CABINET 19 (32).

Meeting of the Cabinet to be held at No. 10
Downing Street, S.W.1, on WEDNESDAY,
March 23rd, 1932, at 11.0 a.m.

AGENDA.

1. FOREIGN AFFAIRS. (If required).

2. IMPERIAL DEFENCE POLICY: THE FAR EAST.

(Reference Cabinet 17 (32), Conclusion 1)

(i) Annual Review for 1932 by the Chiefs of Staff.

Note by the Secretary, covering Report by the
Chiefs of Staff Sub-Committee of the Committee
of Imperial Defence.
(C.P. 104 (32) - already circulated).

Note by the Treasury, circulated by request
of the Chancellor of the Exchequer.
(C.P. 105 (32) - already circulated).

Note by the Secretary, covering extract from
Draft Conclusions of 255th Meeting of the
Committee of Imperial Defence.
(C.P. 112 (32) - to be circulated).

(ii) The Situation in the Far East.

Note by the Secretary, covering Report by the
Chiefs of Staff Sub-Committee of the Committee
of Imperial Defence.
(C.P. 104 (32) - already circulated).

Note by the Secretary, covering extract from
Draft Conclusions of 255th Meeting of the
Committee of Imperial Defence.
(C.P. 113 (32) - to be circulated).

(iii) Economic Sanctions against Japan.

To take note of:

Note by the Secretary, covering Report of a
Sub-Committee of the Committee of Imperial
Defence.
(C.P. 92 (32) - already circulated).
3. DISARMAMENT.

(Reference Cabinet 17 (32), Conclusion 1).

The Disarmament Conference - General Summary

Memorandum by the Secretary of State for Foreign Affairs.
(C.P. 110 (32) - to be circulated).

Disarmament and Sanctions.

Memorandum by the Secretary of State for Dominion Affairs.
(C.P. 95 (32) - already circulated).

Air Disarmament and the Abolition of Bombing Aircraft.

Memorandum by the Secretary of State for Air.
(C.P. 82 (32) - already circulated).
(See also Cabinet 9 (32), Conclusion 12).

4. THE ECONOMIC RESTORATION OF THE DANUBIAN STATES.

(Reference Cabinet 18 (32), Conclusion 1).

(1) Question to be raised by the President of the Board of Trade re (b) of the above Conclusion; also

(2) Note by the President of the Board of Trade.
(C.P. 103 (32) - already circulated).

5. THE IMPORT DUTIES BILL: PROPOSED PREFERENCE TO PALESTINE.

(Reference Cabinet 17 (32), Conclusion 3).

6. ECONOMIES IN POLICE EXPENDITURE.

Memorandum by the Home Secretary,
(C.P. 94 (32) - already circulated).

7. SUNDAY PERFORMANCES BILL.

(Reference Cabinet 92 (31), Conclusion 9).

Memorandum by the Home Secretary covering draft Bill.
(C.P. 100 (32) - circulated herewith).

8. ARMY AND AIR FORCE (ANNUAL) BILL.

Memorandum by the Secretary of State for War covering draft Bill.
(C.P. 106 (32) - already circulated).
9. INDIANISATION IN THE INDIAN ARMY.

Note by the Secretary, covering:-

(i) Note by the Chairman of the Defence of India Sub-Committee of the Committee of Imperial Defence.

(ii) Extract from Draft Conclusions of 255th Meeting of the Committee of Imperial Defence.

(C.P. 111 (32) - to be circulated).

10. INDIA: THE COMMUNAL PROBLEM.

(Question to be raised by the Secretary of State for India).

TO TAKE NOTE OF:

11. SITUATION IN INDIA.

Note by the Secretary of State, covering Reports by Local Governments.

(C.P. 108 (32) - circulated herewith).

12. ANGLO-DANISH COMMERCIAL RELATIONS.

Memorandum by the President of the Board of Trade.

(C.P. 107 (32) - already circulated).

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

2 Whitehall Gardens, S.W.1.
March 22nd, 1932.
CABINET 19 (32).

Meeting of the Cabinet to be held at 10, Downing Street, S.W.1., on WEDNESDAY, March 23rd, 1932, at 11.0 a.m.

ADDENDUM TO REVISED AGENDA.

Add the following new Item:­

IRISH FREE STATE: POLITICAL SITUATION IN.

(Reference Cabinet 17 (32), Conclusion 7).

Memorandum by the Secretary of State for Dominion Affairs.

(C.P. 114 (32) - to be circulated).

NOTE: This Paper will not be ready for circulation until to-morrow, Wednesday, morning.

(Signed) M.P.A. HANKEY,

Secretary, Cabinet.

2, Whitehall Gardens, S.W.1.

22nd March, 1932.
CONCLUSIONS of a Meeting of the Cabinet held at 10, Downing Street, S.W.1., on WEDNESDAY, 23rd March, 1932, at 11.0 a.m.

PRESENT:—

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

The Right Hon. Neville Chamberlain, M.P., Chancellor of the Exchequer.

The Right Hon. The Viscount Hailsham, Secretary of State for War.

The Right Hon. Sir Samuel Hoare, Bt., G.B.E., C.M.G., M.P., Secretary of State for India.


The Right Hon. Sir Archibald Sinclair, Bt., C.M.G., M.P., Secretary of State for Scotland.

The Right Hon. Walter Runciman, M.P., President of the Board of Trade.


The Right Hon. Sir John Gilmour, Bt., D.S.O., M.P., Minister of Agriculture and Fisheries.


1. The Secretary of State for Foreign Affairs reported that he was pursuing the question of the economic restoration of the Danubian States on the lines of the policy approved by the Cabinet at the Meeting referred to in the margin. He had received a personal letter from M. Tardieu, who was pressing for a definite answer whether the proposed Conference on Danubian Relations should be inaugurated by a communication from the four Great Powers inviting the five Danubian States to meet amongst themselves, or whether a Round-Table Conference of all nine Powers was in contemplation. After discussing the matter with Sir Frederick Leith-Ross he had come to the conclusion that the most useful plan would be to suggest that the four Great Powers concerned should consult together in order to discover what would be the best means of solving the Danubian difficulties, and he had sent a private letter to M. Tardieu to this effect.

The Secretary of State for Foreign Affairs also indicated that M. Tardieu still had some idea of paying a visit to London after Easter.

The Prime Minister thought this was an excellent idea, provided that it could be arranged without exciting undue expectations.

A little later in the Meeting the Cabinet took note of the following documents circulated by the President of the Board of Trade with C.P.-103 (32):

(i) A Note on Commercial Agreements existing between the United States of America and the Danubian countries:

(ii) Statistics of United Kingdom trade with the Danubian countries:

(iii) Statistics of the trade of Czecho-Slovakia with the other Danubian countries.
2. The Cabinet had before them the following documents relating to Imperial Defence Policy, more particularly with reference to the assumption governing the Estimates of the Defence Services and the Imperial Defence situation in the Far East:

A Most Secret Report by the Chiefs of Staff Sub-Committee of the Committee of Imperial Defence (C.P.-104 (32), covering C.I.D. 1082-B):

A Most Secret Note by the Treasury, circulated by request of the Chancellor of the Exchequer (C.P.-105 (32), covering C.I.D. 1087-B):

An Extract from the draft Minutes of the 255th Meeting of the Committee of Imperial Defence, the Conclusions of which were as follows:

(1) To accept the following conclusions contained in paragraph 40 of the Chiefs of Staff Annual Review for 1932 (C.I.D. Paper No.1082-B):

(a) That the assumption governing the Estimates of the Defence Services, that from any given date there will be no major war for ten years, should be cancelled.

(b) That a start should be made in providing for commitments which are purely defensive, including the defence of bases. First priority should be given to requirements in the Far East, on which we are submitting a separate report.

(c) That a decision should not be delayed until the results of the Disarmament Conference are known. Recent events in the Far East are ominous. We cannot ignore the Writing on the Wall.

(2) That the Annual Review, together with the above Minute, should be referred for the consideration of the Cabinet.

A Secret Report by the Chiefs of Staff Sub-Committee of the Committee of Imperial Defence on the Situation in the Far East containing recommendations as to the defence of Singapore.
An Extract from the draft Minutes of the 255th Meeting of the Committee of Imperial Defence (C.P.-115 (32)) containing the following Conclusion:

"Pending the Report of the Coast Defence Sub-Committee, the Committee of Imperial Defence reached no conclusion on the recommendations contained in the Report of the Chiefs of Staff Sub-Committee on the measures for increasing the security of Singapore, Hongkong and Trincomali (C.I.D. 1084-B), but agreed that the Report should at once be brought to the notice of the Cabinet".

No dissent was expressed from the acceptance by the Committee of Imperial Defence of the recommendation of the Chiefs of Staff Sub-Committee in favour of the cancellation of the assumption on which the Estimates of the Defence Departments have been based in recent years. The Cabinet recognised, however, that this must not be taken to justify an expanding expenditure by the Defence Services without regard to the very serious financial and economic situation that still obtains. The Cabinet felt, also, that the whole subject, which was closely connected with the question of Disarmament, required further exploration.
The Cabinet agreed —

(a) That the whole of the above Reports should be referred for early consideration by the Disarmament Conference Ministerial Committee:

(b) That in considering the Reports the Committee could assume the abandonment of the assumption governing the Estimates of the Defence Services during the last few years, that at any given date there will be no major war for ten years.

(NOTE: The Prime Minister mentioned that he might find it convenient to arrange during the Recess for a Meeting of those members of the Disarmament Conference Ministerial Committee who were within reach of London. If such a Meeting took place, a full report would be made to the Committee, and he hoped that this course would be agreeable to his colleagues.)
3. The Cabinet took note of a Most Secret Report of the Advisory Committee on Trade Questions in time of war, (Committee of Imperial Defence), dealing with the effect of economic sanctions against Japan, (Paper No. C.P. 92 (32), covering C.I.D. 1083-B).
4. The Cabinet had before them the following documents on the subject of Disarmament:

A Memorandum by the Secretary of State for Foreign Affairs, containing a general summary on the position at the Disarmament Conference, (Paper No. C.P. 110 (32));

A Memorandum by the Secretary of State for Dominion Affairs on the question of Disarmament and Sanctions, (Paper No. C.P. 95 (32));

A Memorandum by the Secretary of State for Air on Air Disarmament and the Abolition of Bombing Aircraft, (Paper No. C.P. 82 (32)).

The Prime Minister informed the Cabinet that this subject had been placed on the Agenda Paper as it had been thought possible that the Disarmament Conference Ministerial Committee might have a report to make. The Committee, however, had met and had adjourned until Monday, April 4th, when material for a Report would be laid before them. The various issues raised in the Memoranda before the Cabinet were on the Agenda Paper of the Cabinet Committee.
5. The Secretary of State for the Colonies, who spoke on this question in the absence of the Lord Chancellor, said that the Cabinet Committee was not in a position to report its recommendations that day. The Law Officers of the Crown had confirmed the Opinion of their predecessors and had advised that there was a substantial risk in granting Tariff Preferences to Palestine, since we might be brought before the Hague Court and become liable in damages both in respect of the amount of the Duty actually obtained and the loss of trade resulting from the Duty. In view of this Opinion the Committee had met and had come to the conclusion that it was impossible to proceed with the matter at present. A suggestion had then been laid before them that instead of imposing a Duty it might be well to approach the foreign countries principally concerned in the import of oranges (Spain, Italy and Brazil) and then take the matter to the Hague Court for an anticipatory Judgment. At this point the attention of the Committee had been drawn to a difficulty which had arisen in connection with the preparations for the Ottawa Conference, namely, that certain foreign countries were reported to claim the right, under their Most-Favoured-Nation Agreements, to any Preferences granted to the Dominions owing to the status conferred on the Dominions by the Statute of Westminster. The Committee on Preferences to Palestine had thought it worth while to postpone their own recommendation until they were in a position to consider the
bearing thereon of a Report on this latter subject which was being compiled by an Inter-Departmental Committee.

In the course of a short discussion the suggestion was made to the Cabinet, and was supported by the Secretary of State for Foreign Affairs, that it might be a good plan to inform the French Government of our desire to give a Preference to Palestine, since they might be interested in the same way from the point of view of Syria.

This latter suggestion commended itself to the Cabinet, both from the point of view of good neighbourliness and of a possible reference to the Hague Court. They did not feel able to pursue the general question further pending the Report of the Cabinet Committee. The Cabinet, however, agreed that the Secretary of State for Dominion Affairs should be added to the Committee on Preferences to Palestine, set up on February 17th (Cabinet 14 (32), Conclusion 9).
6. The Cabinet had before them a Memorandum by the Home Secretary, (Paper No. C.P. 94 (32)), on the subject of Economies in Police Expenditure, at the end of which he made the following proposals:

(1) The deductions from police pay should remain at the present rates (apart from any minor adjustments which may be recommended by the Police Council when the matter comes up for review), and the reduced rates of pay for new entrants should also remain as at present pending the contemplated review of the whole question. (The reduction is to 55/- a week from 70/- a week on first appointment.)

(2) Certain economies, already discussed with the Police Council, should be secured by administrative measures.

(3) I should bring before the Police Council, who have a statutory right to be consulted on matters affecting police pay, this proposal; that instead of half the advantage of the present deductions from pay accruing to the Exchequer and half to the Local Authorities, the proportion should be changed to three-quarters and one-quarter respectively. (Even that quarter will be in the nature of a windfall to the Local Authorities; and, in almost all cases, it will be above, or on a par with, the saving they are effecting from deductions in the pay of their own employees).

(4) These steps will enable the Exchequer to receive in full the annual saving previously estimated. I would add that in point of fact the Exchequer will be receiving in 1932-33 about £300,000 more; as, owing to a change arranged some time ago in the method of calculating the advances of police grants to the Local Authorities, there will be a lag of that amount. But this will not recur.

It was added in the Memorandum that unless the above course was pursued the Police Force as a whole is likely to feel seriously grieved, with the possibility of undesirable consequences.
In view of the possible reactions on the economies of other Government Departments which are involved in the Home Secretary’s proposals, the Cabinet felt that the subject required detailed exploration and agreed—

That the proposals contained in C.P.—94 (52) should be referred to a Committee of the Cabinet composed as follows:—

The Chancellor of the Exchequer (In the Chair),
The Home Secretary,
The Secretary of State for War,
The Secretary of State for Scotland,
The Minister of Health,
The President of the Board of Education,
The Minister of Labour—

with instructions to report as soon as possible.
7. The Cabinet had before them a Memorandum by the Home Secretary, (Paper No. C.P. 100 (32)), covering a draft of the Sunday Performances (Regulation) Bill, and asking the approval of the Cabinet to the immediate introduction of the Bill with a view to its being available for Second Reading should an opportunity offer soon after the Easter Recess.

The Prime Minister informed the Cabinet that he had approved this question being brought before the Cabinet without first being examined by the Committee of Home Affairs for the reason that the new Bill, subject to a few drafting amendments of minor importance, was in identical terms with Mr Clynes' Bill as amended in Committee of the House of Commons. He recalled the following Conclusion that had been taken by the Cabinet at the Meeting referred to in the margin:

"(b) That the Bill should be introduced as a Government measure but should not be supported by the Government Whip".

It followed, in consequence, that the ordinary Ministerial obligations of united support did not apply.

The Home Secretary informed the Cabinet that he had arranged for the Bill to be introduced by the Parliamentary Under-Secretary of State for the Home Department, who would be in charge of it during its passage through Parliament.

The Cabinet agreed —

(a) To authorise the immediate introduction, by the Parliamentary Under-Secretary of State for the Home Department, of the Sunday Performances (Regulation)
Bill in the form attached to C.P.-100 (32), subject to any minor drafting alterations that might be found necessary or desirable:

(b) To reaffirm their previous decision:

"That the Bill should be introduced as a Government measure but should not be supported by the Government Whip."
8. The Cabinet had before them a Memorandum by the Secretary of State for War, (Paper No. C.P. 106 (32)), covering a draft of the Army and Air Force (Annual) Bill. The Memorandum drew attention to certain amendments consequent on the passing of the Statute of Westminster and others to establish beyond all doubt that entertainments under the direct control of the Service Authorities are exempt from the Sunday Observances Act and from the Cinematograph Acts of 1909, 1922 and 1927, so far as regards the using of premises for the purpose of such entertainments.

The Secretary of State asked for the authority of the Cabinet for the circulation of the Bill at the earliest opportunity.

The Cabinet approved the introduction of the Army and Air Force (Annual) Bill in the form attached to C.P.-106 (32).
9. The Cabinet had before them the following documents relating to Indianisation of the Indian Army:

(i) A Note by the Chairman of the Defence of India Sub-Committee of the Committee of Imperial Defence, (C.I.D. 180-D);

(ii) An extract from the draft Conclusions of the 255th Meeting of the Committee of Imperial Defence;

Both the above were included in C.P. 111 (32).

The Cabinet approved the recommendation of the Committee of Imperial Defence that His Majesty's Government's responsibilities in India are, and will remain, such that they cannot conceive that they or their successors could spare any effort, in the event of grave emergency, to secure her safety.
10. The Secretary of State for India recalled that the Prime Minister, in his statement on behalf of the Government at the close of the last Session of the Indian Round Table Conference, had not concealed his conviction that the communal problem was above all one for agreement among the Indian communities. He had, however, made it clear that His Majesty's Government were determined that failure on their part to reach a settlement would not be permitted to be a bar to progress, and that in that event His Majesty's Government would be compelled to apply a provisional scheme. The Consultative Committee of the Round Table Conference in India had been unable to reach any agreement themselves and had sent a request asking His Majesty's Government to admit that the period allowed to the Indian communities had come to an end, that the Indian communities had failed to agree, and that they themselves must now announce a decision. The Mohammedans had indicated that if some statement were made they would not press the Government unduly as to the date of their announcement. Last week, however, he had received personal and official telegrams from the Viceroy to the effect that, unless an undertaking to issue a decision was made before the Mohammedan Conference at Lahore on March 21st, the Mohammedan communities would probably not co-operate further in the work of the Round Table Conference Committees. The Viceroy had asked for a declaration, which went further than the Cabinet Committee on India were willing to accept. Eventually the Cabinet
Committee had approved a more moderate declaration, which had been made by the Viceroy and published. At first the effect of this appeared to have been good, but to-day's press indicated that the Mohammedan Conference had got into difficulties, which was not unusual at Indian Conferences. He was satisfied, however, that no more explicit statement could have been issued at the present time.

The Secretary of State for Foreign Affairs urged the importance of defining the scope of any decision which might be issued, and the subjects to which it would extend. Otherwise there was a danger of His Majesty's Government being accused of bad faith unless they agreed to settle all kinds of questions that the Indians ought to settle themselves.

The Secretary of State for India said he had forwarded to the Prime Minister a draft of a telegram to the Viceroy on this subject, and, at the request of the Prime Minister, he undertook to send a copy of the draft also to the Secretary of State for Foreign Affairs.

The Secretary of State for India also stated that, in the course of the Debate on India in the House of Commons on the morrow, he proposed to emphasise that the Government still considered 'all-India federation' as the most hopeful line of advance, that is to say, he would reiterate the previous position of the Government.

The Cabinet took note of and approved the above statement by the Secretary of State for India.
11. The Cabinet took note of Reports by the Local Governments on the Situation in India, circulated by the Secretary of State for India with C.P. 108 (32).

(Previous Reference: Cabinet 18 (32), Conclusion 9).
12. The Cabinet took note of a Memorandum by the Secretary to the Department of Overseas Trade, circulated by the President of the Board of Trade with C.P. 107 (32), describing the development of Anglo-Danish Commercial Relations.
The Cabinet had before them a Memorandum by the Secretary of State for Dominion Affairs (C.P.-114 (32)) containing the text of a Memorandum communicated to him the previous afternoon by the High Commissioner for the Irish Free State, together with the following statement that, subject to the approval of the Cabinet, he proposed to make in the House of Commons the same afternoon in reply to a Private Notice Question:

"The High Commissioner for the Irish Free State in answer to my enquiries yesterday informed me that, in the opinion of his Government, the Oath of Allegiance is not mandatory in the Treaty and that the Irish Free State have an absolute right to modify their Constitution as the people desire. His Majesty's Government in the United Kingdom have received this information with deep regret. In their view the Oath is an integral part of the Treaty made ten years ago between the two countries and hitherto honourably observed on both sides. They are addressing to His Majesty's Government in the Irish Free State a communication which will make their standpoint clear beyond a possibility of doubt.

His Majesty's Government in the United Kingdom further understand from a statement made by Mr de Valera in Dublin that the Irish Free State Government propose to retain the Land Annuities.

As to these, His Majesty's Government in the United Kingdom wish to make it clear that they consider that they have an entirely valid claim to payment. Their answer on this point will be no less emphatic."

The Secretary of State for Dominion Affairs informed the Cabinet that the Irish Free State High Commissioner, before leaving for Dublin a fortnight ago to meet Mr. de Valera, had promised to report to him on his return. When he had seen
him yesterday the High Commissioner had made quite
clear that he was addressing him as High Commissioner,
and speaking for the Irish Free State Government.
He said that in case an answer was to be sent to
the document handed to him by Mr. Dulanty, he was
having it drafted, in consultation with the Law
Officers of the Crown. He thought it important,
however, that the Cabinet Committee should be
asked to approve the reply before it was sent.
He mentioned the possibility that Mr. de Valera
might desire a change in the Governor-General,
but this, though it gave rise to serious difficulties,
was not a matter in which His Majesty's Government
could intervene.

The Cabinet directed its attention first
to the second part of the draft statement in
Parliament, contained in para. 8 of C.P. 114 (32),
dealing with the reported statement by Mr. de Valera
in Dublin that the Irish Free State Government
proposed to retain the land annuities.

The Chancellor of the Exchequer and the
Secretary of State for Foreign Affairs proposed
amendments.

The Cabinet then turned to the first part
of the draft statement, dealing with the Oath of
Allegiance. Some emphasis was placed on the
importance of the opening words, and discussion
took place as to the precise circumstances in
which the High Commissioner for the Irish Free
State had, on the previous day, come to hand to
the Secretary of State for Dominion Affairs the
statement reproduced in para. 2 of C.P. 114 (32).
The Cabinet agreed —

(a) That the Chancellor of the Exchequer, the Secretary of State for Foreign Affairs and the Secretary of State for War should collaborate with the Secretary of State for Dominion Affairs in settling the precise terms of the statement to be made by the latter in the House of Commons the same afternoon, on the questions of the Oath of Allegiance and the Land Annuities.

NOTE: A copy of the private notice Question and Answer, as approved immediately after the Meeting, by the above Members of the Cabinet, is attached in the Appendix to these Minutes.

(b) That the following should be added to the Cabinet Committee set up on March 2nd. (Cabinet 16 (32), Conclusion 3):

The Prime Minister,
The Lord President of the Council,
The Secretary of State for Foreign Affairs,

and that the terms of reference should be extended to empower the Committee "to consider the Irish situation that has now arisen, and to report to the Cabinet".

NOTE:— The composition of the Committee is now as follows:—

The Prime Minister,
The Secretary of State for Dominion Affairs,
The Lord President of the Council,
The Chancellor of the Exchequer,
The Home Secretary,
The Secretary of State for Foreign Affairs,
The Secretary of State for War,
The President of the Board of Trade,
The Lord Privy Seal.
14. The Chancellor of the Exchequer informed the Cabinet that the Board of Inland Revenue were on the point of paying to the Irish Free State a sum of about £200,000 under the Agreements for the relief of Double Taxation. Strictly speaking this amount was due to the executors of the late Lord Iveagh, who were, under decisions of the Irish Free State legal tribunals, liable to pay it to the Irish Exchequer. Under the normal practice the transfer would fall to be made direct between the two Exchequers.

In the view of the Inland Revenue the decision of the Irish Free State courts, under which the Iveagh family's liability had been established, was wrong, but the Iveagh family had no remedy against the Irish Free State, and once they paid they had a legal claim against the British Exchequer for recoupment. Although it was clear that the Irish Free State had acted in such a way that they would receive under the strict letter of the Taxation Agreements a sum of about £200,000, to which they had no moral claim, the Chancellor recommended that, having regard to the importance of avoiding even the shadow of a suggestion that we had hesitated to fulfil an agreement with the Irish Free State, the Inland Revenue should be authorised to pay.

The Cabinet approved the Chancellor's recommendation.
15. The Secretary of State for Air informed the Cabinet that a difficult situation had arisen in the House of Lords on the previous day, when criticism had been directed against the composition of a Committee of representatives of railway and road interests set up by the Minister of Transport, on the ground that representatives of Local Authorities ought also to have been included. The matter had not, he believed, ever been discussed at the Cabinet, and he had had to deal with it in Debate at very short notice, and without any real knowledge of the subject. A Government defeat in the House of Lords had been only narrowly averted. He suggested, therefore, that some organisation was necessary to enable the Cabinet to keep in touch with questions of transport policy.

The Cabinet were reminded that in some Governments arrangements had been made for the President of the Board of Trade to keep in close touch with transport questions when the Minister was not a Member of the Cabinet.

The Prime Minister said that the present understanding was that the Ministers outside the Cabinet should consult him on questions of policy. He undertook to discuss the matter with the Minister of Transport; and to consider whether any more detailed arrangements should be made for establishing closer contact between the Cabinet and Ministers at the head of Departments who were not Members of the Cabinet.
CAPTAIN PETER MACDONALD to ask the Secretary of State for Dominion Affairs (a question of which I have given him private notice) if he has had a communication from the Irish Free State Government regarding that Government's attitude towards Land Purchase Annuities due to this country and other Treaty obligations, and if so what was the nature of his reply.

I was officially informed yesterday by the High Commissioner for the Irish Free State that, in the opinion of his Government, the Oath of Allegiance is not mandatory in the Treaty, and that the Irish Free State have an absolute right to modify their constitution as the people desire.

It is manifest that the Oath is an integral part of the Treaty made ten years ago between the two countries and hitherto honourably observed on both sides. We are addressing to His Majesty's Government in the Irish Free State a communication which will make our standpoint clear beyond a possibility of doubt.

With regard to the land annuities, we have received no official communication from the Irish Free State Government, but from a statement reported to have been made yesterday by Mr. de Valera in the Free State Senate we understand that the Free State Government propose to retain the Irish land annuities.
These annuities are payments which the tenants of purchased estates make in order to repay the sums lent to them to buy their land. The Irish Free State Government are bound by the most formal and explicit undertaking to continue to pay the land annuities to the National Debt Commissioners, and the failure to do so would be a manifest violation of an engagement which is binding in law and in honour on the Irish Free State, whatever administration may be in power, in exactly the same way as the Treaty itself is binding on both countries.