MEETING OF THE CABINET to be held at 10, Downing Street, S.W.1., on THURSDAY, July 23th, 1927, at 11.30 a.m.

AGENDA.

1. ROAD CONVEYANCE OF PASSENGERS AND GOODS BY RAILWAY COMPANIES.
   (Reference Cabinet 42 (27) Conclusion 2).
   Memorandum by the Minister of Transport, C.P. 200 (27) - already circulated.

2. EGYPT. THE CONVERSATIONS WITH SARWAT.
   (Reference Cabinet 41 (27) Conclusion 3).
   Report of Cabinet Committee covering draft Treaty, C.P. 214 (27) - to be circulated.

3. THE OFFER OF HILL 60 TO THE NATION.
   Memorandum by the Secretary of State for War, C.P. 215 (27) - circulated herewith.

4. THE GARRISON IN CHINA.
   Memorandum by the Secretary of State for War, C.P. 216 (27) - circulated herewith.

5. BASIS OF ARMY ESTIMATES.
   (Reference Cabinet 41 (27) Conclusion 8).
   (Question to be raised by the Secretary of State for War).

6. TO TAKE NOTE OF: SINGAPORE BASE. THE DEFENCES AND THE DEVELOPMENT OF THE NAVAL BASE.
   (Reference Cabinet 24 (25) Conclusion (3) (a) (111)).
   Extract from Minutes of 229th Meeting of the Committee of Imperial Defence, C.P. 213 (27) - circulated herewith.

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

Whitehall Gardens, S.W.1.

July 27th, 1927.
CONCLUSIONS of a Meeting of the Cabinet held at 10, Downing Street, S.W.1., on THURSDAY, July 28th, 1927, at 11.30 a.m.

PRESENT:

The Right Hon.
Sir Austen Chamberlain, K.G.,
M.P., Secretary of State for
Foreign Affairs. (In the Chair).

The Right Hon.
The Earl of Balfour, K.G.,
O.M., Lord President of
the Council.

Most Hon.
The Marquess of Salisbury,
K.G., G.C.V.O., C.B.,
Lord Privy Seal.

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

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

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

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

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

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

The Right Hon.
W.S. Churchill, C.H., M.P.,
Chancellor of the Exchequer.

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

The Right Hon.
Sir Philip Cunliffe-Lister,
K.B.E., M.C., 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.
Sir Arthur Steel-Maitland,
Bt., M.P., Minister of Labour.

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

THE FOLLOWING WERE ALSO PRESENT:

Lt.-Colonel The Right Hon.
Wilfrid Ashley, M.P.,
Minister of Transport.
(For Conclusion 1).

The Cabinet had before them a Memorandum by the Minister of Transport on the subject of Road Conveyance of Passengers and Goods by Railway Companies (Paper C.P.-200 (27)).

The Minister of Transport made a statement to the Cabinet, at the end of which he summed up his conclusions and recommendations as set forth in his Memorandum.

The Cabinet were reminded that in 1921 Sir Eric Geddes, the then Minister of Transport, had appointed a strong Committee to consider this question, and that the result had been three separate Reports. The Cabinet were also reminded of the proceedings of a Select Committee in regard to the North Western and Midland group of railways, which had considered the same question in 1922. A proposal was made that, in view of the highly controversial issues involved, a Royal Commission should be set up to examine the whole subject. The Cabinet were reminded, however, that the Railway Companies would present their Bill in November for consideration early in 1928, and that any Committee of Investigation would require a considerable amount of time.

The Cabinet agreed —

(a) That the Minister of Transport should be authorised to inform the Railway Companies that he could express no opinion on the question of principle until the Government had seen the Bill. He should ask the Railway Companies to let him have a copy of the Bill as soon as possible, showing the safeguards which the Companies proposed to provide for the protection of the public interest.
(b) That the Minister of Transport should instruct his Department to make a study, before the question is again considered in the Autumn, of the safeguards which it is desirable to have introduced in any Bill:

(c) That the question of principle should be reserved until the text of the Bill was available.
The Cabinet had before them a draft of the suggested Anglo-Egyptian Treaty of Alliance and Friendship, produced by Sarwat Pasha, together with an alternative draft prepared in the Foreign Office and approved by the Cabinet Committee (Paper C.P.-214 (27)).

The Attorney-General, who had been in consultation with the Legal Adviser's Department of the Foreign Office, made a verbal report to the Cabinet in regard to a point on which some misgivings had been expressed at the meeting of the Cabinet Committee on the previous evening, namely, as to whether the position of Great Britain in Egypt would be weakened owing to Egypt becoming a member of the League of Nations and the provision in Article 16 of the Draft Treaty for the reference of disputes to the League. Sir Douglas Hogg's detailed report reassured the Cabinet that the effect of the provisions in question would be to improve and not to damage our position, more especially owing to the regularisation of the position of the British Army in Egypt.

The attention of the Cabinet was drawn to the fact that the Draft Treaty made no provision for the protection of minorities, which was included in the third of the four Reserved Points in the Declaration of February, 1922. It was pointed out, however, that, even so, the British Government, under the Agreement, would not be deprived of all power to come to the aid of minorities. If the minorities were oppressed to the point where serious trouble might arise, Great Britain could intervene for the protection
of foreigners. In the last resort, appeal could be made to the League of Nations. If we were unwilling to make any concessions of this kind it was useless to hope for an Agreement.

Attention was also drawn to the extent to which maladministration and corruption had grown in Egypt as the result of the diminution of British control and guidance in the Administration. The Cabinet were reminded, however, of the first principle included in the Declaration of February, 1922, which reads as follows:

"The British Protectorate over Egypt is terminated, and Egypt is declared to be an Independent Sovereign State".

To insist on further British control of the Administration involved a policy inconsistent with the Declaration and would render any Treaty out of the question.

The Cabinet agreed —

(a) To authorise the Secretary of State for Foreign Affairs to continue his negotiations with Sarwat Pasha on the basis of the suggested Anglo-Egyptian Treaty of Alliance and Friendship attached to C.P. -214 (27), but that no concessions should be made which were not included in the Draft Treaty without reference to the Cabinet:

(b) That Article 17 of the Treaty, providing for its duration for a period of 15 or 20 years, should be deleted, and that the Treaty should be made permanent unless and until it was altered by mutual agreement.
3. The Cabinet had before them a Memorandum by the Secretary of State for War (Paper C.P.-215 (27)) attaching a copy of a letter from Mr John Calder, of Messrs Allsopp & Sons, Ltd., offering to present "Hill 60" to the nation, together with a draft reply warmly thanking Mr Calder for his generous offer to present to the nation "Hill 60" where so many of the soldiers of the British Empire lost their lives, and proposing, if Mr Calder concurred, to ask the Imperial War Graves Commission to accept the transfer of the land and in future to maintain it.

The Cabinet approved the draft reply proposed by the Secretary of State for War.
4. The Cabinet had before them a Memorandum by the Secretary of State for War (Paper CP. 216 (27)) covering a Note by the Chief of the Imperial General Staff in which the reduction of the force in China by 5 Infantry Battalions, one Field Brigade Royal Artillery and some ancillary units was recommended.

An extract from the Minutes of the 229th Meeting of the Committee of Imperial Defence, held on July 18, 1927, was handed round for consideration in connection with this question, and attention was drawn to the following recommendation of the Committee, which had been based on a statement by the Secretary of State for Foreign Affairs:

"CHINA. The situation in China is so uncertain that no reliable forecast can be made as to how long it may be necessary to retain the Shanghai Defence Force in China . . . ."

The Secretary of State for War asked the Cabinet, if they could not sanction his full proposals, to allow him to withdraw one Battalion, as the War Office would like to send the Guards Battalion home through Canada.

In the course of the discussion it transpired that no shipping transport could be available for the next 2 or 2½ months, and that the withdrawal would in any event have to be very gradual.

After discussion from the point of view of the military, political, financial and shipping considerations involved, the Cabinet agreed —
(a) That the Secretary of State for Foreign Affairs should consult the British Minister at Peking on the subject; and that if, as the result, he should feel satisfied that a reduction could safely be made in the Shanghai Defence Force, Sir Austen Chamberlain should be empowered to authorise the Secretary of State for War to take the necessary disposition for the withdrawal of troops:

(b) That the Secretary of State for War and the President of the Board of Trade should collaborate to inform the Secretary of State for Foreign Affairs as to the dates at which it would be possible to withdraw the troops, for use by Sir Austen Chamberlain in drafting his telegram to Sir Miles Lampson.
5. The Secretary of State for War raised as a matter of urgency the question of the Basis of Army Estimates, which had been discussed on July 20th. He explained that, owing to great pressure on the Cabinet of other business, and particularly of the Geneva Conference on Naval Disarmament, it had not been possible to have the question discussed at the Committee of Imperial Defence, as decided by the Cabinet. He had, however, concerted a formula with the Secretary of State for Foreign Affairs, which he proceeded to read to the Cabinet.

The Cabinet approved the following formula as the basis of Army Estimates:

"That it should be assumed for the purpose of the Estimates that the British Empire will not be engaged in an European War during the next ten years and that the immediate plans of the Army should be based upon preparedness for an extra-European War."
6. The First Commissioner of Works, as Chairman of the Committee on Military Contributions from Colonial and other Governments, stated that the Committee had met on the previous evening, and a point had arisen on which he wished to consult the Cabinet. It had become clear, in the course of the Committee's discussions, that no considerable financial relief was likely to be obtained from the proposals of the Secretary of State for War in C.P.-197 (27). Moreover, these proposals, while contemplating contributions from Colonies in which military garrisons were maintained, some of which were very small and poor (e.g., Sierra Leone), left untouched some much richer Colonies, such as the group of remaining West African Colonies. The representative of the Colonial Office at the Committee had pointed out that the Colonies might be willing to contribute to Imperial Defence as a whole in cases where they much disliked a contribution to the cost of the Army. The question Lord Peel submitted to the Cabinet, therefore, was as to whether the Inquiry ought not to be conducted on much broader lines than those included in the present Terms of Reference.

The Cabinet agreed —

(a) That the Cabinet Committee should be asked to report on their limited Terms of Reference:

(b) That the wider question should be considered when that Report came before the Cabinet.
NAVAL POLICY.

(Previous Reference: Cabinet 24 (25), Conclusion 3 (a)(iii).)

7. The Cabinet took note of the following extract from the Minutes of the 229th Meeting of the Committee of Imperial Defence, held on July 14, 1927, re-affirming a decision by the Cabinet on April 2, 1925:

"(a) To report to the Cabinet that, in accordance with the decision of the Cabinet on the 6th May, 1925 (Cabinet 24 (25), Conclusion 3 (a)(iii), the Committee of Imperial Defence have reviewed in the light of the international situation the conclusions in regard to Singapore reached at their 199th Meeting, held on the 2nd April, 1925, and reaffirmed at the 215th Meeting on the 22nd April, 1926, and are satisfied that the general policy then laid down is still sound and should be adhered to."
6. The Secretary of State for Foreign Affairs warned the Cabinet that the course of events at the Geneva Conference on Reduction and Limitation of Naval Armaments was uncertain and that it might be necessary for him to summon a meeting of the Cabinet during the following week. He hoped that all Ministers within reach of London would hold themselves in readiness to attend.

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