Meeting of the Cabinet to be held at No. 10, Downing Street, S.W.1, on WEDNESDAY, June 29th, 1927, at 11.30 a.m.

AGENDA.

1. LANDLORD AND TENANT BILL.
   (Statement by the Home Secretary).

2. RUSSIAN BALANCES.
   (Reference Cabinet 36(27) Conclusion 3).
   (Statement by the Chancellor of the Exchequer).

3. THE ENTRY OF IRAQ INTO THE LEAGUE OF NATIONS.
   Memoranda by the Secretary of State for the Colonies,
   (C.P. 173(27) and C.P. 178(27) - already circulated).
   Memorandum by the Chancellor of the Duchy of Lancaster,
   (C.P. 182(27) - already circulated).

4. ADEN - RELATIONS WITH THE IMAM OF THE YEMEN.
   (Reference Cabinet 61(26) Conclusion 6(c)).
   Memorandum by the Secretary of State for the Colonies,
   (C.P. 172(27) - already circulated).

5. FUTURE POLICY IN REGARD TO EASTERN AFRICA.
   Memorandum by the Secretary of State for the Colonies,
   (C.P. 173(27) - already circulated).

6. THE NEW HEBRIDES.
   Memorandum by the Secretary of State for the Colonies covering Report of Commission,
   (C.P. 181(27) - to be circulated).
7. **THE UNEMPLOYMENT INSURANCE BILL.**
   (Reference Cabinet 36(27) Conclusion 5).
   Report of Cabinet Committee,
   (C.P. 184(27) - already circulated).

8. **THE ALBANY STREET ESTATE.**
   Memorandum by the Minister of Agriculture and Fisheries,
   (C.P. 185(27) - already circulated).

3. **TO TAKE NOTE OF:**
   **THE SITUATION IN CHINA.**
   3rd Conclusions of the Cabinet Committee on China,
   (C.P. 180(27) - already circulated).

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

2 Whitehall Gardens, S.W.1.
27th June, 1927.
CONCLUSIONS of a meeting of the Cabinet held at
10, Downing Street, S.W.1., on WEDNESDAY,
June 29th, 1927, 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 Right Hon. W.S. Churchill, C.H., M.P.,
Chancellor of the Exchequer.

The Right Hon. L.S. Amory, M.P., Secretary
of State for Dominion
Affairs and Secretary of
State for the Colonies.

The Right Hon. The Earl of Birkenhead,
Secretary of State for India.

The Right Hon. Sir John Gilmour, Bt., D.S.O.,
M.P., Secretary of State
for Scotland.

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

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

The Right Hon. Sir Douglas Hogg, K.C., M.P.,
Attorney-General.

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., G.B.E.,
C.M.G., M.P., Secretary of
State for Air.

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

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

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

THE FOLLOWING WERE ALSO PRESENT:

Sir W.G. Tyrrell, G.C.M.G.,
K.C.B., K.C.V.O., Permanent
Under-Secretary of State
for Foreign Affairs.
(For Conclusion 10).

Sir M.P.A. Hankey, G.C.B. Secretary.
LEASEHOLD ENFRANCHISEMENT.

(Previous Reference: Cabinet 20 (27), Conclusion I and Appendix.)

1. The Home Secretary, as a matter of urgency, brought to the notice of his colleagues the difficulties he had encountered over the Landlord and Tenant Bill in Grand Committee. He had met with considerable opposition from a group of Conservative Members, but they had offered to cease from all further obstruction if he would omit Clause 5 of the Bill, which gives the tribunal the right, in certain circumstances, to grant a tenant a new lease for such period as it may deem proper, instead of compensation for loss.

Sir William Joynson-Hicks therefore wished to know whether the Cabinet was willing to omit this Clause.

After careful consideration the Cabinet agreed:—

That it would be a mistake to surrender Clause 5 of the Landlord and Tenant Bill, for which there is considerable public support, owing to the opposition of a small group of Members, and that if the Home Secretary was unable to carry the Clause in Committee it should be re-introduced in the Report Stage of the Bill. The Home Secretary was authorised, if he thought fit, to warn the opponents of the Clause of the Government's intention to take the view of the House of Commons on this Clause.
2. The Chancellor of the Exchequer informed his colleagues that the Cabinet Committee had completed its investigation of the question of Russian Balances. After consultation with the Governor of the Bank of England and a Director of Baring Brothers & Co. they had come to the conclusion that any proposal to transfer the balances to the Exchequer (however justified in equity) must be abandoned, and that the only practical way of preventing the Soviet Government from obtaining the balances was the immediate introduction of a Bill on the lines of a draft which he handed round to the Cabinet.

The Cabinet was advised that if, for any reason, it was impracticable to secure the passage of this legislation into law, it would be necessary to consider further a proposal made by the Lord Chancellor to obtain delay by setting up a tribunal for the investigation of the various claims on the Russian balances.

The Prime Minister thought there was no alternative but to introduce and pass the Bill, even if it involved extending the present Session by one day.

The Cabinet agreed —

That the Chancellor of the Exchequer should introduce the Russian Government Funds (Transfer Restriction) Bill, 1927, in the House of Commons, with a view to its passage into law during the present Session.
IRAQ.

Entry into the League of Nations.

(Previous Reference: Cabinet 7 (26); Conclusion 1(a).)

3. The Cabinet had before them:

A Memorandum by the Secretary of State for the Colonies (Paper C.P.-173 (27)) circulating a despatch which he had addressed to the High Commissioner of Iraq on January 4th last, and the reply, dated March 24th, received from the High Commissioner, on the subject of the entry of Iraq into the League of Nations:

A Memorandum by the Secretary of State for the Colonies (Paper C.P.-178 (27)) recommending that a pronouncement should be made to the effect that, if all goes well in Iraq in the interval, His Majesty's Government will be prepared to support an application by Iraq for membership of the League in 1932, viz., the second of the dates contemplated in the 1926 Treaty:

A Memorandum by the Chancellor of the Duchy of Lancaster (Paper C.P.-182 (27)) urging that there is no necessity to postpone supporting the entry of Iraq into the League beyond 1928.

Owing to the absence of the Secretary of State for Foreign Affairs the question was postponed until the following week.
4. The Cabinet had before them a Memorandum by the Secretary of State for the Colonies in regard to relations with the Imam of the Yemen (Paper C.P.-172 (27)).

Owing to the absence of the Secretary of State for Foreign Affairs the question was postponed until the following week.
5. The Cabinet had before them a Memorandum by the Secretary of State for the Colonies on the subject of future policy in regard to East Africa (Paper 0.6.-179 (27)). The recommendation of the Secretary of State was that the Cabinet should authorise him to appoint a small Commission to visit each of the East African Dependencies to examine the question and to report after free consultation with both official and unofficial opinion on the spot. A draft announcement attached to the Secretary of State's Memorandum contained a declaration of policy by His Majesty's Government in favour of closer union between the territories of Central and Eastern Africa, more particularly in regard to the development of transport and communications, Customs tariffs and Customs administration, scientific research and defence.

The Secretary of State for the Colonies made a statement on the subject, in the course of which he mentioned the membership he proposed for the suggested Commission.

Mr Amery undertook to consider sympathetically and favourably a proposal by the Secretary of State for India that the Commission should include someone competent to watch the interests of Indians in East Africa. He also agreed to omit from any White Paper which might be issued on the subject any mention of the proposal in his Memorandum that representatives of the elected elements in Kenya should be associated with the executive functions of government.
in such a way that elected members of the Legislature will be responsible to the Legislature for the work of particular departments of government.

In view of the importance of this question the Cabinet agreed —

That a Cabinet Committee, composed as follows —

The Secretary of State for the Colonies (In the Chair),
The Lord Privy Seal,
The Home Secretary,
The Secretary of State for Air,
The First Commissioner of Works —

should meet as soon as possible to consider the proposals contained in C.P.-179 (27), and should, if possible, advise the Cabinet at their next weekly meeting.
6. The Cabinet had before them a Memorandum by the Secretary of State for the Colonies (Paper C.P.-181 (27)) covering the Report of the Commission appointed as the result of the Imperial Conference, 1926, to investigate the situation in the New Hebrides. The Memorandum contained a recommendation by the Secretary of State for the Colonies on the lines of the Commission's proposals, involving the introduction of a certain number of Chinese labourers into the New Hebrides on conditions approximating, as far as local conditions will permit, to those in force in Western Samoa.

The Cabinet agreed —

(a) That, from a political point of view, it was impossible to acquiesce in the introduction of Chinese labourers into the New Hebrides:

(b) That the Secretary of State for Dominion Affairs should consult the Australian Government as to whether they would be willing to assume responsibility for British interests in the New Hebrides.
7. The Cabinet had before them the Report of the Cabinet Committee on the Unemployment Insurance Bill, together with a draft Bill recommended by the Committee (Paper C.P.-184-(27)).

The Cabinet agreed —

(a) To approve the Unemployment Insurance Bill, 1927, in the form of the draft annexed to C.P.-184 (27), subject to any minor or drafting alterations that may be found necessary or desirable:

(b) To authorise the Minister of Labour to substitute a minimum of 10 contributions for the minimum of 15 contributions in Clause 5 (6) if, during the passage of the Bill, this concession appears to be necessary or desirable:

(c) That the Unemployment Insurance Bill should be introduced and passed into law in the Autumn, after the Recess.
The Cabinet had before them a Memorandum by the Minister of Agriculture and Fisheries (Paper C.P.-185 (27)) asking for the decision of the Cabinet on the following questions:

(i) Should the Albany Street Estate property be sold at all?

(ii) If sold, should it be sold by private treaty or first offered by auction?

The Cabinet were informed that the First Commissioner of Works was responsible for a number of properties which he had inherited from the Ministry of Munitions, and that his policy had been to dispose of them by private treaty. No objections had been raised against this course.

The Cabinet felt, however, that there were strong objections to disposing of the Albany Street Estate unless provision was made for re-housing the large working population at present resident thereon. They agreed —

That the Minister of Agriculture and Fisheries should approach the London County Council in order to ascertain whether they would be willing to purchase at least a portion of the Albany Street Estate with a view to carrying out a housing scheme there, and that, in the event of their being willing to do so, it would be justifiable, if necessary, to accept a lower price than could be obtained in the open market.
The Cabinet took note of the following Conclusions by the Cabinet Committee on China at the meeting on June 16th, 1927 (Paper C.P.-180 (27)):

(a) REDUCTION OF CRUISERS ON THE CHINA STATION.

To approve the Admiralty's proposals for permanent and temporary reductions of Cruisers on the China Station involving the withdrawal of two Cruisers, one during September and October, and the second during November, December, January and February.

(b) WEL-HAI-WEI.

That, in present circumstances, it was unnecessary to maintain more than one Battalion at Wel-hai-Wei for defensive purposes.

Withdaawl of the Indian Mixed Brigade.

(Previous Reference: Cabinet 35 (27), Conclusion 3.)

The Secretary of State for War reminded the Cabinet that on May 31st. it had been decided that no troops should be withdrawn from China as the Southern troops were advancing north rapidly and the occupation of Peking by the Nationalists appeared imminent. Since then there had been a check in this advance and various changes had taken place in the situation. For example, there had been an accession of strength to the foreign forces in China since May 31st., the main items of which were:

- France: 900
- America: 2,800 and 12 aeroplanes
- Japan: 2,000 (Tsingtau)

For the above reasons the Chief of the Imperial General Staff considered that there was a surplus of British troops, and recommended to commence the withdrawal of the 20th Indian Infantry Brigade.
which would at all times admit of our reinforcing North China with one Brigade, if necessary. A reinforcement in North China of a second Brigade would also be available until such time as it was decided to withdraw the 13th Infantry Brigade, provided the position in Shanghai remained unchanged. The withdrawal of the 20th Indian Infantry Brigade would mean a saving of about £62,500 a month.

The Secretary of State for Air asked for authority to withdraw a Squadron of the Royal Air Force from China, as it was now redundant and there were no adequate facilities for flying practice.

Subject to the agreement of the Naval Commander-in-Chief, the Cabinet agreed --

(a) To authorise the Secretary of State for War to arrange for the withdrawal of the 20th Indian Infantry Brigade from China;

(b) To authorise the Secretary of State for Air to arrange for the withdrawal of one Squadron of the Royal Air Force from China.
10. The Lord President of the Council brought to the attention of his colleagues evidence in the official telegrams from the United States of America and in the Press to show that American public opinion was determined to accept nothing less than a basis of parity with this country for all units of naval strength. If, as he believed, it were the policy of the Government not to oppose parity, Lord Balfour thought it was essential to remove all misunderstanding by a public announcement to this effect.

The question was discussed by the Cabinet at some length.

Sir William Tyrrell, in the absence of the Secretary of State for Foreign Affairs, drew the attention of the Cabinet to a rather cryptic communication from the United States Charge d'Affaires in London supporting Lord Balfour's contention, and to telegrams Nos. 297 and 298 from Sir E. Howard commenting thereon, to the effect that the United States Government feel they can only continue the Conference on an agreed basis of parity for all units, and that if this were conceded he could give the American Secretary of State explanations as to other matters connected with the Conference, which he could not do usefully without some such assurance.

In the course of the discussion attention was drawn to the following extract from the revised Minutes of the 227th Meeting of the Committee of Imperial Defence on the subject:
Mr BRIDGSMAN ...... said that in these circumstances we should have to ask the other Powers to state frankly what they wanted.

SIR AUSTEN CHAMBERLAIN expressed the opinion that the United States would not in any case accept a limit which was less than ours. They might state that there was no probability of their building up to their limit, but he did not think it would be safe to rely on any such statement.

Mr BRIDGSMAN remarked that the Admiralty would not take a grave view if the United States built up to their limit. The Admiralty must, however, resist a limitation by total tonnage. ......

Comment was made to the effect that a telegram sent on the previous evening by the Chief of the Naval Staff to the Delegation of His Majesty's Government in Great Britain at Geneva, in regard to cruiser ratio (which was read to the Cabinet by the Assistant Chief of the Naval Staff) appeared to be at variance with the last-quoted remarks of the First Lord.

The Cabinet, however, were asked not to adopt the principle of parity of naval strength in so many words, as this was contrary to previous policy and was believed to be strongly opposed by the Admiralty.

The Cabinet agreed —

That the Permanent Under-Secretary of State, Foreign Office, should send a telegram to the Delegation of His Majesty's Government in Great Britain at Geneva, based on the following formula proposed by the Lord President of the Council:
"For diplomatic reasons we think it most desirable to say publicly and at once what we believe to be your view, namely, that, while we mean to build cruisers up to our needs, we lay down no conditions limiting cruisers to a smaller number. Do you see any objection?"

2, Whitehall Gardens, S.W.1,

June 29, 1927.