CABINET 22 (33).

Meeting of the Cabinet to be held at 10 Downing Street, S.W.1, on WEDNESDAY, March 29th, 1933, at 11.0 a.m.

AGENDA.

1. REDUCTION AND LIMITATION OF ARMAMENTS: THE ROME AND PARIS CONVERSATIONS. - If required.
   (Reference Cabinet 20(33), Conclusion 10).

2. ANGLO-SOVET RELATIONS. - If required.
   (Reference Cabinet 21(33), Conclusion 1).

3. JAPANESE COMPETITION IN THE TEXTILE TRADE.
   (Reference Cabinet 20(33), Conclusion 9).
   Memorandum by the President of the Board of Trade.
   (CP. 55(33) - already circulated).
   Memorandum by the Secretary of State for the Colonies.
   (CP. 54(33) - already circulated).

4. THE SITUATION IN MALTA.
   (Reference Cabinet 69(32), Conclusion 2).

5. MALAYA.
   Note by the Secretary of State for the Colonies, covering Report by Sir Samuel Wilson.
   (CP. 81(33) - already circulated).

6. PROPOSED MEMORIAL TO THE LATE LORD OXFORD AND ASQUITH.
   (Reference Cabinet 64(32), Conclusion 1).
   Question to be raised by the Prime Minister.
7. EDUCATIONAL ECONOMIES AND THE PAY OF NEW ENTRANTS TO THE TEACHING PROFESSION.

(Reference Cabinet 61(31), Conclusion 1).

Memorandum by the President of the Board of Education.
(C.P. 76(33) - already circulated).

Memorandum by the Secretary of State for Scotland.
(C.P. 80(33) - already circulated).

Memorandum by the Chancellor of the Exchequer.
(C.P. 82(33) - already circulated).

8. MILK INDUSTRY: REPORT OF RE-ORGANISATION COMMISSION.

Memorandum by the Minister of Agriculture and Fisheries.
(C.P. 85(33) - already circulated).

9. ROAD TRAFFIC ACT, 1930: EXTENT OF APPLICATION OF SECTION 116 RELATING TO COMPENSATION.

(Reference Cabinet 15(33), Conclusion 6).

Memorandum by the Minister of Transport.
(C.P. 75(33) - already circulated)

10. CONCLUSIONS OF HOME AFFAIRS COMMITTEE.

H.A.C. 4th Conclusions(33) - to be circulated).

(i) Teachers' (Superannuation) Bill.

Memorandum by the President of the Board of Education, covering draft Bill.
(H.A. 9(33) - already circulated).

(ii) Education (Necessity of Schools) Bill.

Memorandum by the President of the Board of Education, covering draft Bill.
(H.A. 10(33) - already circulated).

11. PRIVATE MEMBERS' BILLS.

For Friday, March 31st.

1. Hotels and Restaurants Bill (Mr. Bracewell Smith) (Conservative).

Memorandum by the Secretary of State for Home Affairs.
(C.P. 77(33) - already circulated).

2. Slaughter of Animals Bill (Lieut.-Colonel T.C. Moore) (Conservative).

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

27th March, 1933.
Meeting of the Cabinet to be held at 10 Downing Street, S.W.1, on WEDNESDAY, March 29th, 1933, at 11.0 a.m.

ADDENDUM to AGENDA.

Item 2. - ANGLO-SOViet RELATIONS.
(Reference Cabinet 21(33), Conclusion 1).

Add the following Papers, also delete the words "If required", under this Item:-

Draft Russian Goods (Import Prohibition) Bill.

Note by the President of the Board of Trade, covering draft Bill.
(C.P. 85(33) - to be circulated).

Prohibition of Russian Imports: Possible effects upon United Kingdom interests.
Memorandum by the President of the Board of Trade.
(C.P. 86(33) - to be circulated).

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

Whitchall Gardens, S.W.1.
28th March, 1933.
Meeting of the Cabinet to be held at 10 Downing Street, S.W.1, on WEDNESDAY, March 29th, 1933, at 11.0 a.m.

FURTHER ADDENDUM TO THE AGENDA.

The following Paper will also be considered at the above meeting:
Memorandum by the Home Secretary.
(C.P. 60(33) - already circulated).

Note: - Owing to the cancellation of the meeting of the Cabinet arranged for 8.30 this evening, the number of Wednesday's meeting will now become Cabinet 22 (33).

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

Whitehall Gardens, S.W.1.
29th March, 1933.
CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on WEDNESDAY, March 29th, 1933, at 11.0 a.m.

PRESENT:

The Right Hon. J. Ramsay MacDonald, M.P., Prime Minister.

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

The Right Hon. The Viscount Sankey, C.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.


Major The Right Hon. Walter Elliot, M.C., M.P., Minister of Agriculture and Fisheries.


1. The Cabinet had before them a Most Secret Memorandum by the Home Secretary (C.P.-60 (33)) circulating for their consideration certain proposals submitted by Lord Trenchard for the reform of the Metropolitan Police Force, directed partly to changes in administration and partly to changes of organisation. The Home Secretary trusted that the Cabinet would decide in favour of these reforms, and at the end of his Memorandum described the course of events which would make it possible for an announcement of the schemes for the reform of the Metropolitan Police to be made shortly after the Easter Recess.

The Prime Minister expressed his regret that it had not been possible to arrange for a Meeting of the Cabinet to take this item on the previous afternoon or evening.

The Home Secretary made a statement in explanation of the proposals.

The principal doubts expressed as to the proposals were, - that the Police Force has a very high reputation with the general public: that in these circumstances it would be difficult to convince Parliament of the need for such drastic reforms at the present time, the more so as a good deal of discretion would have to be observed by the Government speakers: that the nature of the scheme lent itself to misrepresentation: for example, it would be stated that it involved militarisation of the Police Force and the reservation of the best posts for a privileged class. In particular, it was urged that in any published report such phrases as the "educated class" or "officer class" should be avoided, although there was no objection to an indication that it was desirable to introduce graduates of a University into the Police Force.
The Cabinet were informed that the Commissioner of the Metropolitan Police was about to submit his Annual Report to the Home Secretary, whose present intention was to print and circulate it on the Thursday before the House of Commons rose. During the Recess Members would have an opportunity to study the Report, in which attention would be drawn to certain of the defects mentioned in the Papers before the Cabinet. The Press also, no doubt, would give the matter a good deal of publicity, and the Home Secretary would see the appropriate Parliamentary Committee as soon as the House met. Public opinion having thus been enlightened, the necessary legislation would be introduced. This programme, however, did not altogether commend itself to the Cabinet. It was suggested that it might be better if the Home Secretary published the Report by the Commissioner of Police after the Easter Recess, when members of the Government were in personal contact with the House of Commons. Shortly after the publication of the Report a day could be given to Debate, when the Home Secretary would have an opportunity still further to enlighten public opinion and thus to avoid misrepresentations.

In this connection the Home Secretary informed the Cabinet that his general idea was to impress on the House of Commons that the new forms of crime that had recently appeared required new methods for their detection and prevention; that at present there was no General Staff and no prompt Information Service at Scotland Yard, and that this necessitated personnel of a higher standard of education than at present. At a later stage of his speech he would call attention to some of the factors mentioned in the Commissioner's Report which militated against discipline.
The Cabinet were reminded that the reform of the Metropolitan Police Force would be a task of great difficulty for an ordinary Party Government. If it were not undertaken by the National Government it might be delayed indefinitely. The post of Commissioner of Police was occupied by a man of outstanding qualities, and, with his Report before them, the National Government could not afford to neglect the question of reform.

There was very general agreement that public opinion would have to be instructed very carefully as to the need of new methods. It was suggested, for example, that it might not be necessary to disclose all the details of the scheme at once.

The Cabinet agreed —

(a) To approve generally the proposals submitted by the Home Secretary in C.P.-60 (33):

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

The Lord President of the Council,
The Secretary of State for War,
The Secretary of State for Dominion Affairs —

should be appointed to consult with the Home Secretary on the publication of the Annual Report of the Commissioner of the Metropolitan Police.
RUSSIA.

Anglo-Soviet Relations.

Arrest of British Subjects.

Draft Russian Goods (Import Prohibition) Bill.

Possible Effects upon United Kingdom Interests.

(Previous Reference: Cabinet 21 (33), Conclusion 1 & Appendix.)

F.R.

25(Y)2.

2. The Cabinet had before them the following Memoranda by the President of the Board of Trade:

C.P.-85 (33), covering the draft Russian Goods (Import Prohibition) Bill:

C.P.-86 (33), covering a Memorandum prepared in the Board of Trade showing the possible effects upon United Kingdom interests of the prohibition of Russian Imports.

The Secretary of State for Foreign Affairs communicated to the Cabinet the information contained in the latest telegrams from Moscow. When Sir E. Ovey had attempted to inform M. Litvinoff that a Bill had been drafted and would be discussed by the Cabinet next day, M. Litvinoff had stated that he was not in the slightest degree interested in what happened at the British Cabinet and had intimated that he did not wish to hear any more. The Ambassador, however, had succeeded in stating that these powers would be taken unless he was in a position to tell His Majesty's Government before the Cabinet Meeting that the trial of the British prisoners would not take place. M. Litvinoff had refused to listen to the terms of the Bill. Only at a later stage of the conversation had the Ambassador been able to refer to the announcement which it was proposed to make in Parliament on March 30th. Other information indicated the probability that a trial would take place.

On the whole, the Cabinet inclined to the view that the announcement of the Bill was not likely to deter the Russian Soviet Government from proceeding with the trial. On the other hand, they had to take into account that the Ambassador had notified M. Litvinoff of the intention to introduce a Bill. Not to announce its introduction, therefore, would place the Ambassador in a very embarrassing position.
The Cabinet were not unmindful of the serious effects upon United Kingdom interests of prohibition of Russian imports, as set forth in C.P.-86 (33). They realised, however, that the Bill was only an Enabling Bill and that even after it had been enacted the Government would not be compelled to exercise their powers. In order to enable them later on, if necessary, to resist pressure to do so, it was generally agreed that in the announcement of the Government’s intentions it should be indicated that the question whether those powers would be exercised would depend on the treatment accorded to the British prisoners in Russia.

The Cabinet agreed --

(a) That on the following day, Thursday, March 30th, the Prime Minister should give notice of the Government’s intention to pass a Bill before Easter conferring powers for the prohibition of Russian imports:

(b) That the Prime Minister should see the Parliamentary Secretary to the Treasury with a view to passing the Bill in the House of Commons through all its stages in a single day:

(c) That the Chancellor of the Exchequer should confer with the President of the Board of Trade as to a proposal he had in mind for using the proceeds of licensed imports to recompense the creditors in this country of the Russian Soviet Government.
3. The Secretary of State for Foreign Affairs said that he had nothing to add to the various reports of conversations that the Prime Minister and himself had had with foreign representatives during their recent visits to Geneva, Rome and Paris. He would invite the attention of his colleagues in particular to his conversations with Dr. Benes, M. Titulescu and Dr. Potich.
4. The Cabinet again had before them the following documents on the subject of Japanese Competition in the Textile Trade, which were summarised in the Conclusions of the Cabinet held on March 8th (Cabinet 15 (33), Conclusion 3):

A Memorandum by the President of the Board of Trade (C.P.-55 (33)):

A Memorandum by the Secretary of State for the Colonies (C.P.-54 (33)).

The President of the Board of Trade informed the Cabinet that the situation had become much more acute since the subject was last discussed. A Deputation from the Manchester Chamber of Commerce had informed him that they wanted a re-opening of the Treaty position with Japan. For the immediate present his suggestion was to withdraw the West African and West Indian Colonies from the Anglo-Japanese Commercial Treaty in order that they might be able to withhold most-favoured-nation treatment in future from Japan. That would clear the ground so far as Lancashire was concerned, but competition was now spreading to a wide range of other goods. The very low wages paid in Japan, coupled with the low value of the yen, made it impossible for this country to compete. The position had passed beyond that of a sporadic attack by business men on the trade of another country and was approaching a national movement by Japan to capture the markets of Asia and beyond that continent. He hoped eventually to arrive at a position where cartel arrangements might be discussed with the Japanese, but this must be preceded by action such as he had proposed.

The Secretary of State for the Colonies informed the Cabinet that the West African and West Indian Colonies were ready and anxious for the proposed
withdrawal of the Anglo-Japanese Commercial Treaty. He had received information from a prominent Lancashire business man who had discussed the question with M. Matsuoka. The latter had said that the proper way to handle the question was by means of a cartel, though he thought the present moment inopportune.

The Secretary of State for India read to the Cabinet a telegram from the Government of India pressing for the immediate denunciation of the Indo-Japanese Commercial Convention of 1904. He was willing to do his best to arrange that India should march in step with the United Kingdom Government, but pointed out that the Indian position was really an independent one and was governed by a different Treaty.

The Prime Minister read to the Cabinet telegram No. 76, from Tokyo, dated March 13th, which had arrived during his absence abroad with the Foreign Secretary. This indicated that denunciation of the Treaty by the West African Colonies alone should not provoke undue resentment in Japan so long as it was clearly dissociated from anything in the nature of sanctions. The Ambassador did not entirely exclude the possibility of a limited cartel arrangement between the United Kingdom and Japanese cotton interests, and thought this should be tried. If denunciation was decided on he asked authority to make full and friendly verbal explanations at the Ministry of Foreign Affairs.

The Cabinet were reminded that this was the possible opening of a very serious question, namely, a struggle between East and West arising out of the great difference between their respective standards of living.
The Cabinet agreed —

(a) To approve generally the policy of taking steps, on behalf of the Colonies in West Africa and the West Indies, to withdraw from the Anglo-Japanese Commercial Treaty, in order that they should be in a position to withhold most-favoured-nation treatment in future from Japan, subject to —

(b) That the Secretary of State for Foreign Affairs' suggestion should be adopted that he should see the Japanese Ambassador as soon as possible and warn him that several of his colleagues (viz., the President of the Board of Trade and the Secretary of State for the Colonies) were concerned at the very serious extent of Japanese commercial competition. He should add also that the Government of India had similar preoccupations. In raising the question he should make clear that it was totally disconnected from any political issue such as those that had arisen at Geneva and was a purely commercial difficulty. He should indicate generally the course which His Majesty's Government proposed to take, as set forth above in (a); but should point out that 12 months would elapse before the withdrawal of certain Colonies from the Convention would take effect. In the circumstances he should invite the Ambassador to visit the President of the Board of Trade, who would be able to give him all information and discuss the matter in detail. In addition, he should notify the British Ambassador in Tokyo:

(c) That the Secretary of State for India should be authorised to approve the request of the Government of India to denounce the Indo-Japanese Convention of 1904, but the Cabinet took note that the Secretary of State for India would not take action until after the conversations referred to above in (b), and that India would keep in step with the United Kingdom so far as the separate nature of their difficulty with Japan rendered feasible.
5. The Cabinet took note that the Secretary of State for the Colonies, after consultation with the Secretary of State for Foreign Affairs, had decided that the moment was inopportune for carrying out the policy approved by the Cabinet at the meeting referred to in the margin.
6. The Cabinet had before them a Memorandum by the Secretary of State for the Colonies (C.P.-81 (33)) circulating the Report of Sir Samuel Wilson, the Permanent Under-Secretary of State for the Colonies, on his recent visit to Malaya with a view to discussing with the High Commissioner, the Malay Rulers and the leaders of public opinion the proposals which had been made to decentralise certain public services in the Federated Malay States. The Secretary of State agreed with the line of policy advocated by Sir Samuel Wilson, and unless he found strong reactions in Malaya which might lead him to reconsider this view he proposed to adopt generally the recommendations in the Report.

The Secretary of State for India said he could see no objection from the point of view of India to the proposals in C.P. 81(33), but he warned the Cabinet that if the proposals had a bad reception in India it might be necessary for him to make representations to the Secretary of State for the Colonies.

The Cabinet approved the proposals of the Secretary of State for the Colonies as set forth in C.P. 81(33).
7. The Prime Minister informed the Cabinet that he had now completed his negotiations with the late Lord Oxford's family on the details of the memorial to the late Lord Oxford and Asquith in Westminster Abbey. There would be a token vote of £100 which he understood would cover the cost. He asked for authority for the introduction of the Resolution in both Houses of Parliament before Easter. If this were approved he would communicate with the Parliamentary Secretary to the Treasury, and would arrange for him to inform the Secretary of State for War, as Leader of the House of Lords, of what had been arranged.

The Cabinet approved the Prime Minister's proposal.
8. The Cabinet postponed for a week consideration of Memoranda that had been circulated on the subject of Educational Economies and the Pay of new Entrants to the Teaching Profession.
9. The Cabinet had under consideration a Memorandum by the President of the Board of Education (H.A.-9 (33)) covering the draft Teachers (Superannuation) Bill, together with the following recommendation of the Committee of Home Affairs thereon (H.A.C. 4th Conclusions (33), Minute 1):

To authorise the introduction in the House of Commons of the Teachers (Superannuation) Bill in the form of the draft annexed to H.A.-9 (33), subject to any drafting or other minor alterations which may be found necessary or desirable.

The Cabinet approved the proposals of the Committee of Home Affairs, as set forth above.
10. The Cabinet had under consideration a Memo-
randum by the President of the Board of Education
(H.A.-10 (33)) covering the draft Education (Necessity
of Schools) Bill, together with the following
recommendation of the Committee of Home Affairs
thereon (H.A.C. 4th Conclusions (33), Minute 2):-

To authorise the introduction in
the House of Lords of the Education
(Necessity of Schools) Bill in the
form of the draft annexed to H.A.-10
(33), subject to any drafting or
other minor alterations which may be
found necessary or desirable.

The Cabinet approved the recommendation of the
Committee of Home Affairs, as set forth above.
The Cabinet had before them a Memorandum by the Minister of Agriculture and Fisheries (C.P. 83 (33)) on the subject of the Milk Industry. After reviewing all the circumstances in the light of the recommendations contained in the Report of the Milk Re-organisation Commission, the Minister reached the following conclusion:

"So far as the milk marketing scheme under the 1931 Agricultural Marketing Act recommended by the Commission is concerned, this is following the statutory procedure. As regards the establishment of a dairymen's board and a joint council, I ask for authority to announce that the Government is not prepared as at present advised to introduce further new legislation to set up a statutory distributors' organisation as recommended by the Milk Commission. In effect, however, the intentions of the Commission as to consultation between distributors, manufacturers and producers before fixing milk prices, with or without arbitration by persons nominated by the Government, can, if desired, largely be secured under legislation already before Parliament."

The Cabinet approved the proposal of the Minister of Agriculture and Fisheries, as set forth in C.P. 83(33), and quoted above.
12. The Cabinet had before them a Memorandum by the Minister of Transport (C.P. 75 (33)) on the extent of the application of Section 116 of the Road Traffic Act, 1930, relating to compensation. At the Meeting mentioned in the margin the Minister had undertaken to consider the possibility of inserting a provision in the proposed Bill which would have the effect of imposing upon the Local Authority concerned an obligation to pay any of its employees affected by agreements entered into under Section 105 of the Act the same compensation which any such employees would be entitled to obtain from the Road Fund under Section 116 as it now stands. It was clear that it was not the intention of Parliament, when the Road Traffic Bill was under consideration, to impose such a liability upon Local Authorities, and the Minister of Transport had come to the conclusion that the extension of the scope of the Bill would be both ineffective and anomalous. He therefore asked authority to proceed with the Bill as originally proposed.

The Cabinet approved the proposal of the Minister of Transport in C.P. 75(33) as summarised above.
13. The Secretary of State for Air reported that he had nothing to add to information published in the Press on the disaster to the Imperial Airways Liner, City of Liverpool, on the previous day.

The Cabinet approved the proposal of the Secretary of State for Air that, in replying to a private Notice Question that afternoon, he should avoid committing himself to a public enquiry, and take no decision until further information was available.
14. The Cabinet had before them a Memorandum by the Home Secretary (C.P.-77 (33)) on the subject of the Hotels and Restaurants Bill, to be introduced in the House of Commons by a Private Member on Friday, March 31st. The Bill purported to give effect to certain recommendations of the Royal Commission on Licensing in regard to the establishment of hotels and restaurants as special classes of licensed premises. The Home Secretary anticipated that the Bill would be supported by the general feeling of the House, and suggested that it should be given a free vote and that the attitude of the Government spokesman should be to express approval of the principle of the Bill, while making it clear that its acceptance by the Government would be conditional on considerable amendment of various provisions.

The Cabinet were reminded that on the 30th November the Prime Minister had suggested that the Government should adopt not rigidly but so far as might prove practicable the following procedure in dealing with Private Members' Bills:

(a) As a general rule, where practicable, Ministers should abstain from making statements of Government Policy on Private Members' Bills:

(b) That when Ministers did speak on behalf of the Government on Private Members' Bills they must be very careful not to promise facilities.

In these circumstances the Home Secretary stated that he proposed to leave the Bill to the House of Commons, but that if a speech had to be made on behalf of the Government it would be on the lines suggested in C.P. 77(33), as summarised above.

The Cabinet approved this proposal.
15. The Cabinet agreed that their next regular weekly meeting should be held on Wednesday next, April 5th, 1933, at 11.0 a.m.

2 Whitehall Gardens, S.W.1.
29th March, 1933.