CABINET 18 (27).

Meeting of the Cabinet to be held at 10, Downing Street, S.W.1., on WEDNESDAY, March 23rd, 1927, at 11.30 a.m.

AGENDA.

1. FOREIGN AFFAIRS. (If required).

2. DRAFT TRADE DISPUTES AND TRADE UNIONS BILL.
   (Reference Cabinet 16 (27).)
   Fifth Report of Legislation Committee, covering Revised Draft Bill.
   (C.P. 98 (27) - to be circulated).
   Memorandum by the Minister of Labour.
   (C.P. 101 (27) - to be circulated).

3. TAX REVISION.
   (Reference Cabinet 17 (27) Conclusion 1).
   Report of Cabinet Committee.
   (C.P. 88 (27) - already circulated).

4. INCIDENCE OF THE COST OF THE INDIAN MIXED BRIGADE AND THE SHANGHAI DEFENCE FORCE.
   Memorandum by the Secretary of State for India.
   (C.P. 100 (27) - already circulated).

5. PROPOSAL FOR A ROYAL COMMISSION ON MUSEUMS AND GALLERIES.
   Note by the Chancellor of the Exchequer, covering Treasury Memorandum.
   (C.P. 92 (27) - already circulated).

6. LEASEHOLD ENFRANCHISEMENT.
   (Reference Cabinet 6 (27) Conclusion 5).
   Third Report of Cabinet Committee, covering Draft Landlord and Tenant Bill.
   (C.P. 96 (27) - already circulated).
CONCLUSIONS OF COMMITTEE OF HOME AFFAIRS.

1. The Post Office Sites Bill.
2. The Colonies Probates (Protected States and Mandated Territories) Bill.
3. The Aliens Restriction Bill.
4. The Destructive Insects and Pests Bill.
5. The Companies Bill.

(Reference H.A.C. 6th Conclusions (27) - circulated herewith).

PRIVATE MEMBERS' BILLS.

(a) For Friday, March 25th, 1927.

2. Feu Duties and Long Leases (Scotland) Bill: Mr. Skelton.
3. Omnibuses Bill: Mr. Lansbury.

(b) For Friday, April 1st, 1927.

1. Road Transport Lighting Bill: Mr. Lougher.
2. Nursing Homes (Registration) Bill: Mrs. Philipson.

TO TAKE NOTE OF:

9. DIMPLE LICENCES FOR THE EXPORT OF ARMS AND AMMUNITION.

Memorandum by the President of the Board of Trade.
(C.P. 91 (27) - already circulated).

10. THE ARMY AND AIR FORCE (ANNUAL) BILL.

Memorandum by the Secretary of State for War, covering Draft Bill.
(C.P. 94 (27) - already circulated).

(Signed) M.P.A. HANKEY,
Secretary, Cabinet.

223
CONCLUSIONS of a meeting of the Cabinet held at 10, Downing Street, S.W.1., on WEDNESDAY, March 23rd, 1927, at 11.30 a.m.

PRESENT:-

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

Right Hon.

Right Hon.
S. Amery, M.P., Secretary of State for Dominion Affairs.

Right Hon.

Right Hon.

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

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

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

The Right Hon.

The Right Hon.
Neville Chamberlain, M.P., Minister of Health.

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

Viscount Peel, G.B.E., First Commissioner of Works.

The Right Hon.
Sir Richard V.N. Hopkins, K.C.B., Chairman, Board of Inland Revenue.


THE FOLLOWING WERE ALSO PRESENT:-

Sir Richard V.N. Hopkins, K.C.B., Chairman, Board of Inland Revenue. (For part of Item 6).
1. The Prime Minister informed the Cabinet that the meeting arranged for that evening had not proved convenient to several of his colleagues, including the members of the House of Lords, and would therefore have to be postponed.

The Cabinet agreed —

That a Meeting should be held on TUESDAY, MARCH 29th, at 11-30 a.m. for consideration of the following questions:

HOUSE OF LORDS REFORM.

LEASEHOLD ENFRANCHISEMENT.
2. The Secretary of State for Foreign Affairs had no information to supplement the telegrams already circulated to the Cabinet in regard to the situation in China, except in regard to a recent case of piracy at Bias Bay. The Governor of Hong-Kong had telegraphed that if he did not receive instructions to the contrary he would take the pre-arranged action in view of this latest piracy.

The Secretary of State for the Colonies, after consultation with the Secretary of State for Foreign Affairs, had telegraphed to the Governor not to take action until he had consulted the British Minister at Peking. Sir Miles Lampson had telegraphed to the Consul-General at Shanghai as to what effect the action would have in that region. A telegram had now been received indicating that the Governor of Hong-Kong had apparently taken action on his own responsibility, but the position was not clear enough to ask for any Cabinet decision.
3. The Secretary of State for Foreign Affairs consulted the Cabinet as to a letter which had been received from Messrs Vickers in regard to the supply of certain war material to the Soviet Government.

Sir Austen Chamberlain informed his colleagues that in June, 1923, the Cabinet raised no objection to the supply of 500 submarine mines by Messrs Vickers to the Soviet Government on the ground that they would be used for purposes of defence only. On November 12, 1924, however, it was decided that the export of war material to Russia could not be permitted as it was inconsistent with the attitude towards Russia taken up by members of the present Government during the General Election to sanction the equipment of Soviet Russia with British arms and munitions. In view of this decision, when Messrs Vickers enquired in October, 1925, whether they might supply the Soviet Government with small coast defence vessels and submarine mines for purely defensive purposes, the Cabinet referred the matter to the Naval, General and Air Staffs, who expressed the unanimous opinion that the supply should be permitted. On January 29, 1926, the Cabinet agreed that Messrs Vickers' application should be granted (Cabinet 2 (26), Conclusion 6). Messrs Vickers were accordingly informed on February 3, 1926, that no objection was seen to the export to Russia of the submarine mines and coast defence vessels in question. Messrs Vickers had now written to enquire whether the terms of that letter still held good.
The Cabinet agreed —

That Messrs Vickers should be asked to say whether their letter referred to the export of the material sanctioned on February 3, 1926, or to new contracts with the Soviet Government. If their letter referred only to the old contracts they should be allowed to proceed with their fulfilment. If, however, their letter referred to new contracts, the matter should be reported with full details to the Cabinet.
4. The Secretary of State for Foreign Affairs gave the Cabinet a full account of the situation in Albania as indicated in recent telegrams already circulated to the Cabinet. Sir Austen Chamberlain reported that, in view of the reluctance both of Signor Mussolini and of the French Government to submit the question to the League of Nations, he had responded to the Italian communication denouncing Yugo-Slav military activity on the Albanian frontier by asking if the Italian Government would agree to the despatch of the Military Attaches at Belgrade of Great Britain, France and Germany, to make an investigation on both sides of the frontier. In making this proposal he was following a successful precedent set by the League in the case of the dispute between Greece and Bulgaria, and he had in mind to work up to a point where two Attaches of the same neutral nationality might be stationed one on either side of the Yugo-Slav-Albanian frontier, just as at present Military Attaches of Swedish nationality are stationed on either side of the Greece-Bulgarian frontier to investigate any incident and report to the League of Nations.

The policy of the Secretary of State was approved by the Cabinet.
5. The Cabinet had before them the Fifth Report of the Legislation Committee, covering a draft Bill revised in accordance with the Conclusions of Cabinet 16 (27) (Paper C.P.-98 (27)), together with a Memorandum by the Minister of Labour (Paper C.P.-101 (27)).

The Cabinet agreed —

(a) (By a majority) To omit Clause 1 (2) of the draft Bill, which had been drawn to give effect to the Minister of Health's proposal that a lock-out or strike should be illegal until after an Inquiry in accordance with the provisions of Part II of the Industrial Courts Act, 1919:

(b) That Clause 5, Special Provisions applicable to Civil Servants and to Persons employed by Local Authorities, should be included in the Bill:

(c) That Clause 6, Provisions as to Persons employed by Local Authorities, should be included in the Bill:

(d) That, subject to the above and to any drafting or other minor amendments which might be found necessary or desirable on final revision by the Attorney-General in consultation with Parliamentary Counsel, the Trade Disputes and Trade Unions Bill (attached to C.P.-98 (27)) should be approved:

(e) That the Attorney-General and Parliamentary Counsel should push on with the completion of the Bill in order that it might be ready for circulation by Monday next, March 28th, if the Prime Minister, on a consideration of the business of Parliament, should so desire.
6. The Cabinet had before them the Report of the Cabinet Committee on Tax Revision (Paper C.P.-88 (27)).

After questions on certain technical aspects of the subject had been answered by Sir Richard Hopkins, K.C.B., the Chairman of the Board of Inland Revenue, —

The Cabinet approved the proposals in the Report of the Cabinet Committee (Paper C.P.-88 (27)), subject to the following:-

(a) In regard to Death Duties, the amenity value of agricultural property to be treated broadly on the same lines as heirlooms; that is to say, the Duty to be collected not on succession but only in the event of a sale:

(b) That the measures for preventing the legal avoidance of Income Tax and Super-Tax in respect of voluntary contributions to Charities should apply to future and not to existing undertakings to subscribe to Charities:

(c) That the Chancellor of the Exchequer should enquire into the possibility of preventing persons from evading taxation by residence abroad.
7. The Cabinet had before them a Memorandum by the Secretary of State for India (Paper C.P.-100 (27)) covering telegraphic correspondence with the Viceroy on the subject of the incidence of the cost of the Indian Mixed Brigade of the Shanghai Defence Force: pointing out that the saving in British revenue under the Chancellor of the Exchequer's proposal would only amount to £26,000 or £16,500 a month according as the British Battalions were included or not; and urging that India should not be pressed further in order to obtain a small gain at the cost of a great political disadvantage.

The Cabinet took note of the views expressed in Paper C.P.-100 (27) and agreed —

That, in the circumstances, the matter should not be pressed further. Though not proposing to press for a contribution from Indian revenues, they felt it would have been equitable that India should at least not be placed in a better financial position by reason of the Shanghai expedition. The Cabinet hoped, therefore, that nothing would be said publicly in India which implied that His Majesty's Government regard the situation with approval.
3. The Cabinet had before them a Note by the Chancellor of the Exchequer covering a Memorandum prepared by the Treasury proposing the appointment of a Royal Commission on Museums and Art Galleries (Paper C.P.-92 (27)).

The Cabinet approved the proposal for submission to His Majesty the King.
9. The Cabinet had before them the Third Report of the Cabinet Committee on Leasehold Enfranchisement (Paper C.P.-96 (27)), attached to which were an extract from a Report by the Chief Valuer, Inland Revenue, a Memorandum by the Lord Privy Seal, and a draft Landlord and Tenant Bill.

The Cabinet agreed —

(a) That the Attorney-General should have authority to consult some expert conveyancing lawyer in regard to the Leasehold Enfranchisement Bill:

(b) That the Bill should be considered at the Meeting of the Cabinet to be held on Tuesday, March 29th.
10. The Cabinet had before them a Memorandum (Paper H.A.-23 (27)) by the Postmaster-General covering the draft Post Office (Sites) Bill, 1927, the main object of which is to give the Postmaster-General compulsory powers to acquire property in London, Blackpool and Cheltenham; together with the recommendation of the Committee of Home Affairs thereon (H.A.C. 6th Conclusions (27), Para. 1).

The Cabinet agreed —

To authorise the introduction in the House of Commons of the Post Office (Sites) Bill, 1927, in the form of the draft annexed to H.A.-23 (27).
11. The Cabinet had before them a Memorandum (Paper H.A.-20 (27)) by the Secretary of State for the Colonies, covering the draft Colonial Probates (Protected States and Mandated Territories) Bill, the purpose of which is to make the Colonial Probates Act, 1892, applicable to protected and mandated territories and so facilitate the probate administration of estates with assets in such territories: together with the recommendation of the Committee of Home Affairs thereon (H.A.C. 6th. Conclusions (27), Para.2).

The Cabinet agreed —

To authorise the introduction in the House of Lords of the Colonial Probates (Protected States and Mandated Territories) Bill in the form of the draft annexed to H.A.-20 (27).
12. The Cabinet had before them a Memorandum (Paper H.A.-25 (27)) by the Secretary of State for Home Affairs, covering the draft Aliens Restriction Bill, the object of which is to make permanent the powers for the control of aliens contained in the Aliens Restriction Act, 1914: together with the recommendation of the Committee of Home Affairs thereon (H.A.C. 6th Conclusions (27), Para.3).

The Cabinet agreed —

To authorise the introduction forthwith in the House of Lords of the Aliens Restriction Bill in the form of the draft annexed to H.A.-25 (27), with a view, if possible, to the Bill being read a second time before the Easter Recess.
The Cabinet had before them a Memorandum (Paper H.A.-22 (27)) by the Minister of Agriculture and Fisheries, covering the draft Destructive Insects and Pests Bill, the main objects of which are to extend the Acts of 1877 and 1907 so as to include bacteria and other organisms which give rise to plant diseases, to enable the Minister to take measures for the extermination of any new pest which may appear in the country, and to allow him to pay compensation up to £2,000 in any one year for crops destroyed in the course of eradicating the pests: together with the recommendation of the Committee of Home Affairs thereon (H.A.C. 6th Conclusions (27). Para. 4).

The Cabinet agreed —

To authorise the introduction in the House of Commons of the Destructive Insects and Pests Bill in the form of the draft annexed to H.A.-22 (27).
14. The Cabinet had before them a Note (H.A.-26 (27)) by the President of the Board of Trade, covering the draft Companies Bill, and also a Memorandum explanatory of the Bill prepared by the Board of Trade: together with the recommendations of the Committee of Pome Affairs thereon (H.A.C. 6th Conclusions (27), Para. 5.)

The Cabinet agreed —

(a) To authorise the introduction in the House of Lords of the Companies Bill, 1927, in the form of the draft annexed to H.A.-26 (27), subject to any drafting or other minor amendments which may be found necessary or desirable on final revision by the Lord Chancellor, the Chancellor of the Exchequer, the President of the Board of Trade and Parliamentary Counsel;

(b) That the decision respecting individual provisions of the Bill should, so far as practicable, be left to a free vote of the House of Lords.
15. The Cabinet had before them the Wild Birds Protection Bill, to be introduced by a Private Member (Sir Clive Morrison Ball) on Friday, March 25th.

The Cabinet agreed —

That the Wild Birds Protection Bill should be supported.
16. The Cabinet had before them the Feu Duties and Long Leases (Scotland) Bill, to be introduced by a private Member (Mr Skelton) on Friday, March 25th.

The Cabinet agreed —

That the Feu Duties and Long Leases (Scotland) Bill should be supported.
17. The Cabinet took note of a Memorandum by the President of the Board of Trade (Paper C.P.-91 (27)) notifying, in accordance with Cabinet 54 (25) Conclusion 10, particulars of a long term licence which he proposed to issue subject to the usual condition that it may be modified or revoked at any time by the Board of Trade without reason given, and that the B.S.A. Guns Ltd. shall be informed that it shall not be withdrawn "save in the event of circumstances of an altogether exceptional character arising which the Board are at present quite unable to foresee".
The Cabinet took note of a Memorandum by the Secretary of State for War circulating for their information the Army and Air Force (Annual) Bill, which was circulated to Members of the House of Commons on Tuesday, March 22nd.

...