Meeting of the Cabinet to be held at No. 10, Downing Street, S.W.1., on WEDNESDAY, September 9th, 1931, at 11.0 a.m.

AGENDA.

1. FOREIGN AFFAIRS. (If required).

2. PARLIAMENTARY BUSINESS - Remainder of Programme not yet considered, including -

   (Reference Cabinet 54 (31) Conclusion 7).

   (i) The London Passenger Transport Bill.
   (Reference Cabinet 48 (31) Conclusion 3).
   Note by the Secretary, covering Departmental Memorandum by the Ministry of Transport.
   (C.P. 214 (31) - already circulated).

   (ii) The Statute of Westminster.
   (Reference Cabinet 48 (31) Conclusion 3).
   Memorandum by the Secretary of State for Dominion Affairs.
   (C.P. 212 (31) - already circulated).

   (iii) The Educational Endowments (Scotland) Bill.

   (iv) A Bill to renew the Prolongation of Insurance Act.
   (Reference Cabinet 50 (31) Conclusion 1).

   See C.P. 209 (31) para. 5.

   (v) The Expiring Laws Continuance Bill.

   (vi) The Public Works Loans Bill.

   (vii) The Appropriation Bill.

   (viii) The Sunday Performances (Regulation) Bill.

   (ix) The Merchant Shipping (Safety and Load Line Conventions) Bill.

3. SUPPLY AND TRANSPORT COMMITTEE.

   (Reference Cabinet 54 (31) Conclusion 11).

   Question to be raised by the Home Secretary.
4. **THE FINANCIAL AND POLITICAL SITUATION.** (If required).
   (Reference Cabinet 54 (31) Conclusion 9).

   **TO TAKE NOTE OF:**

5. **ECONOMY: DRAFT WHITE PAPER.**
   (Reference Cabinet 54 (31) Conclusion 1).
   Note by the Secretary, covering revised draft of White Paper.
   (C.P. 223 (31) - to be circulated).

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

Whitehall Gardens, S.W.1.
8th September, 1931.
Meeting of the Cabinet to be held at No. 10 Downing Street, S.W.1, on WEDNESDAY, September 9th, 1931, at 11.0 a.m.

ADDENDA: TO THE AGENDA.

6. FUTURE AIRSHIP POLICY.
   (Reference Cabinet 49 (31) Conclusion 8).
   Note by the Secretary of State for Air.
   (C.P. 224 (31) - circulated herewith).

7. EXPENDITURE OF LOCAL AUTHORITIES.
   Note by Minister of Health.
   (C.P. 225 (31) - circulated herewith).
   (Signed) M.P.A. HANKEY,
   Secretary, Cabinet.

2 Whitehall Gardens, S.W.1.
8th September, 1931.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on TUESDAY, September 9th, 1931, at 11 a.m.

PRESENT:

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

The Right Hon. Stanley Baldwin, M.P., Lord President of the Council.


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

The Right Hon. Sir Philip Cunliffe-Lister, G.B.E., M.C., M.P., President of the Board of Trade.

The Following were also present:

The Right Hon. Lord Amulree, G.B.E., K.C., Secretary of State for Air. (For Conclusion 20)

The Right Hon. Sir Donald Maclean, K.B.E., M.P., President of the Board of Education. (For Conclusion 21)

Mr. T.W. Phillips, C.B.E., C.B.E., Deputy Secretary, Ministry of Labour. (For Conclusion 3).

1. The Secretary of State for Foreign Affairs said that he had nothing to bring to the attention of the Cabinet.
2. The Chancellor of the Exchequer informed the Cabinet that a difficulty had arisen in regard to the Cabinet's decision to increase the allowances now made for depreciation of plant and machinery and to take a more liberal view in future of allowances for obsolescence. Parliamentary Counsel had expressed the view that the Speaker might rule that legislation giving effect to this decision could not be included in this Finance Bill on the ground that these allowances to industry would not come into operation until April next, i.e. not in the current financial year. Such a ruling, if it were given, would not prevent him from making the announcement of policy, nor would it affect the proposal itself, but it would mean that the actual legislation would have to wait for the next Finance Bill.
3. The Cabinet had before them a revised draft of the White Paper on the measures proposed by His Majesty's Government to secure reductions in national expenditure, (Paper No. C.P. 223 (31)).

The attention of the Cabinet was called to the following clause on page 10 of the White Paper:

"(3) A limitation of insurance benefit (as distinct from transitional payments) to 26 weeks in a benefit year or 52 weeks without a fresh waiting period, after which a fresh insurance qualification would be required."

The question was raised as to whether the Cabinet desired the inclusion of the words in square brackets which are underlined above.

The matter was found to be somewhat technical, and, at the request of the Minister of Labour, Mr. T.W. Phillips, the Deputy Secretary to the Ministry of Labour, was introduced and invited to explain the matter.

Mr. Phillips said that the limitation of insurance benefit to 26 weeks in the benefit year would leave untouched a considerable number of cases in which, owing to short-time or casual working, just short of 26 weeks of benefit is drawn every year. A short-time worker, for example, employed approximately half-time would always satisfy the 30 contributions qualification for insurance benefit and might draw (say) 25 weeks of benefit in one benefit year; having drawn less than 26 weeks he could draw (say) 25 weeks in the next benefit year; and so on indefinitely. A similar
case would be that of a docker drawing on the average just short of three days benefit each week.

The "39 weeks" limitation was designed to cover such cases. It would be additional to the "26 weeks in a benefit year" limitation. Its effect would be that when a person, who had not drawn as much as 26 weeks of benefit in any one benefit year, reached a total of 39 weeks of benefit without a fresh "waiting period", he would cease to be entitled to insurance benefit until he requalified. A fresh waiting period becomes necessary if there is a gap of more than 10 weeks in the unemployment record. Accordingly, if such a gap occurred before the total of 39 weeks benefit was reached, the person concerned would on making a fresh claim start again with a clean sheet so far as this limitation is concerned.

The Cabinet were informed that the measures of economy proposed in the White Paper were on many points identical with those contemplated by the late Government, and it was generally agreed that, in the absence of over-riding considerations to the contrary, there were political advantages in this continuity.

After hearing the explanations of the Minister of Labour and Mr. Phillips, it was not felt that the addition of the words in square brackets would bring such over-riding advantages. Their omission would not affect the amount of the saving which the Minister of Labour hoped to obtain, beyond reducing the margin for errors in estimating. In any event, the question of Unemployment Insurance would have to
be dealt with before long by whatever Government
was in office, and no great harm would be done
by leaving this point until then.

After decisions had been taken on the
points mentioned below, the Cabinet were informed
that there was a minor point about Army Reserves
remaining for settlement, but that the Treasury,
in consultation with the War Office, felt able to
settle the point without troubling Ministers.

The Cabinet agreed --

(a) To omit the words in square brackets
"or 39 weeks without a fresh
waiting period" from page 10,
clause (3) and from page 13,
paragraph 5 (3) of the draft
White Paper;

(b) To take note that the passage relating
to Police (Page 13, paragraph 4), had
been drafted in the Home Office, had
received the approval of the Secretary
of State, was non-controversial, and
did not require a decision by the
Cabinet;

(c) That the paragraphs relating to the
Road Fund (page 13, paragraph 6)
should be retained in preference to
the revised draft circulated as
part of the Secretary's covering
note to C.P. 223 (31);

(d) That, subject to the above and to any
minor or drafting alterations, the
draft White Paper attached to
C.P. 223 (31) should be approved for
circulation to Parliament;

NOTE: - The Secretary was asked to
suggest to the Treasury that
the headings of the various
items should be printed
in heavier type.
The Cabinet agreed —

1. (a) That the Economy Bill should be circulated at the same time as the White Paper, that is to say, after the Chancellor of the Exchequer’s speech on the financial proposals on Thursday, September 10th.

(b) That on Friday, September 11th, the Prime Minister should introduce the Economy Bill, the Secretary of State for Dominion Affairs and for the Colonies should speak towards the end of the Debate, and that on Monday, 14th September, the Home Secretary should speak (unless he desires to suggest some other speaker), and that the Minister of Health should wind up the Debate. Further that the Attorney-General should be ready to speak in the Debate, either on Friday or on Monday.
5. The Cabinet had before them a Departmental Memorandum by the Ministry of Transport, (Paper No. C.P. 214 (31)), circulated on the instructions of the Prime Minister, on the subject of the London Passenger Transport Bill.

After it had been discussed mainly on the political aspects of the question, the Cabinet agreed --

(a) To leave the Bill on the list of measures which might be dealt with during the present Session of Parliament;

(b) That the Prime Minister should see Mr. Morrison at an early date and inform him that if more time than two days was required for the passage of the remaining stages of the Bill through the House of Commons, it would be dropped;

(c) That the President of the Board of Trade should get in touch with certain interests with whom he had been in communication on the subject;

(d) That the question should be brought up at the next meeting of the Cabinet.
6. The Cabinet had before them a Memorandum by the Secretary of State for Dominion Affairs, (Paper No. C.P. 212 (31)), on the Statute of Westminster, covering a copy of the draft Bill. In this Memorandum the history of the question was set forth in detail and explanations were given as to the reasons for the various provisions. It was mentioned that one point in connection with the drafting of the Bill, namely, the precise form of Clause 9, which deals with the position in Australia as between the Commonwealth and the States, was still outstanding. Telegraphic communications were passing with the Australian Government, who are consulting with the State Governments, and it was hoped that a satisfactory agreement would shortly be reached on the basis of the Clause as now drafted. The Secretary of State for Dominion Affairs now asked for the authority of his colleagues for the introduction of the Bill into Parliament as soon as possible in the forthcoming Session, with the object of securing its passage, in accordance with the recommendation of the Imperial Conference of 1930, by the 1st December next.

The Secretary of State for Dominion Affairs gave explanations and answered questions as to the scope of the Bill. An undertaking had been given that the Bill would be passed by December 1st, because the Irish Free State
representatives at the Imperial Conference had expressed great anxiety that the Bill should become law before the General Election in Ireland, which it was then thought might take place at the beginning of 1932. He now understood that the General Election was not expected to take place until the middle of the year, and if so there was not the same urgency from this point of view, and in the last resort it would seem to suffice if the Bill were passed into law at the end of December.

The Cabinet agreed —

(a) That the Statute of Westminster should remain on the list of Bills to be passed into law if possible during the present Session of Parliament, and that advantage should be taken of any opportunity that might present itself in the Parliamentary time-table for passing it through its various stages;

(b) That the agreement as to British Commonwealth merchant shipping should be signed by the time the Bill receives the Royal Assent, since the agreement pre-supposes that it should come into operation at the same time as the Statute of Westminster; and that the Secretary of State for Dominion Affairs should take such steps as he might think advisable to secure that there should be no delay in signature.
7. As it was not essential that this Bill should be passed into law before December 31st, the Cabinet invited the Minister of Health to consider whether it must be introduced during the present Session, or could be left over until a later Session of Parliament.
8. As the Expiring Laws Continuance Bill need not be passed before December 31st, the subject was left over for the present.
9. The Cabinet were informed that the Public Works Loans Bill was down for discussion the same evening and might possibly be taken. The Bill would remain on the list and would be introduced at the first possible moment.
10. The Appropriation Bill was kept on the list of measures that must be introduced during the present Session.
The Secretary of State for Scotland explained to the Cabinet that many endowments in Scotland were being wastefully administered, and a Commission had been established to consolidate them and turn them to better use. The Commission had done most admirable work, but unless the statutory powers under which it worked were extended, would come to an end this year. In that event it would be necessary to dismiss the staff, although it was almost certain that in a new Parliament the work would have to be started again. He was, therefore, most reluctant to interrupt it, even though the cost was £4,100 a year. He thought the Bill was not likely to prove controversial. The Bill consisted of only one operative clause and was down for second reading.

The Cabinet agreed --

That the Secretary of State for Scotland should make enquiries as to whether the Bill was likely to meet with opposition, and, in the contrary event, should be authorised to introduce it during the present Session of Parliament.
12. In view of the fact that the present Government had been formed for the single purpose of dealing with the financial situation, the Cabinet agreed with a proposal by the Home Secretary -

"to withdraw the Sunday Performances (Regulation) Bill and to substitute a new Bill which would maintain the status quo for a period of one year."

Note: The Prime Minister suggested that the Home Secretary should circulate a new Bill before withdrawing the previous Bill.
13. The Cabinet agreed -

That it was desirable to pass the Merchant Shipping (Safety and Load Line Conventions) Bill during the present Session and that the President of the Board of Trade should see Mr. Graham with a view to securing its passage if possible without opposition.
14. The Cabinet approved a proposal by the Minister of Health to drop the Town and Country Planning Bill.

(Previous Reference: Cabinet 37 (31), Conclusion 1).
OTHER BILLS ON THE ORDER PAPER.

15. The Cabinet agreed -

That the Parliamentary Secretary to the Treasury should be authorised to move that Bills on the Order Paper, other than those otherwise provided for above, should be discharged.
16. The Secretary of State for India said that it had been proposed to him that he should introduce a Bill for removing the statutory safeguards possessed by the Indian Services against a reduction in their salaries.

After discussing the question with his advisers, he had come to the conclusion that it was both unwise and unpractical to introduce such legislation.

The Cabinet agreed with the above view.
17. After hearing a statement by the Home Secretary, the Cabinet agreed -

(a) That the Supply and Transport Committee, which had existed under previous Governments, be re-constituted as follows:

The Home Secretary (Chairman),
The President of the Board of Trade,
The Secretary of State for Scotland,
The First Lord of the Admiralty,
The Secretary of State for War,
The Secretary of State for Air,
The Minister of Health,
The Minister of Labour,
The Minister of Transport,
The Financial Secretary to the Treasury,
The Secretary for Mines,
The Chief Civil Commissioner (Minister to be appointed).

(b) That the Government Departments concerned should, under the general co-ordination of the Committee, bring up-to-date the arrangements with which the Committee deals, but that no action should be taken involving publicity;

(c) That the Committee should consider the appointment of a Chief Civil Commissioner (the Cabinet were reminded that Sir William Mitchell-Thomson had been Chief Civil Commissioner under a previous Government).
18. The Chancellor of the Exchequer informed the Cabinet that it was his intention to circulate a memorandum, giving particulars as to the recent loan concluded in Paris.

The Prime Minister instructed the Secretary to keep the subject of the Financial and Political Situation on the Agenda Paper of the Cabinet.
19. The Lord President of the Council said that he had heard that a proposal had been made for some reduction in the United Kingdom's contribution to the expenditure of the War Graves Commission. He recalled that similar proposals had been made in the past, and he reminded the Cabinet that they had invariably been rejected, and that very strong feeling, both in the United Kingdom and in the Dominions, was liable to be aroused by any such suggestions. The Chancellor of the Exchequer undertook to look into the question in the light of the short discussion that took place.
20. The Cabinet had before them a Note by the Secretary of State for Air on Future Airship Policy, (Paper No. C.P. 224 (31)). In this Note the Secretary of State formulated in detail the precise nature of his proposals in regard to future airship policy, since the statement made in the House of Commons on the 12th May, which was quoted in the Cabinet Minute referred to in the margin, did not contain details of the more modest policy which the Cabinet had adopted.

The first point dealt with in the Note was in connection with the future of the airship bases at Cardington and overseas. After reference to proposals he had made to the late Cabinet, the Secretary of State stated that, in the absence of directions to the contrary, he would assume that the intention of the Cabinet was that Cardington and the overseas bases are to be retained for the time being on a minimum "care and maintenance" basis, and not disposed of.

The Note also raised the question of the manner in which the new policy was to be announced. The method which the Secretary of State preferred was that the Chancellor of the Exchequer should make brief mention of the matter in his speech outlining the measures of economy upon which His Majesty's Government have decided; but if this did not commend itself, he suggested that a Question should be arranged in the Lords or Commons which would be dealt with on the lines of a draft Question and Answer attached to the Note.

After a short discussion with the Secretary of State for Air the Cabinet agreed:

(a) That the airship bases at Cardington and overseas should be retained for the time being on a minimum of "care and maintenance" basis and not disposed of.
(b) That the Prime Minister in introducing the Economy Bill on Friday, September 11th, 1931, would make an appropriate announcement of the Government's policy on airships.

(c) That the Secretary of State for Air should provide the Prime Minister with the necessary material.

(d) That the Secretary of State for Dominion Affairs and the Secretary of State for India should make appropriate communications on the subject of the Government's airship policy to the Dominions and India, respectively, without delay.
21. After discussing with the President of the Board of Education the question of the most suitable form in which the details of the economies in education could best be communicated to the Local Education Authorities, as well as to members of Parliament (who are receiving many letters on the subject), without creating an inconvenient precedent to other Government Departments,

The Cabinet agreed:—

That the President of the Board of Education should issue a circular to Local Education Authorities and should communicate a copy to all members of Parliament for their information.
22. The Cabinet had before them a copy of a letter which, with the approval of the Cabinet, the Minister of Health proposed to address to Local Authorities in England and Wales on the subject of Local Expenditure (Paper No. C.P. 225 (31)).

The Cabinet approved the letter referred to above.
23. The Cabinet accepted the view of the Home Secretary, that in view of the pressing need for economy, it would not be right to appoint a Departmental Committee to consider the question of the Summary Jurisdiction "Appeals" Bill as promised by the late Government, since the only recommendation the Committee could make, if it made one at all, must lead to a new burden being thrown upon public funds.

The Home Secretary was asked to explain the position to Sir John Withers, who was the spokesman to the Bill.
24. The Cabinet invited the Secretary of State for Foreign Affairs to consider, in the light of certain information which the First Lord of the Admiralty had communicated to the Secretary of State for India, whether it would be desirable by Question and Answer in Parliament or otherwise to make clear that the Government does not favour a postponement of the Disarmament Conference.
The Cabinet agreed:

To follow the custom of previous Governments in holding a weekly meeting of the Cabinet on Wednesdays at 11 a.m., and that special meetings to consider particular questions should be held in the intervals on such days as the Prime Minister might decide.

2 Whitehall Gardens, S.W.1.

9th September, 1931.