CABINET 26 (32).

Meeting of the Cabinet to be held at No. 10, Downing Street, S.W.1., on WEDNESDAY, May 4th, 1932, at 11.0 a.m.

AGENDA.

1. FOREIGN AFFAIRS. (If required).

2. DISARMAMENT: AIR POLICY: DEFENCE OF LONDON AGAINST AIR ATTACK.
   To be raised by the Prime Minister.

3. THE SITUATION IN THE IRISH FREE STATE. (If required)
   (Reference Cabinet 21 (32) Conclusion 6).

4. CIVIL SERVICE REMUNERATION.
   (Reference Cabinet 24 (32) Conclusion 4).
   Memorandum by the Chancellor of the Exchequer.
   (C.P. 136 (32) - already circulated).

5. EMPLOYMENT.
   (Reference Cabinet 11 (32) Conclusion 6),
   First Report of Employment Committee.
   (C.P. 138 (32) - already circulated).

6. THE COAL SITUATION. (If required).
   (Reference Cabinet 24 (32) Conclusion 3).

7. THE SUNDAY PERFORMANCES (REGULATION) BILL, 1932.
   (Reference Cabinet 19 (32) Conclusion 7).
   Memorandum by the Home Secretary, covering a Memorandum by the Parliamentary Under Secretary of State for Home Affairs, explaining the present position with regard to the Bill.
   (C.P. 145 (32) - already circulated).
8. CONCLUSIONS OF HOME AFFAIRS COMMITTEE.

(Reference H.A.C. 7th Conclusions (32) — to be circulated).

(i) National Health Insurance and Contributory Pensions Bill.

(Reference Cabinet 24 (32) Conclusion 5).

Note covering draft Bill and Explanatory Memorandum by the Minister of Health and the Secretary of State for Scotland, and report by the Government Actuary on the Financial Provisions of the Bill.

(H.A. 22 (32) — already circulated).

(ii) Marriages (Naval, Military and Air Force Chapels) Bill.

Memorandum by the Secretary of State for War, covering draft Bill.

(H.A. 23 (32) — already circulated).

TO TAKE NOTE OF:

9. TRADE WITH RUSSIA.

(Reference Cabinet 25 (32) Conclusion 7(b)).

Note by the Secretary, Cabinet.

(C.P. 146 (32) — already circulated).

10. SITUATION IN INDIA.

(Reference Cabinet 25 (32) Conclusion 8).

Note by the Secretary of State for India, covering reports by Local Governments.

(C.P. 144 (32) — already circulated).

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

Whitehall Gardens, S.W.1.

2nd May, 1932.
CONCLUSIONS of a Meeting of the Cabinet held at 10, Downing Street, S.W.1., on WEDNESDAY, 28th May, 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 Sankey, G.B.E., Lord Chancellor.


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

The Most Hon. The Marquess of Londonderry, K.G., M.V.O., Secretary of State for Air.


The Right Hon. The Viscount Snowdon, Lord Privy Seal.

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

The Right Hon. V. Ormsby-Gore, M.P., First Commissioner of Works.

THE FOLLOWING WERE ALSO PRESENT:

The Right Hon. Sir H. Kinsley Wood, M.P., Postmaster-General. (For Conclusion 4).

1. The Prime Minister informed the Cabinet that recently at Geneva on the subject of the Lausanne Conference, and in his view it had become essential that the Cabinet should take decisions as to its policy within the next fortnight. Their representatives at Geneva might at any time be consulted on the question by representatives of other Powers. At Geneva he had gathered that the American point of view might be summed up as follows:— (1) No sympathy with cancellation of reparations and war debts. (2) An attempt to devise a scheme for the commercialisation of reparations; that is to say, the linking up of the payments with German industry. The underlying idea was not to penalise Germany but rather to place her on a basis of equality with other Powers, and not to impose too heavy a burden. He himself had pointed out the impossibility of imposing the payments only on German railways. (3) Avoidance, above all, of any linking up of war debts with reparations. If some such scheme could be devised he thought there was a good chance of the United States proving sympathetic. What they especially objected to was the idea of passing the whole burden on to America.

The Secretary of State for Foreign Affairs recalled that as a result of the conversations at Geneva he had drafted a number of questions, intended to concentrate the discussion. He had received suggestions from the Prime Minister and the Treasury, and would circulate a revised draft to whatever Committee was appointed, with a view to focussing the discussion.
The Prime Minister recalled that the original Cabinet Committee on Reparations was appointed on December 10, 1931, with instructions to consider and report to the Cabinet on British Policy regarding International Financial Operations. Since that time several Ministers besides the members of that Committee had become closely concerned in reparations. He himself had hoped to take the Chair at the Cabinet Committee, but owing to the necessity of undergoing an operation to his eyes this was now impracticable.

The Cabinet agreed —

That the Cabinet Committee on Reparations and related questions should be re-constituted as follows:

The Chancellor of the Exchequer
(In the Chair),
The Home Secretary,
The Secretary of State for Foreign Affairs,
The Secretary of State for India,
The President of the Board of Trade,
The Minister of Health,
The Lord Privy Seal,
The Secretary of State for Dominion Affairs (or representative),

and should advise the Cabinet as to the policy to be adopted at the Lausanne Conference, if possible within a fortnight.
The Prime Minister informed the Cabinet that the question of Air Disarmament had now come up at Geneva and the Cabinet must take a decision within the next ten days as to what their policy was to be.

The Secretary of State for Foreign Affairs strongly reinforced what the Prime Minister had said as to the urgency of a decision. The United Kingdom Delegates had advocated the principle of qualitative disarmament, including definite proposals affecting sea and land warfare. Up to the present time, however, they had not declared their view as affecting Air warfare. Nearly every nation had made proposals on this subject, and if some statement was not made in the near future by the United Kingdom representatives it would call for remark both at Geneva and at home, more especially as the Technical Committees of the Conference were now considering these subjects.

In the course of the discussion the Cabinet were informed by the Ministers who had been at Geneva that alternative proposals had been made as to what our contribution should be towards progress in Air disarmament on the qualitative side. One suggestion was a new law of war, that is to say, the prohibition of bomb-dropping on the territory and shipping of another Sovereign Signatory State. The other was for the abolition of heavy bombers. Both plans had been subjected to criticism. In the course of the discussions of the United Kingdom Delegation at Geneva it had been found that the question depended to a considerable extent on the effect of the proposals on the defence against air attack of London (and other possible objectives in the United Kingdom). A question had arisen as to
whether these proposals might not prove detrimental to the safety of London in time of war. The representatives of the Dominions were, it was understood, willing to consider the co-ordination of their policy with ours in this matter.

The subject was discussed both on its merits and as to the best method by which the various issues could be focussed for the use of the Cabinet.

In the course of the discussion on the merits of the controversy the Lord President of the Council informed the Cabinet that as Chairman of the Committee on Coast Defence he had had to devote much attention to a somewhat analogous problem. He felt that all talk of achieving serious results by mere reduction and limitation of air armaments, and more especially by trying to civilise war in the air, was really a waste of time. He had been impressed with the appalling consequences of a future war conducted from the air. If the nations were serious on the question of Disarmament they ought to agree to scrap all military and naval aviation. Civil aviation also would have to be dealt with, perhaps by abolishing the costly subsidies devoted to this purpose. He was quite aware that his proposal was not likely to be accepted by foreign nations, and perhaps not by his colleagues. He emphasised, however, the impossibility of stopping the horrors of war once war had begun, as proved by our own experience. If his proposal should prove feasible it would remove one of the main elements of that fear that was such a disturbing feature in the international situation today. He realised that his proposal would evoke much opposition, especially from the young men, to whom air forces were attractive.
If they rejected it they must not complain that the next war was an "old man's war". He had been forced to the present conclusion as he saw no other way out of the difficulty.

The Cabinet were impressed by the Lord President's proposal, against which no objection of principle was raised. It was felt, however, that, in view of its probable rejection, it was essential to have some policy as to the many proposals that had been made to the Disarmament Conference.

The Secretary of State for Air informed the Cabinet that the discussions with representatives of the Dominions at Geneva had indicated that they would be prepared to be guided in their policy by what was decided as to the risks to London. Referring to the proposed restriction on bombing, he pointed out that, in the event of war, bombs would be used whether they were fired from land or from air; in the same way as, in spite of the prohibitions, all nations were assuming that poison gas would be used. He thought the right plan to adopt at the Disarmament Conference was to state clearly what we could do in the way of qualitative disarmament. We had made proposals for sea and land qualitative disarmament; and the Air Ministry, which was the responsible Department, had made clear what they thought should be the air policy in that connection. He would like to state our intentions frankly to the Conference. If they once plunged into the theory of bombing, the Conference would sit for ever.

On the question of procedure there were two alternative proposals before the Cabinet; first, to refer the question that had arisen at Geneva to the new Services Committee (on the lines of the
pre-War "High-Level Bridge") set up by the Cabinet on April 13, 1932 (Cabinet 21 (32) Conclusion 4). The Prime Minister, however, was unable to preside at that Committee, for the reasons mentioned in the preceding Minute. The other proposal was to refer the matter to the Coast Defence Sub-Committee, which, the Cabinet were informed, was nearing the completion of its Report on the original terms of reference.

The Cabinet agreed —

(a) That the Coast Defence Sub-Committee should be invited to consider, more particularly from the point of view of the defence against air attack of London and other possible objectives in the United Kingdom, the various proposals that had been made for Air disarmament, and to make recommendations to the Cabinet as to the policy of the United Kingdom Delegation;

(b) That the Secretary of State for Foreign Affairs should be invited to attend the meetings of the Committee;

(c) That the Committee should report, if possible, in time for a special discussion by the Cabinet before Whitsuntide.
3. The Secretary of State for Dominion Affairs informed his colleagues on the Irish Situation Committee that a Meeting would be held at 10, Downing Street on the following day, (Thursday, May 5th), at 11.30 a.m.
The envelope with its contents formerly placed at this point in the volume was removed for examination by the Cabinet Office in August 1967, and is now to be found under the following reference:

**Cab. 23/90B**

*Remuneration of Civil Servants*
The Cabinet resumed consideration of the subject of Civil Service Remuneration, raised in the Most Secret Memorandum by the Chancellor of the Exchequer (C.P.-155 (32)) that had been before them at the Meeting referred to in the margin.

The Postmaster-General gave the Cabinet full particulars of the objections felt by the staff of the Post Office, numbering 232,000 persons, to the proposals contained in the Chancellor of the Exchequer's Memorandum, as well as his estimate of what would be the effect if the proposals were imposed.

The Chancellor of the Exchequer made a statement on the wider considerations of financial policy underlying his proposals.

Towards the end of the discussion the Lord Privy Seal made a proposal, for consideration of which the Chancellor of the Exchequer asked for an adjournment.

The Cabinet agreed --

(a) To adjourn the question until their next regular weekly Meeting.

(b) That it is undesirable at the present stage that Ministers should receive personally deputations from Departments, though there was no objection to such deputations being received by the Permanent Heads of Departments.

NOTE:- The Prime Minister instructed the Secretary to inform the Ministers concerned of the precise terms of the Cabinet decision taken last August by the late Labour Government (Cabinet 41 (31), Conclusion 5), allowing Civil Servants concerned to treat the reduction of 5½% in the cost of living bonus last September as their contribution to the national emergency, and as to the form in which the Treasury had communicated that decision to the Civil Service.
5. The Cabinet had before them the First Report of the Employment Committee (C.P.-139 (38)), the Conclusions of which are summed up in paragraph 16 of the Report.

The Chancellor of the Exchequer having assented to the proposals in Conclusion (1) with regard to the re-opening of the five closed 'Transfer Instructional Centres' and the keeping of those Centres filled, on which the Financial Secretary to the Treasury had reserved his views,

The Cabinet approved the Report of the Committee, the Conclusions of which are as follows:-

(1) That the Minister of Labour should be authorised to carry out as an experiment the proposals regarding 'Transfer Instructional Centres' set out in his Memorandum (E.C. (32) 5), subject, however, to the modification of paragraph 5 of that Memorandum so as to secure that the scheme is limited in the first instance to (a) keeping the six existing Centres filled, and (b) re-opening the five closed Centres and keeping these Centres filled. The experiment to be tried for a period of six months and to be reviewed towards the close of that period.

(2) That the Minister of Labour should be authorised to organise courses of physical instruction as proposed by him, for young men of about 18 to 30 years of age, in two or three carefully selected exchange areas at a total cost not exceeding £3,000 for an experiment covering 2,000 men.

(3) There is no case for the proposed Mid-Scotland Canal, whether on traffic or other grounds, and accordingly no useful purpose will be served by the expenditure of public money on a preparatory geo-physical survey.

(4) The proposal for a scheme for a London Outer-Circle Railway is not one which the Cabinet should entertain.
(5) (i) That the Queensferry and Rosyth proposals are impracticable.

(ii) That the question of assistance from the Road Fund towards the Kincardine proposal should be determined in the ordinary course by the Chancellor of the Exchequer and the Minister of Transport; the scheme appears to us to be desirable in itself, but the Minister would no doubt before recommending a grant consider, having regard to the limited resources of the Road Fund, the urgency and relative merits of the Kincardine scheme as compared with those of other similar schemes.
6. The President of the Board of Trade said that on the previous day he had seen the Executive of the Miners' Federation. They were firm in their view that they could make no arrangement with the Mining Association unless the latter would agree in future to negotiate wages on a national basis. The Mining Association could not agree to this. He had, however, succeeded in obtaining from the Mining Association an undertaking that each district would maintain wages at their existing level for the next twelve months, which was a considerable advance. He thought also that he might possibly induce the Mining Association to communicate this undertaking directly to the Miners' Federation.

In the circumstances the policy he advocated was as follows:

(i) To pass a Bill continuing Part I (Minimum Prices) of the existing Act for a period of five years, since this was necessary for the stability of the industry.

(ii) To continue the 7½-hours day, subject to the possible terms of any international agreement on the subject into which we might enter.

(iii) To omit the wages guarantee but to accept the guarantee offered by the Mining Association for the next twelve months.

The Cabinet approved the policy proposed by the President of the Board of Trade, and invited him to complete the Bill and submit it to the Committee of Home Affairs, on the understanding that Parliamentary time would be found for the introduction of the Bill, immediately after the Whitsuntide Recess.
SUNDAY PERFORMANCES (REGULATION) BILL, 1932

(Previous Reference: Cabinet 19 (32), Conclusion 7.)

7. The Cabinet had before them a Memorandum by the Parliamentary Under-Secretary, Home Office, explaining the present situation with regard to the Sunday Performances (Regulation) Bill, 1932, circulated by the Home Secretary (C.P.-145 (32)).

After pointing out the narrow majority by which the Sunday Performances Bill obtained a Second Reading, it had made it apparent that its passage through Committee in the limited time available this Session will be a matter of great difficulty, the Parliamentary Under-Secretary suggested a number of courses that were open to the Government. The course which he appeared to favour was the introduction as a Government measure of a Bill embodying compromise terms as soon as it became apparent that the present Bill could make no progress in Committee.

The compromise which, it was suggested, would find acceptance with the great majority of Members was as follows:

1. Exhibitions of Animate and Inanimate Objects (Zoos and Museums) and debates to be exempted from the operation of the Sunday Observance Act, 1780.

2. Power to license Sunday concerts to be given to the same authorities which have power to license musical entertainments on week-days, with the additional power to attach conditions as to the suitability of the entertainment.

3. Power to license Sunday cinemas to be confined to those areas to which the temporary Act applies, i.e., those areas where any cinema was opened in pursuance of a purported arrangement with the licensing authority during the twelve months preceding October 7, 1931. Conditions would be imposed to secure the six-day working week for employees and the payment of some part of the profits to charity.

4. Power for those authorities who are not included under (3) to apply to the House of Commons for legislative sanction through a less cumbersome and less costly procedure than the ordinary Private Bill procedure, which is of course open to them.
The Parliamentary Under-Secretary raised the question as to whether item (4) should be included or not. On merits he thought it should be included, though it would undoubtedly cause some offence to the opponents.

The Cabinet agreed —

(a) To approve the policy and the compromise proposal proposed above;

(b) That the Home Secretary should submit to the Cabinet his detailed proposals under heading (4) of the proposed compromise.
The Cabinet had before them the draft National Health Insurance and Contributory Pensions Bill, together with a Memorandum explanatory of the Bill by the Minister of Health and the Secretary of State for Scotland and a Report by the Government Actuary on the financial provisions of the Bill (H.A.-22 (32)). The main object of the Bill, as stated in the Memorandum, is to make certain changes in the National Health Insurance Scheme which are necessary to restore the scheme to a position of financial stability.

The recommendation of the Committee of Home Affairs thereon (H.A.C. 7th Conclusions (32), Paragraph 1) was as follows:

To authorise the introduction forthwith, in the House of Commons, of the National Health Insurance and Contributory Pensions Bill in the form of the draft annexed to H.A.-22 (32), subject to any drafting or other minor alterations that may be found necessary or desirable, with a view to its enactment with the least possible delay.

The Minister of Health informed the Cabinet that it was proposed to include a clause enabling a reprint to be made of the earlier Act.

The Cabinet approved the recommendation of the Committee of Home Affairs, as set forth above, and the Minister of Health's proposal.
9. The Cabinet had before them a Memorandum by the Secretary of State for War (H.A.-23 (32)) covering the draft Marriage (Naval, Military and Air Force Chapels) Bill, the object of which is to provide that marriages may be solemnised, according to the rites of the Church of England and of other denominations, in Garrison Chapels: together with the following recommendation of the Committee of Home Affairs thereon (H.A.C. 7th Conclusions (32), Paragraph 2):

To authorise the introduction in the House of Lords of the Marriage (Naval, Military, and Air Force, Chapels) Bill in the form of the draft annexed to H.A.-23 (32), 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.
10. The Cabinet took note that the Chancellor of the Exchequer had approved Conclusion 7 (a) of Cabinet 25 (32) empowering the President of the Board of Trade to authorise the Export Credits Guarantee Department to take action for the present within the limits of a proposal made by the Treasury and set forth in the Conclusion referred to in the margin.
The Cabinet took note of Weekly Reports by the Local Governments in India, circulated by the Secretary of State (C.P.-144 (58)).