CABINET 16 (31).

MEETING of the Cabinet to be held at 10, Downing Street, S.W.1, on WEDNESDAY, March 4th, 1931, at 10.30 a.m.

AGENDA.

1. THE LONDON PASSENGER TRANSPORT BILL.
   Memorandum by the Minister of Transport covering draft Bill.
   (E.A.-8 (31) - already circulated).

2. FOREIGN AFFAIRS. (If required).

3. DISARMAMENT.
   (a) The negotiations of the Secretary of State for Foreign Affairs and the First Lord of the Admiralty. (If required).
   (Reference: Cabinet 15 (31) Conclusion 6).
   (b) Representation of the Political Parties in the work of preparation for the Disarmament Conference.
   (Reference: Cabinet 11 (31) Conclusion 2).

4. ECONOMIC CONSEQUENCES OF DISARMAMENT.
   (Reference: Cabinet 46 (30) Conclusion 10).
   Second Report of Cabinet Committee.
   (C.P.-61 (31) - already circulated).

5. THE HOME WHEAT QUOTA SCHEME.
   (Reference: Cabinet 9 (31) Conclusion 13).
   Interim Report of Agricultural Development Committee.
   (C.P.-52 (31) - already circulated).

6. IRON AND STEEL INDUSTRY.
   (Reference: Cabinet 14 (31) Conclusion 4).
   Memorandum by the President of the Board of Trade, covering the Bruce-Gardner Report.
   (C.P.-55 (31) - already circulated).
8. MATERNAL MORTALITY.

(Reference: Cabinet 55 (30) Conclusion 7).
Memorandum by the Minister of Health.
(C.P.-33 (31) - already circulated).

9. TITLE TO PENSION UNDER THE CONTRIBUTORY PENSIONS ACT, 1929.

(Reference: Cabinet 15 (31) Conclusion 3).
Memorandum by the Minister of Health.
(C.P.-39 (31) - already circulated).
Memorandum by the Secretary of State for Scotland.
(C.P.-47 (31) - already circulated).

10. CONCLUSIONS OF HOME AFFAIRS COMMITTEE.

(Reference: Cabinet 9 (31) Conclusion 7 and 5th Conclusions of Committee of Home Affairs (31) paragraph 2). - To be circulated.
The Housing (Rural Workers) Amendment Bill.
Memorandum by the Secretary of State for Scotland covering draft Bill.
(K.A.-9 (31) - already circulated).

11. PRIVATE MEMBERS' BILL.

For Friday, March 3rd.
Coal Mines (Protection of Animals) Bill.

(Signed) H.P.A. HANKLY,
Secretary, Cabinet.

2, Whitehall Gardens, S.W.1.,
March 2nd, 1931.
CONCLUSIONS of a Meeting of the Cabinet held at 10, Downing Street, S.W.1., on Wednesday, March 4th, 1931, at 10.30 a.m.

PRESENT:

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


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

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

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


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

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

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

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


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

The Right Hon. Lord Amulree, G.B.E., K.C., Secretary of State for Air.

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

Mr. H. B. Lees-Smith, President of the Board of Education. (Designate).


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

THE FOLLOWING WERE ALSO PRESENT:

* The Right Hon. H. Morrison, M.P., Minister of Transport.

* For Items 1 to 4.

1. The Prime Minister, on behalf of the Cabinet, welcomed the President of the Board of Education - Designate. He said that in accordance with precedent he had invited him to attend the Meeting of the Cabinet although as yet he had not had an opportunity to take the Oath of office. He understood that this had been arranged for the following day.
2. The Cabinet had before them a Memorandum by
the Minister of Transport (H.A.-8/31) covering a
draft of the London Passenger Transport Bill.

The Cabinet were informed that the Committee of
Home Affairs had had a preliminary discussion on the
subject on March 2nd (H.A.C. 5th Conclusions (31)).
As the Chancellor of the Exchequer had not had time
to examine the Bill, further consideration of the
subject had been postponed by the Committee of Home
Affairs until Monday, March 9th.

The Prime Minister demurred to the very short
time that had been given to the Cabinet to consider
this Bill, having regard to its magnitude. As the
Committee of Home Affairs had not yet completed its
examination of the Bill he did not ask the Cabinet
to consider it at the present Meeting. He drew
attention to a passage in the Memorandum stating
that it was desirable, if possible, to introduce
the Bill at once so that its Second Reading might
be obtained sufficiently long before Easter to
enable the negotiations for setting up a Joint
Committee of the two Houses to be completed by the
time the House adjourned. It was, of course, out
of the question for the Cabinet to give that decision
before the Bill had been agreed with the Treasury
and other Departments and passed by the Committee
of Home Affairs.

The Minister of Transport pointed out that
technically the Bill was circulated to the Cabinet
with the minimum notice required by the Treasury
Circular.

Consideration of the moment for the introduction
of this Bill led to a discussion on the Parliamentary
time-table, the Conclusions of which are stated in the following Minute.

The Cabinet agreed —

(a) That the Minister of Transport should agree the London Passenger Transport Bill with the Treasury at the earliest possible moment:

(b) That the Committee of Home Affairs should give very careful consideration to the Bill:

(c) That the Minister of Transport should continue his negotiations with the various interests concerned.
3. In the course of the discussion recorded in the preceding Minute the Prime Minister informed his colleagues that arrangements had been made for the Service Estimates to be taken in the following week, namely:

- Tuesday, March 10th: The Army Estimates.
- Wednesday, 11th: The Navy Estimates.

The Cabinet were informed that the discussion of the Navy Estimates would probably involve, either next week or at some later date, a Debate on the Franco-Italian Naval Agreement just concluded, particulars of which would have to be announced during the Debate by the First Lord of the Admiralty.

There was general agreement that it was important to proceed with some of the Government's measures of Social Reform.

The Cabinet were informed that the Town and Country Planning Bill had been communicated to the Leaders of the Liberal Party, who had not yet replied; but that otherwise the Bill was ready; that the Consumers' Council Bill was practically ready; and that the Bill dealing with the opening of Cinemas on Sundays would be brought before the Committee of Home Affairs next week.

The Prime Minister informed the Cabinet that he proposed to put down the Improvement of Livestock (Licensing of Bulls) Bill and the Small Landholders and Agricultural Holdings (Scotland) Bill as alternatives for Friday, March 13th.

The Cabinet agreed—

That the Ministers concerned should be ready to proceed at an early date with the following Bills:

- The Town and Country Planning Bill.
- The Consumers' Council Bill.
- The Improvement of Livestock (Licensing of Bulls) Bill.
The Small Landholders and Agricultural Holdings (Scotland) Bill.

(Previous Reference: Cabinet 52 (20), Conclusion 13.)

The Town and Country Planning Bill.

The Consumers Council Bill.

The Bill to regulate the Sunday opening of Cinemas.
4. The Home Secretary reported that important decisions might have to be taken during the Debate on the Committee Stage of the Representation of the People Bill: for example, the desirability might have to be considered of leaving some questions to a free vote of the House. He would like to know whether the Cabinet would leave these matters to the Chief Whip and himself, or whether some of his colleagues would be deputed to confer with him on these matters.

The Cabinet agreed —

That the Home Secretary should consult the Prime Minister on any point of difficulty which might arise during the Debate; for example, any question on which he might deem a free vote to be desirable.
5. The Cabinet had before them a report circulated by the Secretary of State for Foreign Affairs and the First Lord of the Admiralty (C.P.-64 (31)) on their visit to Paris and Rome in connection with the outstanding questions of the London Naval Conference.

The Prime Minister, on behalf of the Cabinet, congratulated all those who had taken part on the success of their Mission.

The Secretary of State for Foreign Affairs emphasised the political importance of the agreement reached. The Experts had carried the matter to the furthest point which was possible for them, but nevertheless, on the evening of Sunday, February 22nd, the negotiations had arrived at a critical stage and there was a real danger of a new competition in naval armaments between France and Italy. Nothing short of a personal visit, such as that carried out by the First Lord of the Admiralty and himself, could have brought about an agreement. Now relations between France and Italy were better than they had been for years. The French Foreign Minister had undertaken to take advantage of this favourable atmosphere to try and settle the outstanding political questions with Italy, such as those arising in Tunis and Libya. If he was successful in this, the two countries would sign a Treaty of Arbitration and Friendship. The agreement was also very important in its bearing on the forthcoming Disarmament Conference.

The First Lord of the Admiralty made a full statement to the Cabinet on the technical results achieved.
The Cabinet agreed —

That the First Lord of the Admiralty should make a statement in Parliament on the subject of the conversations in the Debate on the Navy Estimates on Wednesday next, March 11th, and that the Secretary of State for Foreign Affairs should announce this in reply to Questions in Parliament.
6. The Prime Minister informed the Cabinet that he had communicated with Mr Baldwin and Mr Lloyd George as to the participation of the Opposition Parties in the work of preparation for the Disarmament Conference. Mr Lloyd George had consented to render assistance in any and every way possible. Mr Baldwin, before replying, had discussed the matter verbally with him and had explained that, while anxious personally, to assist in every way, his colleagues would probably demur to any association with a Cabinet Committee.

The Prime Minister suggested that while the Government might retain their Cabinet Committee for their own discussions, they might remit the joint explorations to a Committee of the Committee of Imperial Defence. As Chairman of the Committee of Imperial Defence he was entitled by its constitution to nominate any persons he might deem desirable to form a Committee. He had ascertained that there were numerous precedents for the association of members of the Opposition Parties in the work of the Committee of Imperial Defence: including, for example, at different times, the late Lord Balfour and the late Lord Haldane. He would propose that technical experts should be nominated as Associate-Members, to be available to advise the Committee when required. These would, of course, be nominated by the Government.

The Cabinet were informed that the Dominions were prepared to co-operate in this work of preparation.
After discussing the proposal in its practical and political aspects, the Cabinet agreed —

That the Prime Minister should be authorised to write to Mr Baldwin informing him that the Cabinet had decided that a Committee of the Committee of Imperial Defence should be set up to consider the position of the United Kingdom at the forthcoming Disarmament Conference at Geneva, adding that he would be glad to nominate two or three representatives of the Conservative Party whose names might be sent to him by Mr Baldwin. He should explain that the hope of the Government was that the Delegation of the United Kingdom at Geneva would be representative of the various political Parties, in a manner corresponding to the Committee of the Committee of Imperial Defence.
7. The Cabinet had before them a Second Report of the Committee on the Economic Consequences of Disarmament (C.P.-61 (31)), re-examining, at the request of a Deputation from the Joint Disarmament Committee of the T.U.C., the question of grants for distressed armament areas. A Note was appended to the Report, by the Ministers of Health and Labour and the Secretary of State for Scotland, affirming that the administrative objections to the proposal are well-nigh insuperable and that strong reasons exist for the view that no further general assistance in relief of rates at the present time can be justified. A draft reply to this effect was attached to the Report, and the recommendation to the Cabinet was as follows:—

"To approve the despatch to the Joint Disarmament Committee of a reply on the question of grants to areas distressed as a result of disarmament policy, in the form of the draft contained in Appendix 2 to this Report (C.P.-61 (31)), on the understanding that the assent of the First Lord of the Admiralty to this recommendation will be obtained on his return to England."

The Cabinet approved the above recommendation and agreed:—

That the despatch of the letter to the Joint Disarmament Committee of the T.U.C. should be preceded by a personal interview at which the intention to send a letter should be notified and its substance explained.
AGRICULTURAL POLICY.

The Home Wheat Quota Scheme.

Previous Reference: Cabinet 9 (31), Conclusion 13.) FR.17(31)

The Imperial Economic Conference at Ottawa.

Previous Reference: Cabinet 10 (31) Conclusion 3). F.R. 7(31)

The Cabinet had before them an Interim Report by the Agricultural Development Committee (C.P. -52 (31)) on the Home Wheat Quota Scheme.

In a covering Note the Home Secretary, as Chairman of the Committee, explained that it had not been possible as yet to submit a Report dealing with the Scottish proposals. The Report of the majority of the Committee, consisting of the Chairman, the Lord Privy Seal, the Minister of Agriculture and Fisheries, the President of the Board of Trade and the Secretary of State for Scotland (subject to a qualification regarding an equivalent benefit for Scotland), recommended to the Cabinet —

"To approve the Home Wheat Quota Scheme as set out in the Appendix to C.P. -52 (31) and to authorise the Minister of Agriculture and Fisheries to arrange for the preparation of a draft Bill to give legislative effect to the scheme."

The First Lord of the Admiralty and the Financial Secretary to the Treasury, however, considered that the advantages claimed for the scheme were not sufficient to outweigh its objections. They also dissented from the scheme on general political grounds and were unable to resist the conclusion that acceptance of the scheme would involve the abandonment of the main case against food taxes and of the key position of Free Trade.

The Prime Minister said that he had received a note from the Chancellor of the Exchequer who was opposed to the majority recommendation.
The Cabinet were reminded of the close connection between the question of a Wheat Quota and the preparations for the Ottawa Conference. They were informed that considerable progress had been made with other aspects of the preparations for this Conference and the President of the Board of Trade announced his intention of circulating a memorandum on the subject in the immediate future.

The Prime Minister undertook to ascertain, as soon as possible, from the Chancellor of the Exchequer, who was at present indisposed, how soon it would be possible for him to attend a meeting of the Cabinet.

The Cabinet agreed:

That as soon as the Chancellor of the Exchequer is available a special meeting of the Cabinet should be held to consider the following questions -

The Wheat Quota,
The Ottawa Conference.
9. The Cabinet had before them a Most Secret Memorandum by the President of the Board of Trade (C.P.-55 (31)) covering a Confidential Report by Mr C. Bruce Gardner, Managing Director of Securities Management Trust, on the Structure of the Iron and Steel Industry of Great Britain, containing plans for rationalisation. The Report had been prepared after presentation, in confidence, of the Government's Steel Report to certain representatives of the industry and of the City of London, and was therefore a complement to the Government Report. The President of the Board of Trade stated that it was important that no public reference should be made to Mr Bruce Gardner's Report, which had been communicated on that understanding.

The Cabinet were impressed with the evidence contained in Mr. Bruce Gardner's Report and confirmed by the latest Report on the Trade of the Country circulated by the President of the Board of Trade (C.P. 53 (31) of the very critical state of the Iron and Steel Industry.

The President of the Board of Trade considered that further delay in the reorganisation of the industry was dangerous and invited the views of the Cabinet as to whether he should suggest to Mr. Bruce Gardner to impose a time limit on his further negotiations on the present lines. He said that there was bound to be strong opposition in various quarters and in each of the districts where amalgamations were proposed. In fact,
the opposition of a minority would be calculated to wreck the proposed amalgamations unless the Government intervened to compel the minority to co-operate.

He further raised the question of whether he should intimate to Mr. Bruce Gardner that in the absence of voluntary co-operation the Government would be prepared to impose it by legislation.

In the course of the discussion it was pointed out that even if Mr. Bruce Gardner's proposals were adopted either voluntarily or compulsorily and put in operation the British Steel Industry would not be able to reduce its prices to the level of foreign competitors. In other words, the proposed amalgamations would not avoid the strong demand of the Iron and Steel Industry for some form of protection against foreign competition, which now resulted in the importation of nearly three million tons of foreign steel in 1930, as compared with an export of 3,250,000 tons.

It was further pointed out that the Bruce Gardner proposals must result in the closing down of some parts of the industry, leaving considerable regions derelict and workless.

The Cabinet discussed at some length the political and fiscal issues involved in the question and agreed:

(a) That the President of the Board of Trade should see Mr. Bruce Gardner and press him to say whether it was indispensable that the whole of the Iron and Steel interests must enter the proposed amalgamations.

(b) That the President of the Board of Trade should circulate a memorandum setting out the possible alternatives to a tariff with the object of enabling the Iron and Steel Industry to hold its own against foreign competition.
10. The Cabinet had before them a Note by the President of the Board of Trade (C.P.—62 (31)) circulating a Memorandum by the Secretary for Mines suggesting the discontinuance of the experiment in low temperature carbonisation which the Gas Light and Coke Company, with Government assistance, had been carrying out at Richmond for the past two years. The President agreed that nothing was likely to be gained by continuing the experiment on a restricted basis. Attached to the Memorandum by the Secretary for Mines was a technical memorandum by the Mines Department on the experiment.

The President of the Board of Trade informed the Cabinet that he had other proposals under consideration which he would report in due course.

The Cabinet approved the proposal of the President of the Board of Trade in favour of the discontinuance of the Richmond Experiment.
NATIONAL HEALTH INSURANCE. ---

Maternity and Specialist Services.

(Previous references: Cabinet 55 (30) Conclusion 7; Cabinet 57 (30) Conclusion 16).

F.R.

17(95)

II. A Memorandum by the Minister of Health (C.P. 63 (31)) on the subject of the policy of the Government for dealing with maternal mortality was reserved for consideration when the Chancellor of the Exchequer could be present.
12. This question had been postponed from the last Meeting of the Cabinet, referred to in the margin, in order to give time for the Minister of Health to sound the Leaders of the Opposition Parties with a view to facilitating the passage of a Bill, as proposed in his Memorandum C.P.-39 (31).

The Minister of Health reported that the Leaders of the Conservative Party whom he had consulted would not give a reply until they had seen his Bill. He was continuing the negotiations.

The Cabinet reserved the question until their next weekly meeting.
13. The Cabinet had before them a Memorandum by the Secretary of State for Scotland (H.A.-9 (31)) covering a draft Housing (Rural Workers) Amendment Bill, 1931: together with the following recommendation of the Committee of Home Affairs thereon (H.A.C. 5th Conclusions (31), Para.2):—

"To authorise the introduction in the House of Commons of the Housing (Rural Workers) Amendment Bill in the form of the draft annexed to H.A.-9 (31), subject to any drafting or other minor alterations that may be found necessary or desirable".

The Cabinet approved the recommendation of the Committee of Home Affairs on the understanding that no guarantee could be given that it would be possible to find time for the Bill before Easter. They invited the Secretary of State for Scotland to arrange for the Money Resolution to be put on the Order Paper of the House of Commons.
14. The Cabinet had before them the Coal Mines (Protection of Animals) Bill, introduced in the House of Commons by a Private Member, which is down for Second Reading on Friday, March 6th.

The Cabinet agreed:–

That the representatives of the Government should be authorised to speak sympathetically on this Bill but to make clear that no facilities could be given for its further stages.
YARMOUTH NAVAL HOSPITAL BILL.

(Previous Reference: Cabinet 73 (30) Conclusion 6).

15. The First Lord of the Admiralty informed the Cabinet that the Yarmouth Naval Hospital Bill had become somewhat urgent and that he was being pressed on the subject by the local authorities.

The Prime Minister said that the Bill was down on the list of questions to be dealt with as opportunity offered. He asked the First Lord of the Admiralty to speak to the Parliamentary Secretary to the Treasury on this subject.
16. The Prime Minister said that President Hoover had made a suggestion that the United Kingdom Government should summon a Conference to consider the question of silver. The Bank of England were averse to the summoning of a Conference in this country but the Treasury had agreed that a Conference would be advantageous. Consequently a reply had been sent to the American Government pointing out that if a Conference were held various questions would have to be raised at it and intimating that if the United States decided to call the Conference themselves or preferred that it should be held in Europe, the United Kingdom Government would be prepared to co-operate.

President Hoover had been asked to consider the matter further and to send another communication in due course. The Prime Minister understood from the American Ambassador that the United States Government had been preoccupied with other matters and had not yet been able to formulate its reply.

Considerable discussion took place on this proposal, in the course of which it was suggested that the nations of the world were not doing sufficient to grapple with the difficulties of the world situation and that some such opportunity as the present one might be taken advantage of to promote a comprehensive world examination of the economic crisis.

The Cabinet were reminded that the League of Nations had already embarked on such an examination covering the whole Continent of Europe and it would be important not to clash with
their proceedings.

The Cabinet were also reminded of the importance of avoiding any loan to China before the silver question had been dealt with.
17. The Secretary of State for India read to the Cabinet two private messages he had received from the Viceroy, the first containing the first part of a proposed announcement of the agreement he had reached in his conversations with Mr. Gandhi, and the second commenting thereon.

The Cabinet authorised the Secretary of State for India to send to the Viceroy a private message of congratulation on the result of his efforts.

2, Whitehall Gardens, S.W.1,
March 4, 1931.