CABINET 33 (28).

Meeting of the Cabinet to be held at No. 10, Downing Street, S.W.1., on WEDNESDAY, 20th June, 1928, at 11.30 a.m.

ADDITIONAL ITEM TO THE AGENDA.

11. THE DOGS ACT (AMENDMENT) BILL. (MR. BRIGGS).

(Reference Cabinet 32 (28) Conclusions 8).

(Question to be raised by the Minister of Agriculture and Fisheries.)

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

Whitehall Gardens, S.W.1.
19th June, 1928.
CABINET 33 (28).

Meeting of the Cabinet to be held at No. 10, Downing Street, S.W.1., on WEDNESDAY, June 20th, 1928, at 11.30 a.m.

AGENDA.

1. FOREIGN AFFAIRS (If required).

2. THE ZIONIST LOAN.
   (Reference Cabinet 20 (28) Conclusion 10).
   Memorandum by the Lord President of the Council,
   (C.P. 71 (28) - already circulated).
   Memorandum by the Secretary of State for the Colonies,
   (C.P. 88 (28) - already circulated).
   Note by the Secretary of State for Foreign Affairs, covering Memorandum by Sir O. Niemeyer.
   (C.P. 110 (28) - already circulated).
   Memorandum by the Treasury,
   (C.P. 114 (28) - already circulated).

3. THE USE OF AIR POWER AS ILLUSTRATED BY THE RECENT OPERATIONS IN ARABIA.
   Memorandum by the Secretary of State for Air, covering Air Staff Memorandum,
   (C.P. 160 (28) - already circulated).

4. FRONTIER POSTS IN THE DESERT AREA OF IRAQ SOUTH OF THE EUPHRATES.
   (Reference Cabinet 32 (28) Conclusion 3).
   Memorandum by the Secretary of State for Air.
   (C.P. 180 (28) - already circulated).

5. THE AKHWAN SITUATION.
   Memorandum by the Secretary of State for the Colonies.
   (C.P. 187 (28) - to be circulated).
6. **POWERS AND AUTHORITY OF THE COMMANDER-IN-CHIEF IN CHINA.**

(Reference Cabinet 32 (28) Conclusion 4).

Note by the Secretary, covering Memorandum by the First Sea Lord.  
(C.P. 181 (28) — already circulated).

7. **PLACING OF WREATHS ON FOREIGN WAR MEMORIALS.**

(Reference Cabinet 31 (28) Conclusion 9).

Memorandum by the Secretaries of State for War and Air and the First Lord of the Admiralty.  
(C.P. 173 (28) — already circulated).

8. **PROPOSALS FOR REFORM IN LOCAL GOVERNMENT — DRAFT MEMORANDUM.**

Memorandum by the Minister of Health.  
(C.P. 186 (28) — circulated herewith).

9. **THE UNEMPLOYMENT SITUATION.**

Memorandum by the Minister of Labour.  
(C.P. 188 (28) — already circulated).

10. **PRIVATE MEMBERS’ BILLS FOR FRIDAY, JUNE 22nd 1928.**

The Slaughter of Animals (Scotland) Bill.  
Report and 3rd Reading.

The Betting (Juvenile Messengers) (Scotland) Bill.  
Report and 3rd Reading.

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

Whitehall Gardens, S.W.1.  
18th June, 1928.
CONCLUSIONS of a Meeting of the Cabinet held at 10, Downing Street, S.W.1, on WEDNESDAY, 20th June, 1928, at 11.30 a.m.

PRESENT:-

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


The Right Hon. Lord Hailsham, Lord Chancellor.


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

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.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. Lord Cushendun, Chancellor of the Duchy of Lancaster.

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


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

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

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

Sir M.P.A. Hankey, G.C.B. Secretary.
1. The Prime Minister opened the proceedings by offering, on behalf of the Cabinet, a warm welcome to the Lord President of the Council on his return from a somewhat prolonged indisposition.
1. The Prime Minister opened the proceedings by offering, on behalf of the Cabinet, a warm welcome to the Lord President of the Council on his return from a somewhat prolonged indisposition.
The Cabinet had before them the following documents relating to a proposal made by the Zionist Organisation that Great Britain should join with such Powers as are willing to co-operate in guaranteeing a Loan of the order of magnitude of £2,000,000, repayable in about 40 years, to be raised under the auspices of the League of Nations:

A Memorandum by the Lord President of the Council, supporting the proposal and urging that it should be considered from a statesman's point of view (Paper C.P.-71 (28)):

A Memorandum by the Secretary of State for the Colonies (Paper C.P.-85 (28)) covering a statement submitted by the Zionist Organisation, giving details, supporting the proposal and suggesting that the first step should be to ascertain whether the French, Italian and other Governments would be prepared to participate and support us in raising the question at Geneva:

A Note by the Secretary of State for Foreign Affairs (Paper C.P.-110 (28)) covering a Paper by Sir Otto Niemeyer on the subject of the principles on which Loans are supported by the League of Nations, who reached the conclusion that both the Financial Committee and the Council of the League would find great difficulty in regarding the Zionist case as a proper subject for their intervention:

A Memorandum by the Treasury (Paper C.P.-114 (28)), circulated by the Chancellor of the Exchequer, concurring in Sir Otto Niemeyer's view and opposing an independent guarantee by the British Government on financial grounds.

The Prime Minister reminded the Cabinet that this question had been postponed, after a short discussion at a previous Meeting, until the Lord President's return.

The Earl of Balfour then gave the Cabinet a full exposition of the case in favour of the proposals of the Zionist Organisation, and dealt with
the various objections, in which he was followed by the Secretary of State for the Colonies.

In the course of the discussion many objections were raised against the proposals of the Zionist Organisation. A number of tentative alternative suggestions were considered for assisting the Zionist Organisation to raise a loan, whether by an international guarantee, by a purely British guarantee, or by means of an investigation by the Financial organ of the League of Nations into the soundness of the proposal; but each of these suggestions was found open to considerable objection.

The Cabinet were also reminded that before long they were likely to be asked to consider the projected railway and pipeline from Baghdad to the Mediterranean, which, in the absence of some financial support or guarantee, were liable to be brought by the shorter route to some port in Syria instead of to Haifa, and it was suggested that the credit of the country ought not to be pledged in support of the form of development of Palestine involved in the Zionist proposal until the railway and pipeline had been considered. It was also pointed out that details were lacking both as to the purposes to which the proceeds of the projected Zionist Loan were to be devoted and as to the financial results of the earlier schemes of settlement of the Zionist Organisation.
After a full discussion, the Cabinet agreed —

That the Secretary of State for the Colonies should be authorised to inform Dr. Weizmann that the Cabinet see very grave difficulties in supporting the proposals of the Zionist Organisation, and that, without finally rejecting them, they could not at present offer them any encouragement. Mr Amery was authorised to add that the Cabinet were anxious to do all that they could towards the support and development of Palestine.
3. The Cabinet had before them a Memorandum by the Minister of Health, circulating for the approval of the Cabinet a draft of a Memorandum on Local Government changes involved in the scheme of Rating Relief (Paper C.P.-186 (28)). In his covering Memorandum the Minister of Health drew attention to the following points:

That the proposals involve the abolition of the Guardians and the transference of all their functions to County and County Borough Councils:

That the proposed transference of the responsibility for the maintenance of scheduled roads from the District Councils to the Counties would rob the Rural District Councils of the bulk of their present work, which they would resist:

That the formula as stated appears complicated, but that the Local Authorities would be mainly concerned with the effect on the grant and would concentrate on the tables rather than on the formula:

That the various adjustments proposed would in some cases lead to an actual increase in rate poundage; that it is proposed to give a guarantee that this shall not, in the case of non-County Borough and District Councils, exceed 8d. in the pound; and that further consideration is being given to the matter with a view to ascertaining whether it would be possible to guarantee that no loss should arise:

That while the actual derating of agriculture and industry would come into force on October 1, 1929, the block grant system would not operate until April 1, 1930, and that provision was consequently being made for a transitional grant to cover deficiencies in the intervening half-year:

That the tables relating to County Boroughs would not take into account changes due to the apportionment of Poor Law charges between the Borough and other parts of an existing Union where the boundaries of the Union...
are not co-terminous with those of the Borough:

Attention was also called to the anomalous and difficult case of West Ham, and the proposal was made that the County Boroughs of East and West Ham should be converted into Metropolitan Boroughs, a subject on which the London County Council would be consulted:

That the £3,000,000 originally proposed to be provided as new money to help the scheme through had grown to £7,500,000.

The Minister of Health asked the Cabinet to take note that in paragraph 3 of his covering Note the words "scheduled roads" should be corrected to read "all roads".

After discussion, the Cabinet agreed —

(a) That as regards the Borough and District Councils within the administrative county, in lieu of the proposed guarantee that in no case shall the actual increase in rate poundage exceed 3d. in the pound, a guarantee should be given that no loss shall fall upon any authority at the initiation of the scheme:

(b) That this protection against loss should be afforded by a temporary arrangement the cost of which should be shared between the Exchequer and the County Councils as might be arranged between the Treasury and the Ministry of Health so as to suffice in the first year to avoid an increase in rate poundage in any district:

(c) That the special grants of this nature should be gradually reduced and should finally disappear in 1945 when the formula system is due to come into full operation:

(d) That it was of the greatest importance that the Road Fund should contribute to the scheme not less than £3,000,000 a year apart from the amount of the existing Road Grants which are to be incorporated in the general grant, and that the Chancellor of the Exchequer and the Minister of Health should confer.
with the Minister of Transport to this end. The question was only to be referred back to the Cabinet in the event of disagreement. In the event of agreement the question of definitely setting out this arrangement in the Memorandum should be discussed and settled by those three Ministers:

(e) That, subject to the above, and subject to agreement between the Treasury and the Minister of Health on any outstanding points of detail, the Memorandum attached to Paper C.P.-186 (28) should be approved:

(f) That, having regard to the Parliamentary situation of the Rating and Valuation Bill and to his own undertakings on the subject, the Minister of Health should consult the Chief Whip with reference to the date of publication of the Memorandum.

The Cabinet took favourable note of the Chancellor of the Exchequer's strongly-expressed desire (i) that West and East Ham should be brought within the ambit of the London County Council; and (ii) that the period for which the block grants were to be settled should not be reduced below five years.
IRAQ.

4. The Cabinet had before them the following documents:

A Memorandum by the Secretary of State for Air (Paper C.P.-108 (28)) covering a Note by the Air Staff prepared in accordance with Cabinet (Previous 30 (28), Conclusion 7(b), submitting a list of frontier posts behind the Iraq–Nejd frontier considered essential for the defence of Iraq. In this Note it was proposed that the eight posts originally considered essential should be reduced to six, of which four already exist, and it was pointed out that there are only three posts regarding which Ibn Saud's objections must be overcome. The Air Staff emphasized, however, that this reduction was on the assumption that Ibn Saud would take more effective steps than hitherto to restrain his Tribes from raiding, and suggested that he should be informed that if there is a recurrence of raids His Majesty's Government must reserve the right to sanction the erection of additional posts:

A Memorandum by the Secretary of State for the Colonies (Paper C.P.-187 (28)) opposing any further concession to Ibn Saud in the matter of the frontier posts, and covering a telegram from the High Commissioner of Iraq dated May 28, 1928, and a despatch from the High Commissioner of Iraq dated March 29, 1928.

The Cabinet agreed —

That the above Memoranda should be referred to the Committee of Imperial Defence for examination and report.

2, Whitehall Gardens, S.W.1,
June 20, 1928.