CABINET 54 (30).

Meeting of the Cabinet to be held at No. 10, Downing Street, S.W.1., on FRIDAY, September 19th, 1935, at 10.30 a.m.

AGENDA.

1. FOREIGN AFFAIRS AND INDIAN AFFAIRS. (If required).

2. PALESTINE.
   (Reference Cabinet 46 (30) Conclusion 11).
   Report of Cabinet Committee on Policy in Palestine.
   (C.P. 301 (30) – already circulated).

3. TREATY SETTLEMENT WITH IRAQ.
   (Reference Cabinet 35 (30) Conclusion 2).
   Memorandum by the Secretary of State for the Colonies.
   (C.P. 292 (30) – already circulated).

4. THE CENSUS OF 1931.
   Joint Memorandum by the Secretary of State for Scotland and the Minister of Health.
   (C.P. 296 (30) – already circulated).

5. UNEMPLOYMENT POLICY AND THE PROBLEMS OF BRITISH INDUSTRY.
   Memorandum by the Chancellor of the Duchy of Lancaster.
   (C.P. 283 (30) – already circulated).
   Memorandum by the Lord Privy Seal.
   (C.P. 293 (30) – already circulated).

6. DESIRABILITY OF PUBLISHING A WHITE PAPER BEFORE THE IMPERIAL CONFERENCE.
   (Reference Cabinet 52 (30) Conclusion 2).
   Question to be raised by the Prime Minister.

7. PROPOSED TARIFF CONFERENCE BETWEEN CANADA AND THE WEST INDIES.
   Memorandum by the Secretary of State for the Colonies.
   (C.P. 302 (30) – already circulated).
8. EXPORT CREDITS FOR RUSSIA.
   (Reference Cabinet 46 (30) Conclusion 10 (b)).
   Memorandum by the President of the Board of Trade.
   (C.P. 286 (30) - already circulated).

9. MILITARY CONTRIBUTIONS BY COLONIAL GOVERNMENTS.
   Memorandum by the Secretary of State for the Colonies.
   (C.P. 295 (30) - already circulated).

10. MATERNAL MORTALITY.
    (Reference Cabinet 47 (30), Conclusion 5).
    Memorandum by the Minister of Health.
    (C.P. 300 (30) - already circulated).

   TO TAKE NOTE OF:

11. THE GENERAL POLITICAL SITUATION IN INDIA.
    Memorandum by the Secretary of State for India.
    (C.P. 289 (30) - already circulated).

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

22 Gardens, S.W.1.
September, 1930.
8. **EXPORT CREDITS FOR RUSSIA.**

   (Reference Cabinet 46 (30) Conclusion 10 (b)).

   Memorandum by the President of the Board of Trade.
   (C.P. 206 (30) - already circulated).

9. **MILITARY CONTRIBUTIONS BY COLONIAL GOVERNMENTS.**

   Memorandum by the Secretary of State for the Colonies.
   (C.P. 295 (30) - already circulated).

10. **MATERNAL MORTALITY.**

    (Reference Cabinet 47 (30; Conclusion 5).

    Memorandum by the Minister of Health.
    (C.P. 300 (30) - already circulated).

TO TAKE NOTE OF:

11. **THE GENERAL POLITICAL SITUATION IN INDIA.**

    Memorandum by the Secretary of State for India.
    (C.P. 289 (30) - already circulated).

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

2, Whitehall Gardens, S.W.1.
18th September, 1930.
CONCLUSIONS of a Meeting of the Cabinet held at 10, Downing Street, S.W.1., on FRIDAY, September 19th, 1930, at 10.30 a.m.

PRESENT:

The Right Hon. J. Ramsay MacDonald, M.P., Prime Minister. (In the Chair).

The Right Hon. Philip Snowden, M.P., Chancellor of the Exchequer.

The Right Hon. Lord Passfield, Secretary of State for the Colonies.


The Right Hon. W. Wedgwood Benn, D.S.O., D.F.C., M.P., Secretary of State for India.

The Right Hon. Lord Thomson, C.B.E., D.S.O., Secretary of State for Air.

The Right Hon. Margaret Bondfield, M.P., Minister of Labour.

The Right Hon. Sir Charles Trevelyan, Bt., M.P., President of the Board of Education.


The Right Hon. J.H. Thomas, M.P., Secretary of State for Dominion Affairs.


The Right Hon. J.R. Clynes, M.P., Secretary of State for Home Affairs.

The Right Hon. Tom Shaw, C.B.E., M.P., Secretary of State for War.


The Right Hon. Christopher Addison, M.P., Minister of Agriculture and Fisheries.

The Right Hon. William Graham, M.P., President of the Board of Trade.

The Right Hon. William Adamson, M.P., Secretary of State for Scotland.

The Right Hon. George Lansbury, M.P., First Commissioner of Works.

The Prime Minister drew the attention of the Cabinet to an article in "The Daily Herald" in regard to relations between France and Italy, the general tenor of which was to suggest that Italy was responsible for a breakdown. This version, the Prime Minister informed his colleagues, was quite incorrect. As "The Daily Herald" was regarded on the Continent as the official organ of the Government, the article was unfortunate. He had thought it right to give the Cabinet the facts.
2. The Cabinet had before them the Report of the Cabinet Committee set up at the meeting referred to in the margin, on the subject of Policy in Palestine, (C.R. 301 (50)). Attached to the Report of the Committee was a draft statement of policy, which the Committee recommended should be published simultaneously with the publication of Sir John Hope Simpson's Report to the Secretary of State for the Colonies on his enquiry into Land settlement. Attached also to the Report was a personal and confidential letter, dated 10th August, 1930, from Sir John Hope Simpson to the Secretary of State for the Colonies. The Committee mentioned that they had set up a small Expert Committee to examine Sir John Hope Simpson's settlement scheme, and to advise as to the manner in which financial provision might best be made to give effect to the policy outlined in the draft scheme.

The Chancellor of the Exchequer stated that he had received an indication of a coming Report from the Expert Committee referred to above. After consultation with Sir John Hope-Simpson, the Expert Committee had brought to light certain facts which he thought had not been in the minds of the Cabinet Committee when they reported. Apparently Sir John Hope-Simpson's scheme involved the expenditure of some £6,000,000, spread over ten years, the interest on which would have to be guaranteed by the Exchequer. This would probably necessitate a loan spread over twenty years, the service of which would require £400,000 a year. This sum, however, did not include the capital cost of the land. Those sums were certainly much
larger than anything contemplated by the Cabinet Committee. In the circumstances he thought the Cabinet should take no decision at the moment, but leave the Cabinet Committee to examine the question again in the light of this information.

The Secretary of State for the Colonies assented to the Chancellor of the Exchequer's proposal, but gave strong reasons for the urgency of a decision, and intimated that he himself had not contemplated more than a small guaranteed loan up to, perhaps, £1,000,000, for two or three years, without committing the Exchequer beyond that. Moreover, Palestine might be in a position to contribute substantially to the service of such a loan.

Some discussion then took place as to the desirability of the Secretary of State for the Colonies seeing the leaders of the Zionist Organisation, communicating the general tenor of Sir John Hope-Simpson's report, and discussing with them the action to be taken thereon.

The Cabinet agreed —

(a) To postpone further consideration of the question until the Cabinet Committee had met to consider the Report of the Expert Committee.

(b) To leave to the Prime Minister and the Secretary of State for the Colonies the decision on discussions with the leaders of the Zionist Organisation.
IRAQ.
---
Policy in.
---
Treaty with.

(Previous Reference: Cabinet 35 (30), Conclusion 2).

3. The Cabinet had before them a Memorandum by the Secretary of State for the Colonies, (C.P. 292 (30)), covering formal Notes which had been exchanged between Sir Francis Humphrys and Nuri Pasha, the Iraq Prime Minister, dealing with various matters, including the financial conditions covering the relinquishment by the Royal Air Force of their present stations at Hinaidi and Mosul five years after entry into force of the Iraq Treaty, and their establishment in new air bases in Iraq; also with the future of the Iraq railways, and the Port of Basra; also on the question of the policy of the Railway Corporation, to which it is proposed to entrust responsibility for the administration and management of the Iraq railway system, to raise loan capital for the development of that system without the assistance of a Government guarantee. It was mentioned that the Notes dealing with the first two subjects would be published simultaneously in this country and Iraq, so soon as Nuri Pasha had returned to Baghdad and Arabic translations had been made. Provision for the conclusion of these Agreements had been included in the Treaty with Iraq signed at Baghdad on the 30th June, 1930.

The Cabinet took note of the above Memorandum.
4. The Cabinet had before them a joint Memorandum by the Secretary of State for Scotland and the Minister of Health, setting out the arrangements which they proposed should be embodied in the draft Order in Council under the Census Act, 1920, (C.0. 296 (30)). It was mentioned in the Memorandum that the programme did not include any express enquiry on Unemployment, as the Minister of Labour, after full consideration, had decided against it, for reasons given in the memorandum.

The attention of the Cabinet was drawn to the inclusion of birthplace and nationality in the information to be asked for, and it was suggested that this information would be difficult for some people to supply and might be resented by others. It was pointed out, however, that particulars as to birthplace were only supplementary to place of residence, and no penalty was attached to non-compliance, although it would be as well not to advertise that fact.

The Cabinet approved the Joint Memorandum by the Secretary of State for Scotland and the Minister of Health (C.0. 296 (30)).
5. The Cabinet had before them Memoranda by the Chancellor of the Duchy of Lancaster, (C.P. 233 (30)), and the Lord Privy Seal, (C.P. 237 (30)), on the subject of Unemployment Policy and the Problems of British Industry.

The Prime Minister informed the Cabinet that he was awaiting a further survey bearing on Unemployment Policy from a Committee of the Economic Advisory Council, which he hoped would be available within a few days. He thought the detailed discussion of the above Memoranda should be postponed until this third Memorandum was available. The Prime Minister then gave the Cabinet some particulars of his conversation on the previous day with Mr Lloyd George, which led to a discussion of a preliminary character. In the course of this discussion emphasis was laid on the importance of speeding up the expenditure already provided for such matters as road construction, and on the possibilities of further telephone extensions, and possible re-organisation with this object.

The Cabinet agreed —

(a) To postpone the discussion of the above Memoranda until the Memorandum of the Economic Advisory Council was available:

(b) That the three Memoranda should then be considered by a Cabinet Committee, composed as follows —

The Prime Minister,
The Chancellor of the Exchequer,
The Lord Chancellor,
The Home Secretary —

who would prepare for the use of their colleagues a synopsis of the whole field covered by the three Papers in a form which could be used as an Agenda Paper by the Cabinet.
After some discussion, the Cabinet agreed that the President of the Board of Trade should prepare, within a reasonable compass, statistical material bearing on Empire Trade, for the use, in the first instance, of the Cabinet, and more particularly those Ministers who will represent His Majesty's Government in the United Kingdom at the Imperial Conference. On receipt of these statistics the Cabinet should then consider the desirability of publishing them as a White Paper, with a view to making available to the public in a readily accessible form the more important statistics, both of the United Kingdom and Dominion Governments, bearing on Imperial Conference problems.
7. The Cabinet had before them a Memorandum by the Secretary of State for the Colonies, (C.P. 302 (30)), in regard to a proposed Tariff Conference between Canada and the West Indies, in which attention was drawn to the policy approved by the late Government in 1925, to the effect that, if the Colonies concerned felt that it would in any way make it difficult for them to extend an increased preference to the Mother Country as well as to Canada, the Mother Country would not in that case insist on the preference being extended to her. It was pointed out that if, as a result of the forthcoming Conference with Canada, the participating Colonies actually wished to discriminate against the Mother Country, there would be great difficulties in preventing them, and it was suggested that the best prospect of avoiding tariff discrimination against the United Kingdom would be to re-affirm, when the occasion arises, the policy of 1925, and to trust to the good-will of the Colonies concerned. If any alteration in that policy was decided upon, it was insisted that an announcement ought to be made before a further Conference is convened.

The Secretary of State for the Colonies impressed on the Cabinet that he had already intimated that he could not take steps to convene a Conference as proposed by the Governor of Trinidad, but that he could not prevent the
private negotiations referred to in the last paragraph of his Memorandum, which might precipitate the issue. It was his intention to consult the Cabinet before reaffirming the policy of 1925.

The Cabinet took note of C.P.-202 (30).
The Cabinet had before them a Memorandum by the President of the Board of Trade, (C.P. 286 (30)), circulating copies of his correspondence with Colonel Peel, Chairman of the Export Credits Advisory Committee, resulting from the decision of the Cabinet referred to in the margin.

The Prime Minister informed his colleagues that at the last meeting of the Economic Advisory Council one of the members had referred to an incident of which he had heard (for the accuracy of which he could not vouch) in which it was alleged that the Russian Government had obtained long credit through the Exports Credit machinery for the purchase of a certain commodity, but that on the completion of the transaction they had not exported the commodity to Russia but had re-sold it in London. The Prime Minister had undertaken to investigate the incident, and he read to his colleagues a letter on the subject from one of the Joint Secretaries to the Economic Advisory Council. While this letter was satisfactory to the extent that it proved the commodities to have been put on board ship in London, there was one point which he thought would require further investigation, namely, as to whether material which had actually been shipped in London had really been landed in Russia and not sold at some intermediate port in order to build up credits.

The Cabinet took note of C.P.-286 (30).
9. The Cabinet had before them a Memorandum by the Secretary of State for the Colonies, (C.P. 295 (30)), reporting the results of correspondence between the Colonial Office and certain Colonial Governors, and also between the Colonial Office, the War Office and the Treasury, in regard to proposals made in the year 1927 by the late Secretary of State for War for increased military contributions by Colonial and other Governments.

The question was raised as to whether, having regard to the reduced scale of the Bermuda Dockyard and defences, it was justifiable to maintain there a Lieutenant-General as Governor. The death within the last few days of the late Governor appeared to offer an opportunity to re-examine this question.

The Cabinet agreed—

(a) That the Secretary of State for War should furnish the Cabinet with a Memorandum on the subject of why a military Officer should be appointed as Governor of Bermuda:

(b) To take note of C.P.-295 (30).
10. The Cabinet had before them a Memorandum by the Minister of Health, (C.R. 300 (30)), entitled "Maternal Mortality", submitting, as requested at the Cabinet Meeting referred to in the margin, a detailed scheme for dealing with Maternal Mortality. As the cost of the scheme might be within the range of one to one and a half million per annum, the Minister submitted an alternative scheme of a less spectacular nature and politically less attractive.

In the absence of the Minister of Health the Cabinet postponed consideration of his Memorandum until their next Meeting.
The Cabinet had before them a Memorandum by the Secretary of State for India, (C.P. 239 (30)), circulating for information a report of the Governors' Conference which was held at Simla on the 23rd July, which gives a recent and authoritative account of the Civil Disobedience Movement, and calling attention to certain points of interest in the Report.

The Secretary of State for India reported that since the issue of his Memorandum on August 9 he had received a draft of the Ordinance on the lines of the Defence of the Realm Act, the preparation of which had been asked for by the Governors of certain Provinces. He was examining the document, and might have to consult the Cabinet in regard to it.

The Cabinet took note of the Secretary of State's Memorandum.
12. The Prime Minister said that he had received an illuminating Memorandum in regard to the increase in Unemployment figures reported earlier in the present week. He suggested to the Minister of Labour that she should circulate the Memorandum to her colleagues.