CABINET 59 (30).

Meeting of the Cabinet to be held at No. 10, Downing Street, S.W.1., on THURSDAY, 9th October, 1930, at 3.0 p.m.

AGENDA.

1. FOREIGN AFFAIRS. (If required).

2. IMPERIAL CONFERENCE, 1930.
   (a) Proposed publication of a White Paper.
       (Reference Cabinet 55 (30) Conclusion 4).
       Memorandum by the President of the Board of Trade.
       (C.P. 322 (30) - already circulated).
   (b) Draft Statute of Westminster.
       (Reference Cabinet 55 (30) Conclusion 2).
       Memorandum by the Attorney-General, covering alternative revised drafts.
       (C.P. 323 (30) - already circulated).
   (c) Oil Concessions in British Territory.
       Extract from 250th Draft Minutes of the Committee of Imperial Defence, covering memorandum by Petroleum Department, Board of Trade.
       (C.P. 328 (30) - to be circulated).

3. INDIAN AFFAIRS.
   Question to be raised by the Secretary of State for India.

4. INDIA. POSITION OF THE COMMANDER-IN-CHIEF ON THE GOVERNOR-GENERAL’S EXECUTIVE COUNCIL.
   Memorandum by the Secretary of State for India.
   (C.P. 325 (30) - already circulated).

5. THE GOVERNMENT AND RATIONALISATION.
   Memorandum by the President of the Board of Trade.
   (C.P. 326 (30) - circulated herewith).
6. IMPERIAL DEFENCE POLICY.

Extract from Draft Minutes of the 250th Meeting of the Committee of Imperial Defence, covering Fifth Annual Review by the Chief of Staffs Sub-Committee,
(C.P. 327 (30) - to be circulated).

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

2, Whitehall Gardens, S.W.1.
6th October, 1930.
CONCLUSIONS of a Meeting of the Cabinet held at 10, Downing Street, S.W.1., on THURSDAY, October 9th, 1930, at 3.0 p.m.

PRESENT:-

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

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


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


For Items 1-6 only.

1. The Cabinet placed on record a tribute of their admiration of the great services of their colleague, the late Lord Thomson of Cardington, the Secretary of State for Air, and their profound sorrow at his death in the wreck of the Airship R.101.
2. The Prime Minister informed his colleagues that, in view of the short time available, he had taken the responsibility of sending a wreath from the Cabinet to be placed in Westminster Hall with the remains of those who had perished on board the Airship R.101.

He expressed the hope that as many of his colleagues as possible would be present at the Memorial Service in St. Paul’s Cathedral on the morrow.

The Prime Minister further reported that it had been arranged that the Prime Ministers and Heads of Delegations present at the Imperial Conference should attend the funeral together and walk from Westminster Hall to Euston Station. After that point the funeral would partake of a private and personal, as distinct from a public, character. He hoped some of his colleagues would be able to attend.

The Prime Minister informed his colleagues that he had sanctioned a submission to the King for three Honours to French representatives who had rendered assistance in connection with the wreck of R.101.
3. The Secretary of State for India, after referring to the last decision of the Cabinet in regard to the jirga of Afridis, said that after communicating the Cabinet's decision he had received most urgent messages from the Viceroy to the effect that if the British representative (Mr. Pears) had to meet the Afridi jirga without any definite and firm programme of the Government's intentions, he would be placed in an impossible position. The Secretary of State gave evidence of the very arrogant mood of the Afridis, who were trying to raise the Frontier against us and had made a series of most extravagant demands, including, for example, the custody and control of the Peshawar "Red Shirts" and all political prisoners: payment by the Government of India of a fine of 50,000 rupees for having broken its contract with the Afridis, etc. The Secretary of State himself had approved the decision of the Cabinet at the time, but he had realised, particularly after reading the Viceroy's personal telegrams, that to send a representative of the Government of India into the conference without empowering him to say that the Government intended to make the road was useless. After consultation with the Prime Minister he had telegraphed that the British representative was to take the line that His Majesty's Government agreed to the construction of the roads and posts on the Kajuri Plain as an essential demand on the jirga, and that to enable this to be achieved the Government would be willing to permit the Chief Commissioner to advance troops if it was essential to do so to secure the object stated, and Mr. Pears might therefore enter...
the jirga knowing that he had this authority. The telegram reiterated that His Majesty's Government were most anxious that the essential object of the construction of the roads and posts should be achieved without disturbance, and limited his essential objectives to this. It was made clear also that His Majesty's Government remained definitely opposed to any measures designed to "make an example" of the Afridi Tribe, either as a whole or even particular sections of it, as retribution for past misdeeds. The Secretary of State added that Mr Pears had not as yet met the full jirga, though he had met some 500 Afridi pensioners or serving soldiers and explained the position to them.

The Prime Minister regretted that, owing to the urgency of the matter, he had had to act without consulting his colleagues, with the exception of the Lord Chancellor, with whom he had had an opportunity to confer.

The Cabinet approved the action taken by the Secretary of State for India with the approval of the Prime Minister.
4. The Secretary of State for India reported to the Cabinet the arrangements made for the Indian Round-Table Conference, which were in a satisfactory state, most of the members being already on their way to London.

Some discussion took place in regard to the arrangements for the Opening Meeting, and it was suggested to the Secretary of State that a reference should be made to the matter in the King's Speech.
5. The Secretary of State for India consulted his colleagues in regard to the successor to the present Governor-General. The Secretary of State said he would like to consult some absent members of the Cabinet who were specially interested in regard to the particular name which commended itself to his colleagues and himself before taking further steps in the matter.

Subject to this, the Secretary of State for India was authorised to take action without again consulting the Cabinet.
6. The Cabinet had before them a Memorandum by the Secretary of State for India (C.P.-225 (30)) drawing attention to the fact that an opinion had been expressed with great authority on various occasions in favour of terminating the practice of making the Commander-in-Chief a member of the Governor-General's Executive Council; and proposing, if the Cabinet approved, to write to General Sir Philip Chetwode, Commander-in-Chief-designate, to inform him that he proposes to submit to His Majesty (by whom the appointment to the Council is made and during whose pleasure it is held) that he be appointed to the Council but on the understanding that his appointment may have to be terminated before his tenure as Commander-in-Chief expires, either as the result of legislation or even as the result of administrative action if the change is so generally recommended as to make this desirable.

The Secretary of State, in his Memorandum, also asked his colleagues, in agreeing to this proposal, to register an opinion that the Government retains its freedom to carry out at once by administrative act, after the necessary consultation with the Government of India, any changes in the mechanism of the government of that country which, in the light of the Round-Table Conference, appear to them desirable and do not require legislation, without necessarily waiting for a complete scheme, involving administrative as well as legislative changes, to be presented as a whole to Parliament.
The Cabinet agreed —

That the Secretary of State for India should be authorised to notify the Commander-in-Chief-designate, as proposed above, that his appointment as a member of the Governor-General’s Executive Council is liable to be terminated either as the result of legislation or of administrative action.
7. The Prime Minister gave his colleagues a summary of the present position of the main work of the Imperial Conference. On the Constitutional issues considerable progress had been made, and a Committee had been set up, under the Chairmanship of the Lord Chancellor, which would submit drafts of the proposed arrangements. The atmosphere on these questions was satisfactory.

On the Economic side, the speeches made at the Plenary Meeting on the previous day had already been circulated to the Cabinet. As the result of that meeting he had thought it advisable to continue the discussion at more private meetings, which had begun that morning, when the difficulties of accommodating the Dominions by a preferential tariff had been explained. The subject was to be resumed next Monday, when the President of the Board of Trade would explain the measures proposed for meeting the desire for improved trade without involving a tariff. The Cabinet, however, would have to take certain decisions before then.

The Cabinet then discussed the question of the attitude to be adopted towards Imperial Preference and dumping, after which the President of the Board of Trade gave a summary of the line he proposed to adopt at Monday’s meeting.

The Cabinet agreed —

(a) As regards Imperial Preference,

(i) That all taxes on food and raw material must be ruled out;

(ii) That so long as there are Duties there will be Imperial Preference:

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(b) To approve generally the line which the President of the Board of Trade proposed to take, which would include a proposal for an examination of the figures, to see exactly what they mean: a general and sympathetic statement of the position: a reference to Bulk Purchase, Import Boards and Price Stabilisation, all of which, after a preliminary discussion, he would propose to pass to a Committee: support to an examination of particular industries which exist both in the Dominions and in the United Kingdom, with a view to devising some system of allocation between those parts of each industry which the Dominions wish to retain for themselves, and other parts for which they would rely on imports (e.g., in the iron and steel industry), a subject which was recognised to require the co-operation of industrialists: some arrangement on the analogy of the Argentine Agreement, enabling an interchange of goods to take place on the basis of a fixed credit: proposals for bringing home to industrialists their failure to take advantage of the Preferences that had been offered to them in the Dominions: and a number of relatively minor points emerging from the Memoranda of the Board of Trade and from the Joint Memorandum of the Trades Union Congress and the Federation of British Industries, etc. In regard to inter-Imperial machinery, such as an annual meeting before or after the Assembly of the League of Nations, an Imperial Economic Section on the analogy of the Economic Section of the League of Nations, and an Imperial Secretariat, it was recognised as advisable to proceed with caution and on very general lines, raising it late in the discussion and allowing the matter, if possible, to be raised by the Dominions themselves:

(c) To take note that a Committee of the Imperial Conference would examine the question of dumping, with special reference to wheat.
8. Arising out of the consideration of the Economic Policy of the Imperial Conference, a discussion of a general character took place in regard to trade conditions and the increase in unemployment, towards the end of which some emphasis was laid on the large number of men and women, including young people, particularly in some centres, who are being supported by the State without work and without training facilities.
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9. The Cabinet had before them a Note by the President of the Board of Trade (C.P.-322 (30)) circulating for the consideration of his colleagues a draft White Paper on the External Trade of the United Kingdom, the Dominions and India with British and foreign countries. If the draft was approved he proposed, before publication, to make an alteration to enable the figures in Table II for Canada to be compared directly with the figures in Table I.

The Cabinet approved the publication of the figures in C.P.-322 (30) as a White Paper.
10. The Cabinet had before them a Note by the Secretary (C.P.-328 (30)) covering the following policy regarding documents relating to oil concessions in British territory:

(i) A Memorandum by the Petroleum Department, Board of Trade (C.T.B.P. Paper No. 1017-B) on the policy to be pursued in regard to the control of Companies holding oil concessions in British territory. In accordance with the general policy laid down in 1904, oil concessions on Crown lands in the British Colonies and India have up to the present been granted only to Companies under British control. It was now suggested that the present policy should be modified to allow foreign-controlled Companies to operate, subject to certain conditions set forth in para. 6 of the Memorandum.

(ii) An Extract from the draft Minutes of the 250th Meeting of the Committee of Imperial Defence, held on September 29th, 1930, containing the following Conclusions:

(a) To refer the Memorandum for decision to the Cabinet, with a recommendation that there was no objection to the policy proposed from the point of view of Imperial Defence:

(b) To recommend that the Memorandum should be placed before the representatives of the Dominions during the Imperial Conference for their consideration.

The Cabinet agreed —

(a) To approve in principle the change in policy proposed by the President of the Board of Trade in C.P.-328 (30), while reserving details until after the matter had been discussed at the Imperial Conference:

(b) To take note that the Secretary of State for the Colonies desired to reduce the proposed period of notice of two years before the policy came into effect, at any rate in the case of British Guiana:

(c) To take note that in regard to India the policy might be effected as the result of the Indian Round-Table Conference, owing to the
recommendation of the Statutory Commission in favour of the separation of Burmah:

(3) To approve the circulation to the Imperial Conference of the Memorandum circulated by the President of the Board of Trade (C.I.D., Paper No. 1017-B).
The Cabinet had before them a Note by the Secretary (C.P.-327 (30)) covering the Fifth Annual Review of the Chiefs of Staff Sub-Committee (C.I.D. Paper No.1009-B), together with an Extract from the Minutes thereon of the 250th Meeting of the Committee of Imperial Defence held on September 29, 1930.

The Cabinet took note of the Fifth Annual Review of the Chiefs of Staff Sub-Committee.
12. The Cabinet had before them a Memorandum by the President of the Board of Trade (C.P.-326 (30)) recalling two questions that had been posed in a Memorandum by the Secretary of State for Dominion Affairs (C.P.-227 (30)) on Industrial Re-organisation, namely, whether the Government were to accept the responsibility of associating themselves with "rationalisation", and, second, who was to carry out that policy. On the understanding that the Cabinet were persuaded that they could not stand aside from the promotion of rationalisation, the President of the Board of Trade stated that, as the Board of Trade was the Department principally concerned, he was prepared to accept the suggestion made by the Secretary of State for Dominion Affairs that he should be responsible for carrying out that policy.

The proposal of the President of the Board of Trade was approved.
13. The Prime Minister warned his colleagues that, owing to the complications of the time-table of the Imperial Conference, it was difficult to ensure adherence to the date fixed for the Cabinet. Subject to this it was agreed —

That the Cabinet should meet on Wednesday next, October 15th, at 2, Whitehall Gardens, S.W.1, October 9th, 1930.