MEETING OF THE CABINET TO BE HELD AT 10, DOWNING STREET, S.W.1, ON WEDNESDAY, JULY 14TH, 1926 AT 11.30 A.M.

AGENDA.

1. THE COAL SITUATION. (If required).

2. INTER-ALLIED DEBTS - THE FRENCH DEBT. (If required).

3. FOREIGN AFFAIRS.

American Blockade Claims.

Ref. Telegram from Sir E. Howard, No. 191, dated 2nd July, 1926.

4. REPORT OF THE SELECT COMMITTEE ON ESTIMATES.

Memorandum by the Chancellor of the Exchequer.
(C.P. 267 (26) - Circulated herewith).

5. ARMISTICE DAY.

Memorandum by the Home Secretary.
(C.P. 268 (26) - Circulated herewith).

6. CONCLUSIONS OF COMMITTEE OF HOME AFFAIRS.

(i) The Palestine and East Africa Loans (Guarantee) Bill.

(ii) The Naval Reserves (Officers) Bill.

(iii) The Prisons (Scotland) Bill.

(iv) The Mental Deficiency (Amendment) Bill 1926.

(v) The Small Holdings Bill.

(vi) The Parks Regulation (Amendment) Bill.

(H.A.C. 12th Conclusions (26) - To be circulated.)

(Signed) M.P.A. HANKEY,

Secretary, Cabinet.

13th July, 1926.
CONCLUSIONS of a Meeting of the Cabinet held at 10, Downing Street, S.W.1, on WEDNESDAY, July 14th, 1926, at 11.30 a.m.

PRESENT:-

The Right Hon. Stanley Baldwin, M.P.
Prime Minister. (In the Chair).

The Right Hon. Viscount Cave, G.C.M.G.,
Lord Chancellor.

The Most Hon.
The Marquess of Salisbury,

The Right Hon.
Sir William Joynson-Hicks,
Bt., M.P., Secretary of State for Home Affairs.

The Right Hon.
Sir Laming Worthington-Evans,
Bt., G.B.E., M.P., Secretary of State for War.

The Right Hon.
Sir Samuel Hoare, Bt., C.H.G.,
M.P., Secretary of State for Air.

The Right Hon.
Sir Philip Cunliffe-Lister,
K.B.E., M.C., M.P., President of the Board of Trade.

The Right Hon.
W. Guinness, D.S.O., M.P.,
Minister of Agriculture and Fisheries.

The Right Hon.
Lord Eustace Percy, M.P.,
President of the Board of Education.

The Right Hon.
Viscount Peel, G.B.E., First Commissioner of Works.

The Right Hon.
Sir Douglas Hogg, K.C., M.P.,
Attorney-General.
1. The Cabinet were informed that no development had taken place in the Coal Situation. There had been no real tendency on the part of the miners to return to work, but this had not been anticipated as yet.

The President of the Board of Trade gave the Cabinet some particulars which showed that the effect of the Coal Strike on trade had been less than might have been expected, and less than at the corresponding stage of the last Coal Strike.

A short discussion took place as to the desirability of announcing the Government's policy (Cabinet 43 (26), Conclusion 2 and Appendix, Para.1) in regard to the recommendations of the Royal Commission on the Coal Industry, 1925, on the subject of research.

In this connection the Chancellor of the Exchequer pointed out that the long duration of the Strike would render it impossible to devote whole of the £3,000,000 which he had hoped to use for the industry during the transition period, and that part of it was being spent on the purchase of foreign coal.

The Cabinet agreed —

To postpone a decision as to any announcements on the above questions until the occasion should arise.
2. The Minister of Agriculture and Fisheries, at his own request, made a statement to the Cabinet, in which, by reference to a verbatim report of a speech he had made the previous week, he was able to show to the entire satisfaction of his colleagues that remarks on the subject of the Betting Tax attributed to him in certain newspapers were without foundation.
3. The Chancellor of the Exchequer had nothing to add to the statements already published in regard to the French Debt Agreement which he had signed on Monday, July 12th.
4. The Secretary of State for Foreign Affairs gave the Cabinet some particulars of the extraordinary attitude of suspicion with which the Soviet Government regarded this country. Sir Austen Chamberlain added that he had recently received the Soviet Chargé d'Affaires, and in the course of their conversation had pointed out that it was useless to take up fresh negotiations so long as the two Governments were separated by a gulf of principle. In reply to a request for information as to why negotiations could not be resumed on the basis of the Agreement signed by the late Government, Sir Austen Chamberlain had said that the Soviet Government must recognise that a Government inherited the obligations as well as the rights of its predecessors. It was impossible for His Majesty's Government to undertake any obligation in regard to a Loan to Soviet Russia. The only means by which the Soviet Government could borrow in this country would be by application to the City, but the banks would not lend to people who had repudiated the debts of their predecessors. If closer relations with Great Britain were desired, the first step of the Soviet Government or of those who controlled them and the Third International must be to desist from attacking British interests in all parts of the world.

The Cabinet approved the line taken by the Foreign Secretary.
5. The Prime Minister mentioned to the Cabinet that on the preceding Sunday afternoon a burglar had broken into the block of buildings in Whitehall Gardens in which the Cabinet Office is situated. The burglar had eventually been caught outside 2, Whitehall Gardens, and had been committed for trial. This was the second attempt on Whitehall Gardens within the space of a few weeks.
6. The Secretary of State for Foreign Affairs gave the Cabinet some further particulars of conversations he and some of his colleagues had held with the King of Spain. At the moment it seemed unlikely that Spain would continue to take part in the work of the Council of the League of Nations.

In the course of the conversations the King of Spain had suggested the possibility of a Mandate for Spain over Tangier under the League of Nations, and had expressed the view that this might not be so objectionable to Italy as appeared at first sight. Sir Austen Chamberlain had informed His Majesty that if Italy acquiesced there was no objection to the proposal from the point of view of British policy, nor, he would hope, on the part of the French. The possibility of an eventual visit to London by General Primo de Rivera had been mooted.

Sir Austen Chamberlain added that the essential thing from the British point of view was that Tangier should remain internationalised and should not be made a place d’armes. The terms of the Mandate, if any were proposed, would need to be carefully considered.

The Cabinet approved.
7. In the course of a statement in regard to the American Blockade Claims, the Secretary of State for Foreign Affairs drew the attention of his colleagues to the following passage in a reply to the Senate sent by the American Secretary of State and reproduced in telegram No. 191 of July 2nd, from Sir E. Howard (Washington):

"Department are now assembling all available information to determine what cases amongst this mass of correspondence justify further recourse to action and can properly be made subject of arbitration."

After a short discussion the Cabinet agreed —

(a) That the question of Blockade Claims was one on which arbitration was out of the question;

(b) That the Secretary of State for Foreign Affairs should have authority to give such instructions to the above effect as he might deem advisable to the official in charge of the Press at the Foreign Office as to the attitude he should take up on the subject if consulted by Press representatives.
7. In the course of a statement in regard to the American Blockade Claims, the Secretary of State for Foreign Affairs drew the attention of his colleagues to the following passage in a reply to the Senate sent by the American Secretary of State and reproduced in telegram No.191 of July 2nd, from Sir E. Howard (Washington):

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8. The Cabinet had before them a Memorandum by the Chancellor of the Exchequer (Paper C.P.-267 (26)) in regard to the First Report from the Select Committee on Estimates of the present Session, which contains a number of proposals in regard to the form of procedure for dealing with the Civil Service Estimates. The Memorandum contained the following proposals:

(a) To accept the recommendation of the Committee in regard to the re-classification of the Estimates;

(b) To accept the change of title to "Civil Estimates";

(c) To reject the proposals relating to the enlargement of the Estimates Committee and the extension of its powers, but that a Treasury witness should regularly attend the sittings of the Committee;

(d) That the Chief Whip should be asked to arrange with Mr. Speaker to meet, so far as can be done by arrangement without any formal alteration of existing rules, the points raised by the Committee in regard to the scope of discussion on Estimates;

(e) That the Chancellor of the Exchequer should suggest to the Committee that they should endeavour, so far as possible, to complete the review of particular Estimates before they are finally disposed of in Supply, so that the House of Commons can discuss these Estimates with the Report of the Committee before them;

(f) That the reply attached in the Appendix to C.P.-267 (26) to the question to be asked by Lieutenant-Colonel Vivian Henderson on Thursday, July 15th, should be approved;

(g) That the Chancellor of the Exchequer should convey the decision of the Cabinet to the Committee formally by means of a Treasury Minute on their Report;

(h) That the Supply Rule should be remodelled to cover Supplementary Estimates, not more than five nor less than three days being devoted to these, and that the Opposition should be given the choice of specifying the subjects and arranging the time after which the Supplementary Estimates will be closed just in the same way as the main Supply.
The Cabinet approved in principle the proposals of the Chancellor of the Exchequer, and agreed —

(i) That the Chancellor of the Exchequer should be authorised to discuss his proposals with the leading members of the Opposition Parties who are specially concerned in finance:

(ii) That, as a preliminary to the above discussion, the Chancellor of the Exchequer, in consultation with the Prime Minister and the Chief Whip, should prepare the heads of the new Rule or new Rules of Procedure which his proposals would necessitate:

In this connection it was suggested for the Chancellor of the Exchequer's consideration that it might be desirable that the time devoted to Supplementary Estimates should be roughly proportional to the magnitude of those Estimates. The Chancellor was asked also to bear in mind the case of the Estimates of the Fighting Services, which have to be passed before March 31st.

(iii) That the Chancellor of the Exchequer should also have authority to discuss the matter with the Estimates Committee and the Public Accounts Committee, with a view to the preparation of a complete scheme:

(iv) That the exact wording of the reply to the question to be asked in the House of Commons by Lieutenant-Colonel Vivian Henderson should be left to the Chancellor of the Exchequer in consultation with the Prime Minister and the Chief Whip.
9. After consideration of a Memorandum by the Home Secretary on the subject of Armistice Day (Paper C.P.-268 (26)), the Cabinet agreed—

(a) That, subject to His Majesty's pleasure, this year's celebration of Armistice Day should be on similar lines to the arrangements made last year, and the Home Secretary was invited to undertake the duty of concerting the necessary arrangements;

(b) That the Home Secretary should undertake the same responsibility in future years.
10. In regard to the recommendations of the Committee of Home Affairs (H.A.C. 12th Meeting (26)) in favour of introducing certain Bills, the Prime Minister warned his colleagues that the whole of Parliamentary time up to the Recess was already allotted, and, though he had no objection to the introduction of the Bills as recommended by the Committee of Home Affairs, Government time could not be given to them and there was no prospect of their being passed into law before the Recess unless they were entirely uncontroversial.
The Cabinet had before them a Memorandum by the Financial Secretary to the Treasury (H.A.-23 (26)) covering the draft Palestine and East African Loans (Guarantee) Bill, the main object of which is to enable the Treasury to guarantee the principal of and interest on loans raised by the Government of Palestine not exceeding £4,500,000 and by certain East African Governments not exceeding £10,000,000; together with the following Conclusion of the Committee of Home Affairs thereon (H.A.C. 12th Meeting (26), Conclusion 1):

"To refer to the Cabinet for decision the question whether the condition in Clause 1 (2) of the Bill should be retained that no guarantee under the Bill should be given in the case of a loan to be raised by any Government other than the Government of Palestine, until after consultation with an Advisory Committee appointed by the Secretary of State, subject to the approval of the Treasury.

In explanation of the above, the Cabinet were informed that the Secretary of State for the Colonies had failed to reach agreement with the Treasury on the question of the necessity for consultation with an Advisory Committee as contemplated in Clause 1 (2) of the Bill. The Secretary of State was not prepared to accept this provision of the Bill.

The Chancellor of the Exchequer made it clear that the provision to which the Secretary of State for the Colonies objected would not be used for vexatious interference in the policy; and after precedents for the inclusion of corresponding provisions in other Bills had been quoted, the Secretary of State for the Colonies agreed to accede to the general view of his colleagues.
in favour of the retention of the Clause.

The Cabinet accordingly approved the introduction of the Bill in the House of Commons in the form attached to H.A.-28 (25), and authorised the Financial Secretary to the Treasury to arrange with the Chief Whip as to tabling the necessary Financial Resolution and for the introduction of the Bill.
12. In the course of the preceding discussion a question arose as to whether provision could be made in the Palestine and East African Loans (Guarantee) Bill for re-conditioning the Iraq railways.

The general view of the Cabinet was that it would be inadvisable to include Iraq in the above Bill, and that the whole question required further exploration.

The Secretary of State for Dominion Affairs was invited to refer the question to Sir George Schuster's Committee.
13. The Cabinet had before them a Memorandum by the First Lord of the Admiralty (H.A.-19 (26)) covering the draft Naval Reserves (Officers) Bill, 1926, the main objects of which are to enable Royal Naval Reserve Officers disabled by wounds, injuries or disease, to receive the same disability rates as other Reserve or Temporary Officers; to enable the widows, children and (in certain cases) dependant relatives of such Officers as may be killed in action to receive the same benefits as are payable in the case of children and dependants of Officers of the Royal Navy killed in action, and to make it unnecessary in future to obtain Orders-in-Council amending R.N.R.(Officers) Regulations unless pay and allowances are affected.

In accordance with the Conclusion of the Committee of Home Affairs (H.A.C. 12th Meeting (26), Conclusion 2), the Cabinet agreed —

To authorise the introduction in the House of Commons of the Naval Reserves (Officers) Bill, 1926, in the form of the draft annexed to H.A.-19 (26).
The Cabinet had before them a Memorandum (H.A.-22 (26)) by the Secretary for Scotland covering the draft Prisons (Scotland) Bill, together with the recommendation of the Committee of Home Affairs thereon (H.A.C. 16th Meeting (26), Conclusion 3.)

The Cabinet agreed —

To authorise the introduction in the House of Commons of the Prisons (Scotland) Bill in the form of the draft annexed to H.A.-22 (26), on the understanding that Clause 2 (1) of the Bill (to legalise police cells as places of detention for prisoners up to 30 days) will be abandoned if serious opposition is raised to its provisions.
15. The Cabinet had under consideration a Memorandum (H.A.-24 (26)) by the Minister of Health covering the draft Mental Deficiency (Amendment) Bill, the main object of which is to alter the definitions of "defectives" contained in the Mental Deficiency Act, 1913, so as to enable (inter alia) authorities under that Act to provide care and treatment for persons suffering from mental defect as a sequela on encephalitis lethargica.

In accordance with the recommendation of the Committee of Home Affairs (H.A.C. 12th Meeting (26), Conclusion 4), the Cabinet agreed —

To authorise the introduction forthwith in the House of Lords of the Mental Deficiency (Amendment) Bill, 1926, in the form of the draft annexed to H.A.-24 (26).
16. The Cabinet had before them a Memorandum (H.A.-25 (26)) by the Minister of Agriculture and Fisheries, covering the draft Small Holdings and Allotments Bill, which had been drafted to give effect to the Small Holdings proposals in the Government's Agricultural policy.

In accordance with the recommendation of the Committee of Home Affairs (H.A.C. 12th Meeting (26), Conclusion 5), the Cabinet agreed —

To authorise the introduction forthwith in the House of Commons of the Small Holdings and Allotments Bill in the form of the draft annexed to H.A.-25 (26), with a view, if possible, to the passage of the Bill into law before the end of the present year.
17. The Cabinet had before them a Memorandum (H.A.-21 (26)) by the First Commissioner of Works covering the draft Parks Regulation (Amendment) Bill, which is designed to give the Commissioners of Parks powers to make effective regulations for the good management of the Parks in their charge.

In accordance with the recommendation of the Committee of Home Affairs (H.A.C. 12th Meeting (26), Conclusion 6), the Cabinet agreed —

To authorise the introduction forthwith in the House of Lords of the Parks Regulation (Amendment) Bill in the form of the draft annexed to H.A.-21 (26) subject to the omission of Clause 3(2) of the Bill.
18. In view of the impossibility of introducing legislation on the lines proposed by the Legislation Committee in Paper C.P.-237 (26) before the Recess, and having regard to the strong feeling in Parliament and among the public in reference to the desirability for the independence of Associations of Civil Servants from outside political and industrial organisations, the Cabinet authorised the Chancellor of the Exchequer to arrange for a Question and Answer in the House of Commons to the following effect:

QUESTION:-- To ask the Chancellor of the Exchequer whether he is now in a position to state what action the Government propose to take with regard to the affiliation of Civil Service Associations to outside bodies?

REPLY:-- As I have already stated in reply to previous questions, His Majesty's Government have had this matter under close consideration. They have come definitely to the conclusion that it is contrary to the public interest that Associations of Civil Servants should be affiliated to outside industrial and political organisations and intend in due course to introduce legislation to deal with the matter.

Whitehall Gardens, S.W.1,
July 14, 1926.