During this time every effort will be made in concert with those concerned, to limit the cost to the utmost possible extent, and to foster such conditions as will encourage the resumption of house building by private enterprise."

Objection was raised to the terms of the above paragraph as it was not considered to give a sufficiently clear indication of the Government's policy in regard to future building. Local Authorities, it was maintained, wished to know definitely whether they should continue building. They did not wish to be left in suspense with large staffs and plans for housing operations.
They did not care whether they built houses or not, but if they were ultimately not allowed to build houses, they wished to be told now. As regards the word "Committee," it was represented that the Government were not committed to anything. Local Authorities were merely Government agents. The land they had bought belonged to the Government, and the loss arising from resale would fall on the Government. All that Local Authorities were responsible for was the penny rate.

It was pointed out that the question was principally one of form and not of substance, since the decision of the Finance Committee would take no practical effect until the middle of 1922. It was therefore important that the proposed announcement should not indicate a complete change of policy and give the impression that the Government were suddenly dropping the Housing policy which they had so strongly supported up till now. It was therefore urged that the form of the statement should be recast, and that a new introduction should be drafted on the following lines:

(1) A statement of the number of houses built and of the work effected under the Housing Schemes.

(2) A statement that at the present time houses under contract were sufficient to afford work for all available labour and a considerable number of ex-service men for a period of at least one year.

(3) A statement that the Government had therefore performed at great cost, a work of national importance, which the private contractor was wholly unable to perform.
(4) A statement that prices were now falling, and possibly before a year had elapsed the private contractor might be able to resume normal work. The Government had therefore decided that for the time being, at any rate, expenditure must be limited. The rest of the statement would then follow on the lines suggested by the Minister of Health.

It was pointed out that to omit all references to financial considerations would be to conceal the real reason for the change of policy. This reason was well known to the public and to the Local Authorities. The policy would never have been changed but for the decision to reduce Estimates by twenty per cent. The provisional Estimates of the Ministry of Health had allowed for an increase of £3,000,000 or £4,000,000 in the housing expenditure. It would be insincere and politically impossible to pretend that the announcement was caused by anything other than financial stringency. Moreover, if a particular Authority claimed that it desired to erect additional houses and that it could provide the labour and materials, there would be no adequate explanation of a refusal of permission except on financial grounds. It would be impossible to hide the true facts from important Local Authorities. It was also urged that there was no breach of faith in suspending operations beyond the 176,000 houses, since the loss fell on the Government, and compensation would be paid for commitments entered into by Local Authorities with Government approval. It would be a breach of faith to keep the Local Authorities in suspense, and instead of telling them to stop further operations at once, to advise them merely to proceed cautiously.
The Conference agreed:

(1) That the announcement to be made by the Minister of Health should introduce in its preamble the four points referred to on page 3 above, of this minute.

(2) That the announcement should not give any indication of a possibility of Government assistance being afforded towards the completion of the 35,000 houses to which, in the opinion of Dr. Addison, the Government were committed over and above the 176,000 authorised by the Finance Committee.

(3) That the announcement should not attempt to conceal the fact that the country could not face financially large schemes of expenditure, and that it was impossible to go on with any expenditure which could be avoided.

(4) That the Conference would reassemble at 5.30 p.m. the same day in the room of the Minister of Health at the House of Commons, to consider the draft announcement after it had been revised in accordance with their present discussion.

SLUM AREAS. (2) Some discussion took place in regard to the final paragraph of Dr. Addison's Memorandum of July 12th (13/E/9 (1)). It was urged that the proposal to allocate £200,000 for the redemption of slum areas was entirely inadequate, and that a contribution should be made starting with £200,000 a year in the first two years and rising to a maximum of £2,000,000 at the end of 10 years.

The opinion of the Conference was that it would be impossible to allocate more than £300,000 per annum for this purpose at the present time. It was, however, suggested that in the announcement to the House of Commons the Minister of Health should refer to the Government contribution as being £4,000,000, which is the capitalised value of an annual contribution of £200,000.
of this view it was urged that a contribution of £4,000,000 would appear to be much more substantial than one of £200,000 per annum and would therefore be much more acceptable to Labour. On the other hand the reference to a large sum such as £4,000,000 would, it was thought, give rise to accusations of waste on the part of the Government. It would, therefore, be preferable from a political point of view to refer to this contribution towards slum clearances as a grant of £200,000 per annum.

The Conference agreed:

That in the announcement to the House of Commons, the Minister of Health should describe the contribution towards slum clearances as an annual grant of £200,000 and should make no reference to the capitalised value of this sum.

2 Whitehall Gardens, S.W.1.

13th July, 1921.
CONCLUSIONS of a Conference of
Ministers held in the Minister of Health's
Room, House of Commons, S.W., on Wednesday,
13th July 1921 at 5.30 p.m.

PRESENT:

The Right Hon. T. J. Macnamara, (in the Chair)
M.P., Minister of Labour.

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

The Right Hon. H. A. L. Fisher, M.P.,
President of the Board of Education.

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. C. A. McCurdy, K.C.,
M.P., Parliamentary Secretary, Treasury.

Sir W. A. Robinson, K.C.B., C.B.E.,
First Secretary, Ministry of Health.

Mr. J. W. Pratt, M.P., Parliamentary
Under-Secretary for Health, Scottish Office.

Colonel Sir George Macrae, D.S.O.,
Chairman, Scottish Board of Health.

Mr. E. R. Forber, C.B.E., Assistant
Secretary, Ministry of Health.

Thomas Jones................................Principal Assistant Secretary.
T. St. Quintin Hill..................................................Principal.
(1). With reference to Conclusion 1 (4) of the Conference of Ministers held at 10.30 a.m. on Wednesday, July 13th., 1981, the Conference re-assembled in order to consider a redraft of the Statement to be made by the Minister of Health relating to Housing, (13/8/9(2)).

The Conference made various amendments to the redraft, and the final form of the statement, as approved by them, is shown in the Appendix to those minutes, (C.P. 3133.)

(2). The Secretary for Scotland stated that he had been unable until now to raise the Scottish aspect of the housing question, since he had been engaged on other business which he had undertaken at the request of the Cabinet. He agreed that it would be impossible to have a policy in Scotland different from that in England, but there were special aspects of the Scottish Housing problem which he would have to deal with. These were the fact that the problem in Scotland was much more acute than in England and that a Bill affecting Housing in Scotland was still before the House of Lords and had not yet become Law. He wished to know what line he should take in regard to this Bill. His position was a difficult one because he would now be obliged to make a statement completely divergent from the policy which he had advocated. only three or four weeks ago. At that time he had been in complete ignorance of the proposed change in housing policy, and he had informed the House of Commons that the measure was an urgent one. As regards one special point he
he presumed that if the Crofters' Housing Scheme could be saved, a question on which he would consult the Treasury, the Conference would raise no objection.

The Secretary for Scotland then stated that the change of policy set forth in the Statement by the Minister of Health rendered nugatory the policy of his Bill. The difficulty had been brought to a head by reason of an amendment to reject the Bill. Some statement on this amendment would have to be made. He wished to make the strongest protest against his not having been summoned to the Meeting of the Finance Committee of the Cabinet, at which the Housing Policy of the country was revised, and he desired his protest to be placed on record.

The Conference took note of the Statement made by the Secretary for Scotland.

(3.) The Minister without Portfolio said that the statement to be made by the Minister of Health had been drafted in as attractive a form as possible. He desired, however, to state that he still dissented as emphatically as ever from what he considered to be the grave mistake in policy set forth in paragraph 3 of that statement.

The Conference took note of the Statement made by Dr. Addison.

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2, Whitehall Gardens,
S.W.1,
14th July, 1921.
APPENDIX.
CABINET.

Housing Policy.

AMENDED DRAFT STATEMENT OF THE MINISTER OF HEALTH.

(As agreed at Conference of Ministers held July 13th 1921 at 5.30 p.m.)

The number of houses built, building, and contained in approved
schedules under the housing scheme for local authorities and public utility
societies is now about 176,000. Under the scheme of subsidy to private
builders the number of houses built or to be built is estimated at about
90,000. The annual cost to the State under the local authorities and
public utility societies schemes is about £10,000,000 per annum and the
sum required for payment of subsidies to private builders is about
6,000,000.

In view of the immense difficulties confronting the nation during
and after the war the Government think that they have no reason to be
satisfied with the scale of their contribution to the housing prob­
lem - a contribution, notwithstanding the grave embarrassments of the war
without precedent in our history. The Government is under its housing
schemes performing at great cost a work of supreme national importance
which private enterprise could not carry out. At the present time the
houses which are being built or are to be built under the Government
housing scheme will utilise all available labour for at least twelve
months including a considerable number of ex-service men to be absorbed
in the industry. By the end of twelve months conditions may have
changed very greatly, prices may be stabilised and the considerations
on which Government action should be based may be fundamentally
altered. Reconsideration is moreover imperative when regard is paid
the present financial condition of the country. Very grave finan­
cial difficulties will confront the nation for the remainder of the
present and throughout the next financial year owing to the unparalleled
world-wide depression in trade and the unfortunate industrial
debacles which have so seriously affected both expenditure and revenue,
The Government have accordingly decided that—\( \text{for the time being at any rate,} \) the following limitation must be placed on housing expenditure. The number of houses to be constructed by local authorities and public utility societies with Government assistance under the present scheme will be limited to 175,000, that being the number built, building, or for which tenders have been approved, and assistance will not be given under the scheme in respect of any houses in excess of that number. It would appear that on a final examination of the present approved tenders some adjustments will be possible to meet cases of hardship without exceeding this total.

All expenditure in connection with the housing schemes which has already been incurred by local authorities with the approval of the Ministry of Health will rank for financial assistance under the present scheme, which limits the liability of local authorities to the produce of a penny rate, and where work undertaken by local authorities with the approval of the Ministry of Health cannot for reasons outside the control of the authorities be completed by July 1922, the time for completion will be extended by the Ministry as may be necessary.

As regards the scheme of subsidy to private builders, the powers taken under the recent Act will be exercised to the extent of making payment in full for houses completed within the four months after the expiration of the previous Act, i.e., by April 23rd last, and additional houses will be subsidised only if begun before the 1st July under a certificate or the promise by a local authority of a certificate. There will be cases in which commitments have been entered into, although construction has not actually been begun, in anticipation of the continuance of the subsidy. In order to meet these cases I shall, in the exercise of my discretion, pay subsidy where commitments have been entered into if work is started within six weeks of the present date.
The Government recognise the urgent necessity of making what improvements are possible under present financial circumstances in slum areas. To this end they are prepared to provide an annual contribution not exceeding £200,000 towards the deficiency on local authorities’ accounts for the improvement of slum areas.

This annual contribution will continue for the whole term of such loans as may have to be raised by local authorities to defray the necessary expenditure.

It is the intention of the Government to keep the housing problem closely under review. They fully recognise the importance of that problem from the point of view of the health and social conditions of the people but it is impossible to incur greater commitments than our finances will allow.

2, Whitehall Gardens, S.W.
July 14th, 1921.