Meeting of the Cabinet to be held at No. 10, Downing Street, S.W.1., on MONDAY, July 4th, 1927, at 12 Noon.

AGENDA.

1. HOUSE OF LORDS REFORM.
   Discussion in regard to the Vote of Censure. (See Votes and Proceedings of the House of Commons, No. 90, Thursday, 30th June, 1927, page 2092).

2. 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).

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

Note:

Any subjects not completed will be carried over to the Agenda for the meeting of the Cabinet on Wednesday, July 6th, 1927, at 11.30 a.m.

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

2 Whitehall Gardens, S.W.1.
1st July, 1927.
CONCLUSIONS of a Meeting of the Cabinet held at 10, Downing Street, S.W.1., on MONDAY, July 4th, 1927, at 12 noon.

PRESENT:-

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

The Right Hon.
Sir Austen Chamberlain, K.G.,
M.P., Secretary of State for
Foreign Affairs.

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. Amery, 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 FOLLOWING WERE ALSO PRESENT:-

Admiral of the Fleet
Earl Beatty, O.M., G.C.B.,
G.C.V.O., D.S.O., First
Sea Lord. (For Item 5).

Sir M.P.A. Hankey, G.C.B. .................. Secretary.
1. 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.

The Secretary of State for Foreign Affairs advised the Cabinet that we should be in a false position vis-à-vis the League of Nations if, so soon after (under great pressure from the League) we had undertaken certain responsibilities towards Iraq, we were to come to the League with a proposal that Iraq should at once be admitted as a member. He thought that the League would feel that we had not fulfilled our responsibilities, as well as some apprehension as to the new responsibilities involved to the League itself by the entry of Iraq. The objections likely to be felt by the French Government were an additional argument against the immediate application by Iraq for membership of the League.
The Cabinet agreed --

To approve generally the proposal of the Secretary of State for the colonies in Paper C.P.-178 (27), as summarised above, and to authorise the Secretary of State to send to the High Commissioner for Iraq the draft telegram attached to C.P.-178 (27), subject to the following alterations:

The omission of the words in square brackets on page 4:

The substitution for the phrase "provided all goes well in the interval", at the foot of page 3, and for the phrase "provided present rate of progress in Iraq is maintained", on page 4, of the words "provided all goes well in the interval and the present rate of progress in Iraq is maintained".
2. The Secretary of State for Foreign Affairs informed his colleagues that Sarwat Pasha, after objecting to a sentence in a draft speech prepared in the Foreign Office for the King to make at his banquet to the King of Egypt, had objected to a second draft which Sir Austen Chamberlain had himself prepared. The passage in question referred to the King's interest in the prosperity of Egypt, to which Great Britain had contributed in the past, and expressed the hope for similar co-operation (subsequently altered to "those close and friendly relations") in the future. After Sarwat Pasha had objected to this second draft, which had been specially modified to facilitate its acceptance, Sir Austen had felt it necessary to send the Permanent Under-Secretary of State to the Egyptian Minister to say that if the words now proposed could not be accepted it would be impossible for the King to make a speech at all, and that without some such phrase the visit of the King would appear to have no object. British public opinion would not tolerate such an emasculated speech as the Egyptian Minister had suggested.
3. The Cabinet had under consideration the following notices in regard to the forthcoming Debate in the House of Commons on the subject of House of Lords Reform:—

Notices of Motions.

90. Mr. Ramsay MacDonald.
91. Mr. Clynes.
92. Mr. Snowden.
93. Mr. Lees Smith.

Government and the House of Lords, — That this House regrets that the Government has put forward a scheme for fundamental changes in the House of Lords which gerrymanders the constitution in the interests of the Conservative party, deprives the House of Commons of that control over finance which it has possessed for generations, entrenches the House of Lords, on a hereditary basis, more firmly against the people's will than for centuries past, and, in defiance of every precedent of modern times, robs the electors of power to deal with the House of Lords; and this House declares that it will be an outrage on the constitution to force such proposals through Parliament without a mandate from the people.

As Amendments to Mr. Ramsay MacDonald's Motion (Government and the House of Lords):—

Lieutenant-Colonel Spender-Clay,
Captain Wallace,
Mr. Buchan,
Mr. Duff Cooper,
Major Glyn,
Mr. Robert Hudson,

Line 1, leave out all after "House", and add "appreciates the heavy responsibility which is placed upon Mr. Speaker in giving his certificate with regard to Money Bills, and hopes that the Government will take the necessary steps to amend the Parliament Act in that respect, and further, whilst agreeing that it is desirable to improve the machinery of the Second Chamber for preserving the ultimate authority in legislation to the considered judgment of the people, is of opinion that no amendment of the constitution or powers of the House of Lords is practicable unless and until some form of general agreement is achieved."
Notices of Motions (continued).

Captain Eden, -
Mr. O'Neill, -
Mr. Lutley, -
Major Sir Granville Wheler, -
Lieutenant-Colonel Angus McDonnel, -
Mr. Stuart, -

Line 1, leave out all after "House", and add "whilst approving the purpose of the Government, in fulfilment of the declared intention of previous administrations to amend the Parliament Act in such a way as to improve the machinery for the definition of a Money Bill and to ensure that the electors shall be consulted in disputes between the two Houses involving fundamental constitutional issues, is of opinion that, before changing the composition of the Second Chamber or modifying the prerogative of the Crown, every endeavour should first be made to arrive at an agreed policy in order to enable such reform to be carried out with every promise of permanence."

Captain Bourne, -
Sir Alfred Knox, -
Mr. Balfour, -
Sir Robert Sanders, -
Sir Evelyn Cecil, -
Major Kindersley, -

Line 1, leave out all after "House", and add "congratulates the Government for submitting tentative proposals for the reform of the House of Lords, thereby carrying out the terms of the pledge contained in the Preamble to The Parliament Act, 1911."

The Prime Minister informed his colleagues that he proposed to meet the Vote of Censure directly and not to encourage any of the amendments. He himself would speak after Mr Ramsay MacDonald, and the Chancellor of the Exchequer would wind up the Debate. He proposed to show, by comparison with the studies of this question by Mr Lloyd George's Coalition Government, that the present Government had devoted a great deal of time and thought to this question, and to add that the Government welcomed criticisms and would take them into careful consideration when the subject
was considered again in the Autumn.

The Cabinet agreed —

(a) To approve the line which the Prime Minister proposed to take:

(b) That, in order to meet the criticism that the proposals of the Government as outlined in the House of Lords would render it impossible to override a decision of the House of Lords on Constitutional questions, the Prime Minister should state that when these proposals came to be put into a formal shape they would include a provision that, as to any Bill for altering the powers and constitution of the House of Lords, the Parliament Act should not operate except on condition that steps should be taken to ascertain the opinion of the country before the third passing of the Bill by the House of Commons.
4. The Cabinet had before them a Memorandum by the Secretary of State for the Colonies (Paper C.P.-172 (27)) in regard to relations with the Imam of the Yemen. In this Memorandum it was reported that the Resident at Aden, in accordance with the Cabinet's decision, had issued a warning to the Imam of the Yemen in regard to his occupation of parts of the Aden Protectorate. The Imam had offered to send a plenipotentiary to Aden to negotiate an agreement. The Resident at Aden had proposed to reply that this offer can be accepted only on condition that the Imam undertakes to evacuate the Protectorate. The Admiralty and War Office were reported in the Memorandum to support the Resident's view. The Foreign Office favoured a compromise by which the Imam would obtain qualified recognition of his claims in respect of the outlying portions of the Protectorate in return for the abandonment of any claim to Aden itself and its immediate neighbourhood. The Air Ministry recommended that the reply to the Imam should be so worded as to leave room for compromise on the basis of a qualified recognition of the Imam's claim in respect of the outlying portions of the Protectorate. The Secretary of State for the Colonies supported the view of the Resident.

In the course of the discussion it became evident that the Cabinet were not at present prepared to insist, as an indispensable condition of conversations with the Imam's representative, at Aden, that the Imam should undertake to
withdraw from the areas within the Aden Protectorate boundary which are now occupied by his troops.

The Secretary of State for the Colonies undertook to prepare, for consideration at the next meeting of the Cabinet, a fresh draft reply to the Imam in place of that submitted by the Resident at Aden, which is contained in Appendix No. 2 to C.P.-172 (27).
5. The Cabinet had before them a Memorandum by the Chancellor of the Exchequer recording his view on the question discussed at the Cabinet Meeting referred to in the margin, relating to the demand of the United States Delegation at Geneva for parity in Cruisers (Paper C.P.-189 (27)). This view was to the effect that we ought not to let ourselves be netted in a scheme of parity with the United States in Cruisers and other Auxiliaries, since there can be no parity between a Power whose Navy is its life and a Power whose Navy is only for prestige.

The events in relation to this question since it was last discussed at the Cabinet were as follows:

On June 29th, the Prime Minister, acting in the absence of the Secretary of State for Foreign Affairs, had sent a telegram to Mr London at Geneva (No. 89) in accordance with the Cabinet decision, namely, that

"For diplomatic reasons we think it most desirable to say publicly and at once what we believe to be the line on which you are working, namely, that while we mean to build Cruisers up to our needs we lay down no conditions limiting America's Cruisers to a smaller number".

On June 30th, the British Delegation to the Naval Conference had replied (telegram No. 144) to the effect that before the receipt of the above-mentioned telegram Mr Bridgeman had emphasized the point to Mr Gibson, the senior United States representative and that the First Lord had also given an interview on similar lines to a representative of the
Associated Press of America with a view to the
correction of the erroneous impression created by
tendentious messages to American journals. This
telegram had continued as follows:

"Although, therefore, a correct state-
ment of our attitude should now appear
in American Press, you will no doubt
consider it desirable that Sir E. Howard
should make formal communication to
State Department (perhaps orally would
be best) to the effect that we have
no intention or desire to question
American claim to parity. We should
prefer it to be in general terms
applicable to present Conference
rather than in the form of admission
that parity was definitely conceded
at Washington as regards all types
of vessels".

The British Delegation's telegram went on to
suggest that Sir E. Howard should urge on the
United States Government in general terms the
desirability of securing the substantial success
of the Conference, and made some suggestions in
particular in regard to the Capital Ship question.

On July 1st, the Prime Minister had authorised the
Foreign Office to send a further telegram (No. 318
to Washington, not yet circulated) carrying out the
First Lord's proposal quoted above. In the after-
noon of the same day, however, owing to representa-
tions by the Admiralty, the Prime Minister had
instructed the Foreign Office to send a further
telegram (No. 319, not yet circulated) suspending
No. 318. The Prime Minister had been informed that
in any event the American Secretary of State would
not be in Washington until today, so that no real
loss of time was involved by the delay. To this
telegram Sir E. Howard had replied on July 2nd
(Sir E. Howard, No. 309) stating that he had suspended
action on No. 318 but that he felt now it would be useful for him to go to Washington and endeavour to find out the attitude of the United States Government on the Capital Ship question.

The question before the Cabinet was as to what communication, if any, should now be sent through Sir E. Howard to the United States Government.

Admiral of the Fleet Earl Beatty informed the Cabinet that, while Capital Ships were important from the point of view of economy, (and he thought it would be difficult for the United States Delegation to avoid meeting us half-way in that matter) the really urgent question was that of Cruisers. He was inclined to think that the First Lord’s statement at Geneva had been misinterpreted. His information was that Mr Bridgeman had said that we did not dispute the American claim to parity as laid down in the Washington Treaty. That, however, only referred to the Battle Fleet and did not apply to Cruisers required for the protection of trade. The impression seemed to have been formed that Mr Bridgeman had said that he was willing to accept parity in all classes.

(Note. It was pointed out, however, that Mr Bridgeman’s language in his telegram of June 30th, No. 144, was most precise. He had said that the telegram sent to him as the result of the discussion at the Cabinet on the 29th June (the first telegram quoted above) gave “the lines on which we have been working”, and he had proposed that Sir E. Howard should make a formal communication to the State Department “to the effect that we have no intention or desire to question American claim to parity”.)
action on No. 318 but that he felt now it would be useful for him to go to Washington and endeavour to find out the attitude of the United States Government on the Capital Ship question.

The question before the Cabinet was as to what communication, if any, should now be sent through Sir E. Howard to the United States Government.

Admiral of the Fleet Earl Beatty informed the Cabinet that, while Capital Ships were important from the point of view of economy, (and he thought it would be difficult for the United States Delegation to avoid meeting us half-way in that matter) the really urgent question was that of Cruisers. He was inclined to think that the First Lord's statement at Geneva had been misinterpreted. His information was that Mr. Bridgeman had said that we did not dispute the American claim to parity as laid down in the Washington Treaty. That, however, only referred to the Battle Fleet and did not apply to Cruisers required for the protection of trade. The impression seemed to have been formed that Mr. Bridgeman had said that he was willing to accept parity in all classes.

(Note. It was pointed out, however, that Mr. Bridgeman's language in his telegram of June 30th, No. 144, was most precise. He had said that the telegram sent to him as the result of the discussion at the Cabinet on the 29th June (the first telegram quoted above) gave "the lines on which we have been working", and he had proposed that Sir E. Howard should make a formal communication to the State Department "to the effect that we have no intention or desire to question American claim to parity".)
Lord Beatty recalled that at the meeting of the Committee of Imperial Defence on May 20th, he had explained exactly what had happened at Washington. On that occasion the Officers of the United States and Japanese Navies, after hearing his explanations, had agreed that our position in the matter of Cruisers was more difficult than theirs. At the same meeting Lord Beatty had said that, in view of the need for economy, the Admiralty were prepared to consider parity in regard to Cruisers of the 10,000 tons category, but that they still adhered to the view that it was undesirable to limit the Cruisers necessary for the protection of sea communications and trade. The Admiralty's proposal had been that, if by stating the numbers required it was possible to obtain the compensation resulting from agreement in other categories of naval vessels, they would be prepared to state the number of Cruisers they required, and why, but only on the understanding that the other nations at the Conference agreed also to say how many Cruisers they required and why they required them. This procedure would put the representatives of the United States in a difficulty, as it would be hard for them to justify, on strategical grounds, anything like the same numbers as we required. Now the Americans had drawn a red herring across the trail, by means of the powerful Press Agencies that were present at Geneva, in order to lead us into a trap. He suggested that at the present juncture the less said the better.

Lord Beatty then quoted a telegram of June 30th from the British Delegation at Geneva (Mr London, No. 148) as follows:
"From conversations with Americans we know definitely that they will insist on claiming equality with us. We have already informed Americans we cannot object to this standpoint, but it is absolutely certain that if Americans persist in this claim Japanese will put their figure up to something in the neighbourhood of 50. This looks as if comprehensive agreement on Cruiser question will be impossible. If, in spite of our efforts, this proves to be the case, we propose that endeavours should be made to reach an agreement on basis of limitation of numbers of 6-inch Cruisers with maximum displacement of 10,000 tons, leaving each nation free to build to their requirements in smaller Cruisers with a lower maximum tonnage and smaller guns".

In these circumstances Lord Beatty thought it was quite possible that to send a telegram to Sir E. Howard might do actual harm, and he urged that at the present moment it would be better to take no action at all at Washington. In reply to the suggestion that Mr Bridgman, in telegram No. 144 from Geneva, had asked for such action, he pointed out that the First Lord had only said "You will, no doubt, consider it desirable", and he thought that the First Lord would not be disturbed if no telegram was sent at this moment.

In the course of the discussion it was pointed out that, now that the principle of parity had been conceded, a great difficulty was likely to arise in regard to the number of Cruisers. The Admiralty insisted that 70 Cruisers were essential for the protection of the sea-borne communications and trade of the British Empire. If America accepted this figure it would involve a great increase in Cruiser construction, and the Americans would say that the Conference had only resulted in increased armaments.
On the other hand, if the British total of Cruisers was reduced, the Admiralty could not guarantee the protection of trade routes. Moreover, if America insisted on building 70 Cruisers, Japan would demand 50, in which event the Admiralty would require more than 70 British Cruisers. It was also pointed out that, by securing parity, the American Navy really obtained a great superiority, since British Cruisers had to be spread for the protection of our world-wide communications, whereas the American Cruisers could be concentrated at any point.

The Prime Minister summed up that it appeared desirable to instruct Sir E. Howard to use the same language to the American Secretary of State as Mr. Bridgeman had used at Geneva.

The Secretary of State for Foreign Affairs prepared a fresh draft embodying the conclusions of the Cabinet, which was approved. (See Appendix).

2, Whitehall Gardens, S.W.1.  
July 4th, 1927.
APPENDIX.

To UNITED STATES OF AMERICA.

Code telegram to Sir E. Howard (Manchester Mass)

Foreign Office, 4th July, 1927. 4.50 p.m.

No. 322 (R).

IMPORTANT.

Naval Conference.

Please confirm to the United States government statement made by Mr. Bridgeman and Lord Cecil to Mr. Gibson at Geneva that while we must build cruisers up to our needs, we lay down no conditions of limiting American cruisers to a smaller number.

You will bear in mind that in our view the Washington Treaty established the principle of parity for battleships but did not include cruisers in its scope.

You should also express the strong hope that United States government will withdraw any objection to the question of capital ships being discussed at Geneva. Far from being an attempt at undermining or weakening Washington agreement, sole object of His Majesty's Government is to extend that agreement and their proposals are so adjusted as to cause no disturbance whatever of capital ship balance especially at Washington. I leave it to your discretion to decide whether you should do this in a note or orally.

I entirely agree that it is now unnecessary for you to seek an explanation of Mr. Kellogg's telegram to Mr. Stirling.

Repeated to Geneva No. 94.