CABINET 20 (32).

Meeting of the Cabinet to be held at No. 10, Downing Street, S.W.1., on WEDNESDAY, April 6th, 1932, at 11.30 a.m.

ADDENDA TO THE AGENDA.

(1) Add the following new papers:

ITEM 5: (Palestine - Government Policy).
Memorandum by the Secretary of State for the Colonies.
(C.P. 124 (32) - circulated herewith).

(2) Add the following new Item:

Sweepstakes and Lotteries.
Memorandum by the Home Secretary,
(C.P. 121 (32) - already circulated).

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

2, Whitehall Gardens, S.W.1.
5th April, 1932.
CABINET 20 (32).

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2, Whitehall Gardens, S.W.1.

5th April, 1932.
Meeting of the Cabinet to be held at No.10, Downing Street, S.W.1, on WEDNESDAY, APRIL 6th, 1932, at 11.0 a.m.

AGENDA

1. THE ECONOMIC RESTORATION OF THE DANUBIAN STATES: THE LONDON CONFERENCE.
   (Reference: Cabinet 19 (32), Conclusion 1.)

2. THE DISARMAMENT CONFERENCE. (IF READY.)
   (Reference: Cabinet 19 (32), Conclusion 4.)
   Memorandum by the Secretary of State for Foreign Affairs containing a general summary of the position at the Disarmament Conference.
   (C.P.-110 (32) – already circulated.)
   Memorandum by the Secretary of State for Dominion Affairs on the question of Disarmament and Sanctions.
   (C.P.-95 (32) – already circulated.)
   Memorandum by the Secretary of State for Air on Air Disarmament and the Abolition of Bombing Aircraft.
   (C.P.-82 (32) – already circulated.)
   Report of Cabinet Committee.
   (C.P.-119 (32) – to be circulated.)

3. THE SITUATION IN THE IRISH FREE STATE. (IF REQUIRED.)
   (Reference: Cabinet 19 (32), Conclusion 13.)

4. THE SITUATION IN THE FAR EAST. (IF REQUIRED.)
   (Reference: Cabinet 19 (32), Conclusion 2.)

5. PALESTINE: GOVERNMENT POLICY.
   Memorandum by the Secretary of State for the Colonies.
   (C.P.-115 (32) – already circulated.)

Continued.
6. OIL CONCESSIONS IN KOWEIT.

Memorandum by the Secretary of State for Foreign Affairs.
(C.P.-120 (32) - circulated herewith.)

7. NATIONAL HEALTH AND CONTRIBUTORY PENSIONS INSURANCE.

(Reference: Cabinet 16 (32), Conclusion 7.)

Memorandum by the Minister of Health.
(C.P.-118 (32) - already circulated.)

TO TAKE NOTE OF:

8. SITUATION IN INDIA.

(Reference: Cabinet 19 (32), Conclusion 11.)

Note by the Secretary of State for India, covering Reports by Local Governments.
(C.P.-117 (32) - already circulated.)

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

3, Whitehall Gardens, S.W.1.
April 4, 1932.
Conclusions of a Meeting of the Cabinet held at 10, Downing Street, S.W.1, on Wednesday, April 6th, 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., M.C., M.P., Secretary of State for India.


The Right Hon. Sir Archibald Sinclair, Bt., G.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.


The Right Hon. Sir Donald Maclean, K.B.E., M.P., President of the Board of Education.

The Right Hon. Sir Henry Betterton, Bt., C.B.E., M.P., Minister of Labour.
1. The Prime Minister made a verbal report on the main results of the Anglo-French Conversations held on Monday, April 4th, on the subject of a proposed Conference of Danubian States with a view to some amelioration of the financial and economic situation in Central Europe (Appendix 1).

In reply to questions the Prime Minister added that all reports of any figure of financial assistance to the Danubian States were incorrect. The United Kingdom representatives had reserved their decision, as he had reported at the end of his statement.

The Prime Minister invited his colleagues to study his statement, which would be circulated with the Minutes of the Meeting.
2. The Cabinet had before them the following documents relating to Disarmament:

- A Memorandum by the Secretary of State for Foreign Affairs (C.P.-110 (32)) containing a general summary of the position at the Disarmament Conference.
- A Memorandum by the Secretary of State for Dominion Affairs (C.P.-95 (32)) on the question of Disarmament and Sanctions.
- A Memorandum by the Secretary of State for Air (C.P.-88 (32)) on Air Disarmament and the Abolition of Bombing Aircraft.

The Prime Minister informed the Cabinet that the question of Disarmament, and more especially the attitude to be taken up by the United Kingdom Delegation on the resumption of the Conference at Geneva on April 11th, had been discussed by the Cabinet Committee on the previous afternoon. Owing to the late hour at which the Committee had adjourned and the large amount of ground covered, it had not been possible to circulate a Report in time for consideration by the Cabinet that morning. He proposed to circulate the Minutes and Conclusions of the Committee to the Cabinet as soon as possible, and he would ask the Cabinet to consider it at their next Meeting. If any modifications in the Conclusions of the Committee were found by the Cabinet to be necessary they would have to be transmitted to the United Kingdom Delegation by telegram. As the Cabinet Committee included ten members of the Cabinet he hoped that their views might commend themselves to their colleagues.

The Secretary of State for Air entered a caveat that there was one point, arising out of a Memorandum by the Chief of the Imperial General Staff circulated by the Secretary of State for War to the Disarmament Committee, on which he must reserve his opinion until he had seen the draft Minutes of the Committee.
The Secretary of State for Dominion Affairs handed round the reply of the Irish Free State Government, dated April 5, 1932, to the despatch of the Secretary of State for Dominion Affairs dated March 23rd, on the subjects of the Oath and Land Annuities. He pointed out that several questions arose for decision, including the date of publication of this despatch and his own despatch of March 23rd; the statement in paragraph 5 of the despatch under consideration that it was the intention of the Irish Free State Government, immediately on the reassembly of Parliament, to introduce a Bill for the removal of Article 17 of the Constitution, and for such consequential changes as may be required to make the removal effective; and paragraph 6, dealing with the Land Annuities. He suggested that the Cabinet Committee should meet as soon as could be arranged consistently with the many engagements of Ministers during the present week. He proposed to send a message to the Irish Free State Government to the effect that the United Kingdom Government would consider the despatch and reply later, adding such proposals as to publication as the Cabinet might approve. Pending the meeting of the Cabinet Committee, Officials of the Dominions Office were in consultation with the Attorney-General with a view to the preparation of a draft reply. He intended to reply to a Private Notice Question by the Leader of the Opposition in the House of Commons by stating that the despatch had been received and was under consideration.

On the question of publication it was noted that the despatch of the Irish Free State Government was a political manifesto addressed to Irishmen.
all over the world more than a reply to the despatch of the Secretary of State for Dominion Affairs. The question of its publication before that of our rejoinder therefore required careful consideration.

The Cabinet agreed —

(a) That the Cabinet Committee should meet on the following evening, Thursday, April 7th, at 9 p.m., in the Prime Minister's Room at the House of Commons, to consider the question of the publication of the despatch of the Irish Free State Government, and the reply to be made thereto:

(b) That the Attorney-General should be invited to attend the above meeting.
4. The Secretary of State for Foreign Affairs reported that at the moment there was no question connected with the Far East on which he desired to consult the Cabinet.
5. The Cabinet had before them two Memoranda by the Secretary of State for the Colonies (C.P. 115 (32), and C.P. 124 (32)), raising two questions of policy affecting Palestine on which he desired a decision by the Government, viz:—

(1) The setting up of a Legislative Council.

(2) Jewish immigration.

Details were included of the history of both these questions, as well as the views of the High Commissioner and the Secretary of State's own advice.

After discussion the Cabinet agreed:—

(a) That a Cabinet Committee, composed as follows:—

The Secretary of State for the Colonies (in the Chair),
The Home Secretary,
The Secretary of State for Dominion Affairs,
The Secretary of State for War,
The Minister of Labour,
The First Commissioner of Works,

should meet to consider the question of setting up a Legislative Council;

(b) To approve the policy on Jewish immigration proposed by the Secretary of State for the Colonies, namely, to maintain strictly the principle of absorptive capacity; to leave the final determination of facts relative to its application entirely in the hands of the High Commissioner and his officials acting under his direction; to encourage, as far as possible, co-operation between the Palestine Executive of the Jewish Agency and the Palestine Government in regard to Jewish immigration; and to continue, so far as the means of Palestine permit, the improvement in the machinery for determining factors necessary for the proper application of the principle of absorptive capacity.

NOTE:—It was arranged that the Palestine Committee should meet on Tuesday next, April 12th, at 11.0 a.m., in the Secretary of State's Room at the Colonial Office.
6. The Cabinet had before them a Memorandum circulated by the Secretary of State for Foreign Affairs (C.P.-180 (32)) on the subject of the Koweit Oil Concession.

In 1913 the Sheikh of Koweit, an independent ruler under British protection, gave an undertaking to grant no oil concession without His Majesty's Government's consent. In 1925 the Eastern and General Syndicate, a British concern, secured the consent of the Colonial Office to their negotiating with the Sheikh for an oil concession, no stipulation as to a British nationality clause being made with this consent. In 1930 the Syndicate, after discussions with the Sheikh, approached His Majesty's Government with a draft oil concession which they had made arrangements to transfer, if obtained, to American interests. They were then informed by the Colonial Office that any concession granted must contain a British nationality clause. The United States Government were urging that American interests should have equal opportunities with British interests and were pressing for a reply. The Secretary of State's view, from which the India Office and the Petroleum Department did not dissent, was stated as follows:

The Foreign Office have taken the view that a dog-in-the-manger attitude would be indefensible both vis-à-vis of the Americans and from the standpoint of the obligation of His Majesty's Government to consult the Sheikh's best interests. If the Anglo-Persian Oil Company put forward a satisfactory offer for a concession, well and good; if they do not, His Majesty's Government should not prevent the Sheikh from allowing any concession which he may give to be transferred to United States interests, if he wishes. In these circumstances the Foreign Office feel that His Majesty's Government should meet the United States Government's views to the extent of replying to Mr Atherton that they will not insist on the inclusion of a clause confining it to British interests, but that it
will naturally be necessary that any applications for a concession which may be forthcoming should be examined to see which, if any, would best serve the Sheikh's interests. It is proposed, also, to add that in any case, on many points, including those designed to safeguard the interests of His Majesty's Government and the Sheikh, the draft concession submitted by the Eastern and General Syndicate would need revision.

The Petroleum Department, in agreeing, quoted the following policy approved by the Committee of Imperial Defence and approved in principle by the late Government, subject to discussion at the Imperial Conference, viz.:–

(1) Foreign capital only to be admitted in cases where foreigners are citizens of countries granting similar advantages to British nationals.

(2) The company to be registered in British territory.

(3) The majority of the employees and at least some of the Directors, including, if possible, the local Managing Director, to be British subjects.

(4) At least 50 per cent. of the oil obtained to be refined on British territory, and the plant to be capable of producing fuel oil, suitable for Admiralty use.

(5) His Majesty's Government to retain the right of pre-emption in case of emergency.

The Admiralty, however, it was stated in the Memorandum, argued that – (a) great difficulties would arise from the obligation to protect United States interests on the mainland of Arabia; (b) it is essential to control any oil production in Koweit, as being particularly favourably situated from the Admiralty point of view. They therefore proposed that any oil concession in respect of Koweit should contain, besides the five conditions laid down under the Petroleum Department's policy referred to above, a stipulation that over 50 per cent. of the capital should be British. This,
according to the Memorandum, would amount to the application of the old policy of absolute British control that had preceded the policy approved by the Committee of Imperial Defence.

The Air Ministry supported the Admiralty generally in desiring the maintenance of British control.

The First Lord of the Admiralty informed the Cabinet that, as the Secretary of State for Foreign Affairs was prepared to accept the conditions laid down by the Committee of Imperial Defence, the Admiralty would withdraw their insistence on more than 50 per cent. of the capital being British.

The Secretary of State for Air associated himself with the First Lord of the Admiralty.

The Cabinet felt that, before a final decision was taken, it would be advisable to ascertain the attitude of the Anglo-Persian Oil Company towards the question. They therefore agreed —

(a) That the Secretary of State for Foreign Affairs should take immediate steps to ascertain through Sir John Cadman the position of the Anglo-Persian Oil Company towards this question;

(b) That, unless as the result of the above consultation new considerations were raised which led him to alter his view or to desire to consult the Cabinet again, he should be authorised (as suggested in para. 3 of C.P.-120 (32)) to meet the United States Government's views to the extent of replying to Mr. Atherton that they will not insist on the inclusion in any concession of a clause confining it to British interests, but that it will naturally be necessary that any applications for a concession which may be forthcoming should be examined to see what, if any, would best serve the Sheikh's interests.

It is proposed also to add that in any case, any point, including those designed to safeguard the interests of the Government and the Sheikh, the draft clauses submitted by the Eastern and General Syndicate would need revision.
The Cabinet had before them the following document relating to National Health and Contributory Pensions Insurance:—

A Memorandum by the Minister of Health (C.P.-118 (32)) recalling an earlier intimation that it would probably be necessary to introduce a Bill on National Health Insurance owing to the serious effect on the finances of Approved Societies resulting from

(a) very heavy expenditure on sickness and disablement benefits of women, particularly married women, and

(b) very serious loss of contribution income by reason of unemployment.

The Approved Societies were pressing for immediate remedial legislation, and the opportunity of such legislation could be taken to deal with the question of prolongation of insurance, now depending on a temporary enactment for the period ending 31st December next.

As regards women's contributions and benefits, after setting forth all the considerations involved, the Minister of Health advised that the rates of benefit for women should be fixed as follows:—

<table>
<thead>
<tr>
<th>Category</th>
<th>Benefit</th>
<th>Present Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Women Sickness Benefit</td>
<td>£12 per week</td>
<td>£12.00</td>
</tr>
<tr>
<td>Disablement</td>
<td>£6 per week</td>
<td>£7.6d</td>
</tr>
<tr>
<td>Married Women Sickness Benefit</td>
<td>£10 per week</td>
<td>£12.00</td>
</tr>
<tr>
<td>Disablement</td>
<td>£5 per week</td>
<td>£7.6d</td>
</tr>
<tr>
<td>Maternity Benefit</td>
<td>£2 per case</td>
<td></td>
</tr>
</tbody>
</table>

As regards the effect of unemployment on National Health Insurance, the Minister, with great reluctance, had come to the conclusion that arrears due to unemployment could no longer be completely excused. He proposed, accordingly, that they should in future be excused only to the extent of one-half, so that one-half the cost would be borne on the funds of the Societies and the remaining half by the individual insured person himself. This would involve either the making by the insured person of a moderate cash payment of a few shillings to be paid over four months to redeem his arrears, or a corresponding reduction of his rate of benefit for the ensuing year. (Para. 19.)
In order to assist Societies to meet their share of the cost (about £1,000,000 a year) it was proposed that any Society which, on valuation, was found to be threatened with a deficiency as a result of this proposal should be entitled to relief out of the Central Fund, into which, in order to assist in meeting this additional liability, the unclaimed money from the sale of insurance stamps would be paid. This proposal was a matter of great urgency, as a new contribution year would begin in July and it was necessary that, well in advance of that date, the Approved Societies should be in a position to notify their members of the new provisions.

As regards the question of continuance of insurance, the Minister recalled that in November last the Cabinet had decided to provide for further prolongation of insurance until the end of the present year, at a cost to the Exchequer of about £110,000, as a purely temporary measure pending reconsideration of the whole question in the light of the Second Report of the Royal Commission on Unemployment Insurance. The Minister advised, however, that as amending Health Insurance legislation must be introduced at once to deal with the problem of women’s insurance and arrears, it was desirable to deal at the same time with the problem of duration of insurance and to put the scheme on a proper footing in this respect rather than to wait for the Report of the Royal Commission, which, he thought, was unlikely to bear on the subject. (Para. 25.)

The Minister proposed, as regards those unemployed persons who are due to go out of insurance at the 31st December next, that they should be continued in the insurance scheme for one further year to 31st December, 1933, and be entitled to Medical Benefit during that year (together with all pension rights) and, thereafter, if a man should die within one year of ceasing to be insured, his widow should remain entitled to her pension — that is to say, the genuinely unemployed man would have a free period of Health Insurance for a minimum of 3½ to 4 years, and for widow’s pension of between 4½ and 5 years. (Para. 27.)

The remaining proposals are stated in the Memorandum as follows:

-11-
After December, 1933, the permanent provisions of the 1928 Act would apply (i.e., continuance of insurance status for 2½ years on average) with the provision that the title to widow's pension would always persist for one year after the cessation from Health Insurance (i.e., 3½ years on average in all).

It is proposed that the cost of prolongation for the year 1933, so far as regards Health Insurance, should be borne on National Health Insurance funds generally through an adjustment of the transfer values which are carried to the Reserve Suspense Fund on the cessation of insurance.

The cost of the two years extension for Pensions during the first period of the operation of the Scheme, and one year's extension thereafter, would fall upon the Pensions Fund, and would, pro tanto, increase the liability of the Exchequer under that Scheme.

As a further and very attractive concession I would propose that in the case of re-entry to employment and insurance within a certain time the qualifying conditions for widows pensions should be the lapse of 26 weeks, and the payment of 26 contributions, after re-entry, instead of 104 weeks and the payment of 104 contributions as at present.

The Minister of Health invited the concurrence of his colleagues in the introduction of legislation on the above lines as soon as possible after the re-assembling of Parliament.

The Secretary of State for Scotland said that, on receipt of the Minister of Health's Memorandum, he had felt it necessary to summon advisers from Scotland. He had intended to circulate a Memorandum, but the Minister of Health's Paper had not been received in time to enable this to be done. He then made, at some length, a statement to the Cabinet, in which he accepted the proposals as regards Married Women, though realising that it entailed financial risk; but criticised and made alternative suggestions on various parts of the Minister of Health's proposals.
The First Lord of the Admiralty stated that there was a point in connection with Widows which affected the three Services.

The Minister of Health stated that he knew the point and was prepared to consider it.

Several details of the proposals were criticised by members of the Cabinet.

The Cabinet agreed —

(a) To approve the proposals of the Minister of Health as to Women's Contributions and Benefits and Arrears of Contributions due to unemployment:

(b) That the Minister of Health should be authorised to inform the Approved Societies Consultative Committee of the intentions of the Government on the above questions:

(c) That the remaining questions raised in the Minister of Health's Memorandum (C.P.-118 (32)) should be referred for consideration by a Cabinet Committee composed as follows:—

The Minister of Health (in the Chair),
The Chancellor of the Exchequer (or a representative),
The Home Secretary,
The Secretary of State for Dominion Affairs,
The Secretary of State for Scotland,
The Minister of Labour.

It was agreed that Ministers should be permitted to be accompanied by Parliamentary Under-Secretaries, if they should so desire.
The Cabinet took note of Reports by the Secretary of State for India on the Situation in India, circulated by the Secretary of State for India. (Previous Reference: CABINET 19 (22), Conclusion 11.)
9. The Cabinet had before them a Memorandum by the Home Secretary (C.P. 121 (32)) recalling that at the Meeting referred to in the margin the Cabinet had decided that there was no alternative but to allow the existing situation as to sweepstakes and lotteries to continue. Attention was also drawn to the following new factors:— the public knowledge that the present law could not be enforced in the case of the Irish Sweepstakes; the recent vote in the House of Commons on the First Reading of Sir William Davison's Bill and the probability that the Government will be asked what their policy is on the matter; that the Racecourse Betting Control Board is perturbed about its financial position and that the question of the introduction of an amending Bill has been raised to extend the operations of the Board from horse-races, which have not proved remunerative, to greyhound races; and the relaxation of the Police measures to control street betting, which the Commissioner of the Metropolitan Police has found it necessary to relax in order that the Police should be able to give more effective attention to other important matters. In view of these considerations the Secretary of State suggested the desirability of a Royal Commission to investigate the question of Sweepstakes and Lotteries and other cognate subjects.

The Cabinet approved the above proposal.

2, Whitehall Gardens, S.W.1,
April 6, 1932.
APPENDIX I.

GENERAL RESULTS OF THE ANGLO-FRENCH CONVERSATIONS
Held on Monday, April 4th, 1932.

(Statement made by the Prime Minister to the Cabinet on Wednesday, April 6th, 1932, (Cabinet 20 (32), Conclusion 2)).

1. In the first instance it would be desirable to limit the Conference to the following five States:—

- AUSTRIA
- HUNGARY
- JUGO-SLAVIA
- CZECHO-SLOVAKIA
- ROUMANIA,

and to indicate that something might be done for BULGARIA later on.

2. The invitation to the above States should contain a suggestion that the Governments concerned should consider favourably the following:

(a) A general lowering of tariffs inter se, which would most speedily be attained by the method of percentage reduction, such reduction to be not less than 10 per cent. in any class of goods.

(b) A removal between the Danubian States of other economic barriers, such as prohibitions, quotas, and the like.

(c) It goes without saying that the closer economic relations of the Danubian States cannot be brought about by the raising of their tariffs against other countries.

3. In order to assist the recovery of the Danubian States it may be necessary to contemplate the granting of unilateral preferences to Danubian products by outside States, but it should be clearly understood that these outside States should not secure for themselves in return preferential treatment of their products when imported into the Danubian area.
4. There was general agreement that a Nine-Power Conference should be avoided, but that it was necessary to preserve contact between the Inviting Powers and the Powers concerned in the Conference. The following means were favoured for securing this contact:

(i) A neutral Chairman, provided this could be arranged.

(ii) The appointment of a Committee by the Inviting Powers to keep in touch with the Conference.

(iii) This Committee not to sit in the same town as that in which the Conference was held, but somewhere in the vicinity: e.g., the Conference at Lausanne and the Committee at Geneva.

5. As regards the recent Report of the Financial Committee of the League of Nations on States in Eastern Europe, both Governments favoured the following procedure:

(1) A Committee of Treasury Experts to be appointed before the Meeting of the Council;

(2) A report of the appointment of this Committee to be made to the Council;

(3) A hope that the Council would not dispose of the Report of the Financial Committee until it had received the Report of the Treasury Experts.

It was proposed to appoint the Treasury Committee at an early session of the Four-Power Conference.

6. M. Tardieu and M. Flandin pressed for financial assistance for the countries concerned, but the British representatives reserved their decision until after the Treasury Committee had reported on the stipulations and conditions to be attached to such assistance in order to ensure the recovery of the Danubian States.
APPENDIX II.


Department of External Affairs,
Irish Free State.
5th April, 1932.

Despatch No. 59.

Sir,

The Government of the Irish Free State has had under consideration the views of the British Government communicated to me in your Despatch No. 69 of March 23rd,

2. Whether the Oath was or was not "an integral part of the Treaty made ten years ago" is not now the issue. The real issue is that the Oath is an intolerable burden to the people of this State and that they have declared in the most formal manner that they desire its instant removal.

3. The suggestion in your Despatch that the Government of the Irish Free State contemplates acting dishonourably cannot in justice be let pass. The pages of the history of the relations between Great Britain and Ireland are indeed stained by many breaches of faith, but I must remind you the guilty party has not been Ireland.

4. In justice also I must point out that the observance of the agreement of 1921 has involved no parity of sacrifice as between Great Britain and Ireland. This agreement gave effect to what was the will of the
British Government. It was on the other hand directly opposed to the will of the Irish people and was submitted to by them only under the threat of immediate and terrible war. Since it was signed it has cost Britain nothing. In fact Britain’s prestige throughout the world has been considerably enhanced by the belief, carefully fostered, that Ireland had at last been set free and the national aspiration of her people fully satisfied. For Ireland, however, this agreement has meant the consummation of the outrage of Partition, and the alienation of the most sacred part of our national territory with all the cultural and material loss that this unnatural separation entails.

British maintenance parties are still in occupation in some of our principal ports, even in the area of the Free State. Our coastal defence is still retained in British hands. Britain claims the right in times of war or strained relations with a foreign power to make demands upon Ireland which if granted will make our right to neutrality a mockery.

This agreement divided the people of Ireland into two hostile camps, those who deemed it a duty to resist, facing the consequences, and those who deemed it prudent in the national interest temporarily to submit, the latter being placed in the no less cruel position of having apparently to hold Ireland for England with "an economy of English lives", to quote from the late Lord Birkenhead’s famous exposition of the policy in the House of Lords.

To England this agreement gave peace and added prestige. In Ireland it raised brother’s hand against brother, gave us ten years of blood and tears and
besmirched the name of Ireland whenever a foul propaganda has been able to misrepresent us.

During these ten years, moreover, there has been extracted from us, though in part only as a consequence of the agreement, a financial tribute which, relatively to population, puts a greater burden on the people of the Irish Free State than the burden of the war reparation payments on the people of Germany, and, relatively to taxable capacity, a burden ten times as heavy as the burden on the people of Britain of their debt payments to the United States of America.

5. But as I have already indicated we are dealing at the moment with the much narrower issue, whether an oath is or is not to be imposed on members elected to sit in the Parliament of the Free State. The Government of the Irish Free State must maintain that this is a matter of purely domestic concern. The elimination of the Oath, and the removal of the Articles of the Constitution necessary, for that purpose, is a measure required for the peace, order and good government of the State. The competence of the legislature of the Irish Free State to pass such a measure is not open to question and has been expressly recognised by the British legislature itself. It is the intention of my Government, therefore, to introduce immediately on the re-assembly of Parliament a Bill for the removal of Article 17 of the Constitution, and for such consequential changes as may be required to make the removal effective.

6. With regard to the Land Annuities: My Government will be obliged if you will state what is the "formal and
explicit undertaking to continue to pay the Land Annuities to the National Debt Commissioners", to which you make reference in your Despatch. The Government of the Irish Free State is not aware of any such undertaking, but the British Government can rest assured that any just and lawful claims of Great Britain, or of any creditor of the Irish Free State, will be scrupulously honoured by its Government.

7. In conclusion, may I express my regret that in the statement conveying to the House of Commons the information given you by our High Commissioner that part of his message was omitted which assured your Government of the desire of the Government of the Irish Free State that the relations between the peoples of our respective countries should be friendly. These friendly relations cannot be established on pretence, but they can be established on the solid foundation of mutual respect and common interest, and they would long ago have been thus established had the forces that tend to bring us together not been interfered with by the attempts of one country to dominate the other.

I have, etc.,

(Signed) EAMON de VALERA,

Minister for External Affairs.

Right Honourable,

The Secretary of State for Dominion Affairs,

Downing Street, London S.W.1.