CABINET 62 (33).

Meeting of the Cabinet to be held at 10, Downing Street, S.W.1, on WEDNESDAY, 15th NOVEMBER, 1933, at 11.0 a.m.

AGENDA.

1. FOREIGN AFFAIRS. (if required).

2. REDUCTION AND LIMITATION OF ARMAMENTS. (if required).
   (Reference Cabinet 61 (33) Conclusion 1.)

3. ANGLO-SOVET NEGOTIATIONS.
   (Reference Cabinet 53 (33) Conclusion 8.)
   Memorandum by the President of the Board of Trade.
   C.F. 267 (33) - already circulated.

4. RELATIONS OF HIS MAJESTY'S GOVERNMENT WITH THE IMAM OF THE YEMEN.
   (Reference Cabinet 61 (33) Conclusion 9.)
   Conclusions of Standing Ministerial Sub-Committee for Questions concerning the Middle East.
   C.F. 269 (33) - to be circulated.

5. THE KING'S SPEECHES ON THE PROROGATION AND THE OPENING OF PARLIAMENT.
   (Reference Cabinet 55 (33) Conclusion 3.)
   Note by the Secretary, covering draft Prorogation Speech prepared by the Cabinet Committee.
   C.F. 265 (33) - already circulated.
   Note by the Secretary, covering draft Opening Speech prepared by the Cabinet Committee.
   C.F. 266 (33) - already circulated.
   also
   Draft Paragraph on Disarmament prepared by the Secretary of State for Foreign Affairs.
   C.F. 266A (33) - already circulated.

6. IMPERIAL DEFENCE POLICY.
   (Reference Cabinet 9 (33) Conclusion 3.)
   Note by the Secretary, covering Annual Review by the Chiefs of Staff, together with extract from draft Minutes of the 261st Meeting of the Committee of Imperial Defence.
   C.F. 264 (33) - already circulated.
7. NEWFOUNDLAND: FINANCIAL POSITION.

Note by the Chancellor of the Exchequer.
C.P. 270 (33) - circulated herewith.

8. THE ASSYRIAN QUESTION.

(Reference Cabinet 53 (33) Conclusion 9.)
Memorandum by the Secretary of State for Foreign Affairs.
C.P. 272 (33) - circulated herewith.

9. THE SOUTH AFRICAN HIGH COMMISSION TERRITORIES.

Memorandum by the Secretary of State for Dominion Affairs.
C.P. 362 (33) - already circulated.

10. CONCLUSIONS OF HOME AFFAIRS COMMITTEE.

Tenth Conclusions (33) of Home Affairs Committee - To be circulated.

(i) POOR LAW (SCOTLAND) BILL.
(Reference Cabinet 55 (33) Conclusion 2.)
Memorandum by the Secretary of State for Scotland, covering draft Bill.
H.A. 22 (33) - already circulated.

(ii) AGRICULTURAL MARKETING BILL.
(Reference Cabinet 61 (33) Conclusion 8.)
Memorandum by the Minister of Agriculture and Fisheries, covering draft Bill.
H.A. 23 (33) - already circulated.

11. THE MATSON LINE.

Memorandum by the President of the Board of Trade.
C.P. 250 (33) - already circulated.

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

2, Whitehall Gardens, S.W.1.,
13th November, 1933.
CONCLUSIONS of a Meeting of the Cabinet held at 10, Downing Street, S.W.1., on WEDNESDAY, 15th NOVEMBER, 1933, at 11.0 a.m.

PRESENT:

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

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

The Right Hon.
Sir John Gilmour, Bt., D.S.O., M.P., Secretary of State for Home Affairs.

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 Philip Cunliffe-Lister, G.B.E., M.C., M.P., Secretary of State for the Colonies.

The Right Hon.
Sir Godfrey Collins, K.B.E., 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.
Lord Irwin, K.G., G.C.S.I., C.C.I.E., President of the Board of Education.

The Right Hon.
Sir Henry Betterton, Bt., C.B.E., M.P., Minister of Labour.

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.

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 Right Hon.

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

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

Colonel Sir M.P.A. Hankey, G.C.B., C.C.M.G., Director of Cabinet Office. Secretary
Sir R.B. Howorth, K.C.M.G., C.B., Deputy Secretary

(For Conclusion 1).
The King's Speeches.

The Cabinet had before them the following documents:

A first draft of the King's Speech on the Prorogation of Parliament on November 17th (C.P.-265 (33)) as adopted by the Cabinet Committee appointed at the Meeting mentioned in the margin:

A first draft of the King's Speech on the Opening of Parliament on November 21st (C.P.-266 (33)), as adopted by the same Cabinet Committee, together with a draft paragraph on Disarmament, prepared by the Secretary of State for Foreign Affairs for insertion in the Speech (C.P.-266-A (33)).

A note particularising various amendments which had been suggested since the circulation of the first drafts of the Speeches was handed round at the Meeting.

The following amendments to the King's Speech on Prorogation were adopted by the Cabinet:

Page 1, paragraph 2, to be revised to read:

"Trade Agreements, which will, I trust, be found mutually advantageous have been concluded with a number of foreign countries. Negotiations with other countries for the conclusion of similar Agreements will shortly be begun."

Page 1, paragraph 3, to be revised to read:

"I have been gratified to learn that the question of Flag Discrimination in Portuguese ports, which has for some years been a subject of discussion, has now been satisfactorily settled by an Agreement between My Government and that of the Portuguese Republic."

Page 1, paragraph 9, line 3, for "British industry" substitute "the industry of the United Kingdom."

Page 2, paragraph 2, line 5, for "establishment of" read "amendment of the law relating to."
The Cabinet agreed:-

To approve for submission to His Majesty the text of the Draft King's Speech on the Prorogation of Parliament in the form set out in Paper C.P. 265 (33) subject to the alterations set out above.

For the text of this Draft Speech as approved by the Cabinet see Appendix I.

The following alterations to the Draft King's Speech on the Opening of Parliament (Paper C.P. 266 (33) and C.P. 266A (33)) were adopted by the Cabinet:-

Page 1, paragraph 2, this disarmament paragraph was revised to read:-

"The central purpose of My Government in international affairs is to promote and to sustain, by every means in their power, peace in the world. With this object in view, My Government will continue to co-operate with other Governments in endeavouring to reach a satisfactory solution of the complicated questions of disarmament in order to achieve a settlement acceptable to all, and to attain fruitful results from the prolonged labours of the Disarmament Conference. My Government remain determined to uphold the work of international co-operation by collective action through the machinery of the League of Nations and in all other ways calculated to further good relations between all states and peoples."

Page 1, paragraph 3, lines 3 and 4, for "it is the hope of My Ministers" substitute "My Ministers hope".

Page 1, paragraph 6, line 4, substitute "root" for "bottom".

Page 1, paragraph 6, line 5, for "situation" read "condition".

Page 1, paragraph 7, line 2, delete "stimulate and"

Page 1, paragraph 8, lines 2 and 3, to be revised to read "In this way it is hoped that opportunities will ..........."
Page 1, paragraph 9, lines 3, 4 and 5, delete sentence "At the same time ............ administering relief" and substitute after "footing." "and will establish a new system for the assistance and welfare of the unemployed outside insurance".

Page 2, insert new paragraph to read:

"My Ministers intend in conjunction with the Local Authorities to press forward with the improvement of housing conditions by the clearance or reconditioning of houses unfit for human habitation, and their replacement, when demolished, by dwellings which accord with modern standards and can be let at reasonable rents."

Page 2, paragraph 1, lines 2 and 3, delete "and the Report of the Departmental Committee on Housing" substitute "the reconditioning of working class houses" and add "and regulating the hours of employment of young persons and other conditions in the distributive trades".

Page 2, paragraph 2, to be revised to read:

"Bills relating to Scotland will be introduced to accelerate the provision of small holdings, to deal with illegal trawling, to amend the poor law, and for other purposes".

The Cabinet agreed:

To approve for submission to His Majesty the text of the Draft King's Speech on the Opening of Parliament as set out in C.P. 266 (33) subject to the alterations named above and to any drafting amendments that the Prime Minister might consider desirable.

For the text of this Draft Speech as approved by the Cabinet see Appendix II.

Note. Revised prints of the two Draft Speeches in the form approved by the Cabinet were sent on the evening of November 15th, to Sandringham for submission to His Majesty, the King.
2. The Secretary of State for Foreign Affairs brought before the Cabinet, as a matter of urgency, the question of Disarmament, which, he pointed out, had given rise to a situation with both international and domestic aspects. Mr Arthur Henderson, the President of the Conference, was talking of resigning, and according to a telegram just received from Geneva there was some possibility of his issuing a joint public statement in conjunction with M. Politis and Dr. Beneš, the two Rapporteurs of the Bureau, to the effect that, having found no-one at Geneva with whom to discuss the matters with which they had been charged, they had no alternative but to surrender the mandate conferred upon them by the Bureau. Recent Debates had cleared up the situation so far as Parliament was concerned, but had not yet affected outside public opinion, as could be judged from the Press. In the circumstances he proposed to telegraph to Paris to the effect that either he or the Parliamentary Under-Secretary of State would proceed to Geneva on Friday, calling at Paris on the way. He understood that Mr Henderson also would probably be coming to Paris. The question he raised was as to whether the British Government could afford, without loss of credit, to rest on their oars and merely adhere to the British Draft Convention, or whether they ought not to take some initiative. The former course, he thought, would lead the Government into grievous trouble. His view, therefore, was that some action should be taken to help both the Disarmament Conference and its President. The present position was that we had never abandoned the British Draft Convention. An idea was prevalent, however, that at the meeting of the Bureau on October 14th we had materially
altered our plan at the instance of France, and a large body of opinion in this country held this view. He did not think we ought to reaffirm the amendments then put as a basis for discussion, since these had already been rejected by Germany. He hoped, however, that the Cabinet would authorise an effort to put in some form any modifications by which they felt the Government could stand. The Parliamentary Under-Secretary of State, who had given close attention to the matter, thought this was possible and was prepared to make suggestions. He himself would like to go to the Bureau and say that the Cabinet had thought the whole matter over and suggested that the question should be dealt with on lines which he would then announce. He admitted that any proposals we could make would not please the French, but he did not think we ought to be deterred for this reason, since the French were too dependent on us to separate themselves for long. The Italians also would not be entirely pleased, since they did not want to proceed with the work at Geneva at all. The United States would not be effectively represented, and the utmost we could hope for from them was a friendly message. The Germans would probably reject any proposal that was made. The proposal, therefore, to which he asked the Cabinet to agree in principle was that the only way of making progress was to revise the modifications to the British Draft Convention that had been contemplated in mid-October and rejected by the Germans. These proposals would not be identical with those he recently submitted to the Cabinet in O.P.-255 (33), and would have to be discussed.
In the course of the discussion it was pointed out that there were some signs that France did not wholly reject the idea of separate conversations with the German Government, and it was suggested that the best plan for the United Kingdom Delegation might be to fall back on the original British Draft Convention and try and promote conversations between the two countries. In favour of this course a number of advantages were urged: e.g., the Government would be on a sound footing vis-à-vis our own people; we should avoid the discussion of technical details which might raise dangerous issues; we should avoid the necessity of presenting any detailed amendment of our scheme; and it would be difficult for Germany, who had herself accepted the Draft Convention in principle, to raise objection.

There was general agreement that the Secretary of State for Foreign Affairs should return to Geneva, but considerable doubts were expressed as to whether it was advisable for him to raise or be drawn into discussions of detail where controversial and inconvenient questions were liable to arise.

Attention was drawn to a speech made by S. Mussolini, in which, according to Press reports of the same day, he was reported to have deprecated the League of Nations. Apprehensions were expressed that this tended towards the possible creation of a Fascist bloc outside the League of Nations.

The Cabinet were reminded that the German argument was that we had altered the original British Draft Convention in two essential respects, viz., (1) by the introduction of the principle of a period of probation, which was implicit in the original draft Convention, but less baldly stated, and which Germany
claimed applied, to all intents and purposes, only to her, and (2) that at the end of that period of probation there was no guarantee that other nations would disarm. That argument might be wrong, but it made a considerable appeal in this country as well as in Germany. It was suggested that these two points ought to be seized upon and that the best plan would be for us to state (as had already been suggested) that we were prepared to go back to the original Draft Convention, but also to discuss what amendments could be made therein to meet the difficulties of France without antagonizing Germany.

The Prime Minister, who had discussed the question on the previous evening with the Lord President of the Council and the Secretary of State for Foreign Affairs, pointed out that Germany had left the Conference under a serious misapprehension as to what had happened. The British Government had never abandoned their original Draft Convention. There had been a number of conversations during August and September of the present year, and the Secretary of State for Foreign Affairs had merely reported what the tenor of those conversations was, and the nature of the amendments which were likely to be moved by certain Powers as a result. He had made no definite suggestions at the Bureau for amending the Convention, but merely a general report of the results of the conversations. His speech, therefore, ought not to be described as the proposals for a Draft Convention, which earlier he himself had submitted to the Conference. In these circumstances he thought that the first step was to address the German Government with a view to removing these misapprehensions and thus place on record what had
already been made clear in Parliament as to the true position.

A further suggestion was made that, as the Prime Minister had himself introduced the British Draft Convention, it might be advantageous if he represented the United Kingdom at Geneva, both to show the importance we attached to the present proceedings of the Conference and to ascertain what modifications might be introduced in order to satisfy all concerned and enable progress to be made.

The Secretary of State for Foreign Affairs, while agreeing that the advantages of adherence to the original Draft Convention had been stated in an attractive form, recalled that during the summer (while he himself was in South America) there had been conversations with the French, at which the Parliamentary Under-Secretary of State and the Secretary of State for Air -- and on one occasion the Lord President of the Council -- had been present. At that time the grounds on which the original Draft Convention had been based had begun to shift. There had been a general recognition that the events following the advent of Hitler to power -- such as the persecution of Jews and pacifists, and the militaristic tendencies of the Nazi movement -- did involve some change of attitude. The truth was, however, that public opinion here had forgotten those events and sentiment had changed, with the result that appeals for fair play to Germany were making greater headway. Nevertheless, in the conversations at Paris with the French, and with other Powers at Geneva, the tendency had been towards stiffening
the Draft Convention. If we were now to return to
the original British Draft Convention we should be
asked whether all the alternative proposals were to
be jettisoned, and we should meet with a maximum
of protest from the French. Further, the Germans
would say that the British had abandoned the
position they had taken up during the last three
months, and that would annoy the French more than
ever. If, on the other hand, we stood by the Draft
Convention but recognised that some alterations of
detail might be necessary, we should be in a better
position.

The Cabinet were reminded that our original
proposals had been made on the assumption that
Germany was to have equality of armaments in a
régime of security in which the League of Nations
occupied a key position. Germany had given notice
to leave the League, and Italy seemed to be contem-
plating similar action, which would materially alter
the situation. That was a point which ought to be
made at Geneva.

The Prime Minister, summing up the discussion to
the point that had been reached, thought there was
general agreement that the United Kingdom Delegation
should return to Geneva as soon as possible, not
for the purpose of discussing or making proposals
of detail, but to make clear that we still stood by
the British Draft Convention in the conditions in
which we had launched it; and to remind the Bureau
that the statement was merely one of amendments to
the plan that were likely to be asked for during
the expected discussions. Beyond that he himself
was doubtful whether at this stage our delegates
could do more than make enquiries as to how matters
stood and use their ingenuity and resource to try

-9-
and find a solution. He thought, also, that we should be in a position of great advantage if, even before going to Geneva, we addressed ourselves to Germany in order to make clear that we had never abandoned the British Draft Convention. He realised, however, that these matters could not be disposed of that morning.

The Cabinet agreed —

To meet the same evening, in the Prime Minister's Room at the House of Commons, at 9 p.m., mainly for the purpose of continuing the discussion on Disarmament.
3. The Cabinet had before them a Memorandum by the President of the Board of Trade (C.P.-267 (33)) on the subject of Anglo-Soviet Negotiations, to which was attached a Memorandum prepared in his Department showing the present position. After stating that agreement had now been reached on most points, setting forth the main points on which the present proposals differed from the old Agreement, and explaining the outstanding matters, the President urged the importance of the negotiations being concluded as early a date.

In the course of discussion it was pointed out that under the proposals set forth in C.P.-267 (33) the Lena Goldfields case would practically be abandoned.

The Secretary of State for Foreign Affairs suggested that that portion of the proposals should be strengthened as follows:

That the Soviet negotiators should be told that His Majesty's Government could not recommend to Parliament the acceptance of the trade agreement unless the Concessions Committee at Moscow had previously given the Lena Goldfields Company to understand that if negotiations with them were resumed, their previous offer would be materially improved upon.

The President of the Board of Trade undertook to consider this proposal and before any agreement was signed to report to the Cabinet how this matter stood.

The Cabinet were reminded also that there were a number of former creditors of Russia under the pre-Bolshevik régime and it was suggested that in effect they also were being abandoned. According to
the Press the President of the United States was insisting on recognition of the corresponding American creditors as a condition of a trade agreement, and the Government would be in a weak position if we failed to secure terms as good as America. The President of the Board of Trade said that the position of the creditors referred to above had not been affected by previous agreements. The Goschen Committee had negotiated with the Soviet representatives for two years without making any progress. He agreed, however, that in the final stages words would be used to make clear that we were not abandoning our previous attitude towards these claims.

The Cabinet were also reminded that in certain banks in this country there were considerable sums of money that had belonged to the Russian (pre-Bolshevik) Government or to Russian banks which had since been abolished or wound up. Some years ago there had been apprehensions lest the Soviet Government should bring a case in our Courts to recover these monies, and at that time an assurance had been given to the British banks concerned that if they were sued and lost the case, the Government would pass legislation to prevent them from handing over the funds. The suggestion was made that the Treasury and the Board of Trade should consider the position as the sum of money in the banks might be very useful as a nucleus of a fund for meeting the Russian creditors.

The Secretary of State for War who had raised some of the above questions asked to place on record that the objections he had registered in the past to the whole policy had not been in any way modified.
The Home Secretary pointed out the difficulties that judging from previous experience were liable to arise from the grant of diplomatic immunity to certain members of the Russian Trade Delegation. He was glad that this concession had been severely limited, but he felt bound to warn the Cabinet that difficulties might arise.

The Chancellor of the Exchequer warned the Cabinet that the Board of Customs and Excise also disliked the grant of diplomatic immunity, more particularly as a precedent for other countries to demand a corresponding privilege. At the moment, however, the objection was somewhat academic and he would not press it.

The Cabinet agreed:

I. To take note of the main points on which the present proposals differ from the old agreement (which gave the Soviets unqualified most-favoured-nation treatment), and that the Russians are now prepared

(a) to acknowledge in the Agreement our right to prohibit their goods if they are offered at prices that “frustrate” Imperial preferences or that detrimentally affect our home interests. This is an important extension of the scope of Article 21 of our agreement with Canada;

(b) to accept our view that we cannot continue to buy largely from them while they buy so little from us. They are willing to include in the agreement provisions whereby they undertake so to adjust the business that there will be (after an initial period for the change-over) an approximate balance of payments under which the money they get here for their goods will be spent here.

II. To approve the following proposals of the President of the Board of Trade:

(1) Period of Negotiation and Notice.

We may offer a period of three months to cover both negotiations and notice. This is the very least that the Soviet Government are likely to accept, and could, we think, be defended by us.
(2) Immunity.—We may agree to continue the immunity in the same limited form that was provided in the old agreement.

We should continue to press for assurances on the three points affecting the Embassy at Moscow. We might in the end give up the points as to the inspection of luggage and railway tickets, but we should insist on an assurance as regards food-stuffs.

Note:
The Secretary of State for Foreign Affairs placed it on record that an assurance as regards food-stuffs is essential, and that the inspection of luggage and railway tickets was also of some importance. The question of works of art was of less importance.

III. (c) Shipping.—The incentive to charter British shipping provided by the balance of payments agreement, although considerable, is not in our view sufficiently direct, even if accompanied by assurances of an undefined character. We should press for the inclusion in the agreement of a definite undertaking that not less than 60 per cent. of the tonnage chartered by the Soviet Government should be British.

(b) Herrings.—We should press for a substantial purchase by the Soviet Government. This would not form part of the main agreement, but might take the form of a separate purchase agreement.

IV. That the President of the Board of Trade should consider the formula suggested by the Secretary of State for Foreign Affairs quoted above in this Conclusion, and that the President of the Board of Trade should report on this subject to the Cabinet before any agreement was signed.

V. To take note that in the final stages of the Conference words would be used to make clear that we are not in any way abandoning our previous attitude towards the claims of British creditors in respect of pre-war debts.
4. In accordance with the decision referred to in the margin, the Cabinet had before them the Conclusions of the Standing Ministerial Sub-Committee for Questions concerning the Middle East, on the subject of the proposed despatch of a British envoy to the Court of the Imam of the Yemen at Sanaa with a view to the conclusion of a Treaty (C.P.-269 (33)).

The conclusions of the Committee, who had had before them a Memorandum by the Secretary of State for the Colonies (attached to C.P.-269 (33)) were recorded as follows:

"(1) Having considered the whole question they are satisfied that the advantages of continuing negotiations outweigh the disadvantages and they accordingly recommend that the Cabinet should adhere to its previous decision (Cabinet 50 (33), Conclusion 5):

(2) That the Foreign Office should inform the Italian Government that Colonel Reilly, the Resident at Aden, will go to Sanaa in order to negotiate a Treaty, and that as it is the common object of both the British and Italian Governments to prevent the outbreak of hostilities between the Imam and Ibn Saud Colonel Reilly will take advantage of his presence at Sanaa to use his best efforts to achieve this object:

(3) That should hostilities actually break out between the Imam and Ibn Saud a situation might arise in which it might be necessary to reconsider this decision."

The Cabinet adopted the Conclusions of the Cabinet Committee as set forth above.
5. The Cabinet had before them the Annual Review of Imperial Defence Policy for 1933 by the Chiefs of Staff Sub-Committee of the Committee of Imperial Defence (C.P.-264 (33)), together with an extract from the Draft Minutes of the 261st Meeting of the Committee of Imperial Defence, at which this Paper had been considered. These documents had been circulated to the Cabinet by direction of the Prime Minister. The Conclusions of the Committee of Imperial Defence were as follows:

(a) To forward the Report of the Chiefs of Staff to the Cabinet, with the following Resolutions:

(i) For the present the expenditure of the Defence Departments should be governed by the Report of the Chiefs of Staff Sub-Committee and the following considerations of priority mentioned therein: the Defence of our possessions and interests in the Far East; European Commitments; the Defence of India;

(ii) No expenditure should for the present be incurred on measures of defence required to provide exclusively against attack by the United States, France or Italy;

(iii) The above conclusions must be kept under careful observation by the Government Departments concerned, and, in any event, should be reviewed annually by the Committee of Imperial Defence;

(b) That, on the basis of the above Resolution, the Chiefs of Staff Sub-Committee, with representatives of the Treasury, and the Foreign Office, and the Secretary to the Committee of Imperial Defence, should prepare a programme for meeting our worst deficiencies for transmission to the Cabinet.
The Prime Minister referring to Conclusion (p) of the Committee of Imperial Defence said that the proposals of the official committee which would set forth our major deficiencies in their technical aspects would, according to the plan he had in mind, then be considered in their political aspects by a ministerial committee. The Cabinet would be quite uncommitted until these proposals had come before them.

On this understanding, the Cabinet agreed -

To approve the proposals of the Committee of Imperial Defence as set forth above.
6. As one of the documents circulated by the Chancellor of the Exchequer had only been received the same morning, the Cabinet agreed -

To postpone the discussion of the financial position of Newfoundland until their meeting the same evening.
7. In view of the short time available
the Cabinet agreed -
to postpone consideration of the Assyrian
question until their meeting the same
evening.
B. The Cabinet had before them a Memorandum by the Secretary of State for Dominion Affairs (C.P.-262 (33)) on the subject of the transfer to the Union of South Africa of the three South Africa High Commission Territories, viz., Basutoland, the Bechuanaland Protectorate, and Swaziland. The Memorandum stated that when General Smuts and Mr Havenga had called to discuss the matter with the Secretary of State in July last he had given them a note in which attention had been called to the various pledges given in the past by His Majesty's Government as to consultation with the inhabitants of the Territories and with Parliament. Subsequently General Smuts had sent him a Memorandum explaining the grounds on which the Union Government considered that the Territories ought to be transferred to the Union, and General Hertzog had now sent a letter repeating the same view. Having recently had an opportunity of discussing the matter with the High Commissioner for South Africa, who had said that any proposal for transfer of the Territories would meet with very strong opposition from the natives, the Secretary of State proposed to remind General Hertzog of the pledges set out in the memorandum handed to General Smuts in July last and to say that it would clearly not be possible for His Majesty's Government in the United Kingdom even to consider the question of transfer without taking steps to ascertain the opinion of the population, both native and European, and that he and his colleagues felt that the present was not a suitable time for raising this question with the native population of the Territories.
The Cabinet approved the proposals of the Secretary of State for Dominion Affairs as set forth in C.P. 262 (33) summarised above.
The Cabinet approved the proposals of the Secretary of State for Dominion Affairs as set forth in C.P. 262 (33) summarised above.
9. The Cabinet had under consideration a Memorandum by the Secretary of State for Scotland (H.A.-22 (33)) covering the draft Poor Law (Scotland) Bill, the object of which was to make various amendments in the law relating to the relief of destitution in Scotland, and in particular to make permanent the emergency legislation enabling Poor Law Authorities to relieve the destitute able-bodied unemployed, especially those not falling under Part II of the Unemployment Bill now before Parliament: together with the following recommendation of the Committee of Home Affairs thereon 'H.A.C. 10th Conclusions (33), Minute 1):

"To authorise the introduction forthwith in the House of Commons of the Poor Law (Scotland) Bill, in the form of the draft annexed to H.A.-22 (33), subject to any drafting or other minor alterations that may be found necessary or desirable."

The Cabinet approved the recommendations of the Committee of Home Affairs as set forth above.
10. The Cabinet had under consideration a Memorandum by the Minister of Agriculture and Fisheries (H. A.-23 (33)) covering the draft Agricultural Marketing Bill, which had been drafted to make necessary amendments in the Agricultural Marketing Acts, and also to empower English and Scottish Marketing Boards to cooperate with each other or with Boards in Northern Ireland, and to remedy a drafting omission in the Agricultural Marketing Act, 1933: together with the following recommendation of the Committee of Home Affairs thereon (H.A.C. 10th Conclusions (33), Minute 2):

"To authorise the introduction in the House of Commons (at the beginning of the 1933-34 Session, with a view to its enactment early in December, 1933) of the Agricultural Marketing Bill, in the form of the draft annexed to H.A.-23 (33), subject to any drafting or other minor alterations that may be found necessary or desirable."

The Cabinet approved the recommendations of the Committee of Home Affairs as set forth above.
11. The Cabinet took note of a Memorandum by the President of the Board of Trade (C.P.-250 (33)) on the subject of the United States Matson Line, which now runs between San Francisco, Honolulu, Suva (Fiji), Auckland and Sydney, and is heavily subsidised by the United States Government. The Memorandum stated that considerable resentment had been aroused in Australia and New Zealand by the fact that a subsidised United States Line should engage in our inter-Imperial trade whilst British ships competing on the same route were excluded from the United States coasting trade. It was possible that action might shortly be taken by Australia and New Zealand, which might stimulate the United States to take action against United Kingdom ships in trades in which this country was open to attack.

A suggestion was made that the Secretary of State for Foreign Affairs should inform the British Ambassador in Washington of the position as set forth in C.P. 250 (33) and ask him if he could make contacts with a view to sounding what would be the attitude of the United States Government if he were instructed to raise the question officially.

The Secretary of State for Foreign Affairs informed the Cabinet that when Mr. Bruce had first brought the question to his notice he had warned him not only of the serious consequences which action by Australia and New Zealand might have on British shipping in trades in which this country is open to attack, but also of the danger that the whole principle of Imperial
preference might be raised internationally by the American Government.

The Cabinet agreed --

(a) That the Secretary of State for Dominion Affairs should convey to the High Commissioner for Australia the strong feeling of the Cabinet as to the serious consequences of the threatened action by Australia and New Zealand:

(b) That the Secretary of State for Foreign Affairs should inform the British Ambassador in Washington of the position and sound him as to what was likely to be the attitude of the United States Government if he were instructed to raise the question officially.

... 

2, Whitehall Gardens, S.W.1,
November 15, 1933.
APPENDIX I.

Draft of The King's Speech on the Prorogation of Parliament.

November 17, 1933.

My Lords and Members of the House of Commons:

I rejoice to observe the steady improvement in trade and employment among My People.

Trade Agreements, which will, I trust, be found mutually advantageous, have been concluded with a number of foreign countries. Negotiations with other countries for the conclusion of similar Agreements will shortly be begun.

I have been gratified to learn that the question of Flag Discrimination in Portuguese ports, which has for some years been a subject of discussion, has now been satisfactorily settled by an Agreement between My Government and that of the Portuguese Republic.

I had pleasure in welcoming to London in June last the delegates to the session of the World Monetary and Economic Conference. My Prime Minister acted as President of the Conference at the request of the Council of the League of Nations.

Considerable progress was made with certain questions but owing to unexpected developments in the international monetary and financial situation the Conference was, to My regret, unable to reach conclusions on certain important matters before its adjournment on the 27th July. It is, however, satisfactory that a joint declaration as to their views on some of the principal subjects raised at the Conference was drawn up by Delegations of the British Commonwealth and published. The Conference has left in being suitable organisations charged with the task of fixing the date of reassembly and of making the preliminary arrangements necessary for the purpose.

My Government have throughout taken an active part at the Disarmament Conference, and the British Draft, which was presented on the 16th March, was adopted in June last as the basis of the proposed Convention. I earnestly trust that the difficulties which have since arisen may be surmounted. The withdrawal of Germany a month ago from the deliberations at Geneva has necessarily dislocated the programme, but the work for international disarmament by agreement between nations must be vigorously pursued.

Members of the House of Commons:

I thank you for the provision you have made for the public service.

My Lords and Members of the House of Commons:

The continued willingness of My People to bear heavy sacrifices has made it possible for this country, almost alone among the great countries of the world, to maintain a satisfactory balance between its national income and expenditure.

Confidence has been restored by the pursuit of a sound financial policy, accompanied by the establishment of a reasonable measure of protection for the industry of the United Kingdom. The steps taken to promote the reorganisation of various sections of agriculture and the sea-fishing industry have not yet had time to show their full results, but I am pleased to note that there are already definite signs of improvement.
The numbers of the unemployed, though still unhappily far too large, have fallen substantially and continuously in recent months, despite the usual seasonal trend in the opposite direction.

Bills have received My assent providing for the amendment and continuation of the Rent and Mortgage Interest (Restrictions) Acts, for the reorganisation of London passenger transport, for the licensing and regulation of goods motor vehicles, for the consolidation of the law relating to children and young persons and for the amendment of the law relating to the national status of married women.

A number of other Measures of public utility have been passed into law.

I pray that the blessing of Almighty God may rest upon your labours.
MY LORDS AND MEMBERS OF THE HOUSE OF COMMONS:

MY relations with foreign Powers continue to be friendly.

The central purpose of My Government in international affairs is to promote and to sustain, by every means in their power, peace in the world. With this object in view, My Government will continue to co-operate with other Governments in endeavouring to reach a satisfactory solution of the complicated questions of disarmament in order to achieve a settlement acceptable to all and to attain fruitful results from the prolonged labours of the Disarmament Conference. My Government remain determined to uphold the work of international co-operation by collective action through the machinery of the League of Nations and in all other ways calculated to further good relations between all States and peoples.

During the past Session a Joint Committee of both your Houses considered, in conference with delegates from India, proposals for Indian constitutional reform. You will be invited to re-constitute the Committee, and My Ministers hope that the Committee may find it possible to complete their arduous task in time to enable definite proposals, in legislative form, to be laid before you during the coming Session. I am deeply conscious of the burden of responsibility which lies upon all those whose duty it is to guide or to take decisions as to the form of the future government of My Indian Empire, and I pray that wisdom may inform their judgment.

The Report of the Royal Commission on Newfoundland is about to be laid before you, and any legislation which may be found necessary in connection with their recommendations will be submitted to you.

MEMBERS OF THE HOUSE OF COMMONS:

The Estimates for the public services will be laid before you in due course.

MY LORDS AND MEMBERS OF THE HOUSE OF COMMONS:

The past year has been marked by a steady growth of confidence in the future prospects of British trade and industry. In the opinion of My Government it is of the first importance that this confidence should be maintained and increased, since it lies at the root of any lasting improvement in the condition of the country.

By careful attention to sound principles both in the control of expenditure and in measures calculated to encourage enterprise My Ministers will endeavour to promote the return of the nation, step by step, to conditions which will permit the easing of its present burdens.

My Ministers will continue their efforts to create favourable conditions for the export trade, especially by the negotiation of trade agreements. In this way it is hoped that opportunities will be afforded for the development of the cotton, coal and other exporting trades.
You will be invited to give immediate consideration to a comprehensive Measure which will put the Unemployment Insurance scheme on a sound and permanent footing and will establish a new system for the assistance and welfare of the unemployed outside insurance.

My Ministers intend, in conjunction with the Local Authorities, to press forward with the improvement of housing conditions by the clearance or reconditioning of houses unfit for human habitation, and their replacement, when demolished, by dwellings which accord with modern standards and can be let at reasonable rents.

Measures dealing with the law relating to betting and gambling, the continuation of a beet sugar subsidy for another year, the reconditioning of working-class houses and regulating the hours of employment of young persons and other conditions in the distributive trades will be submitted to you.

Bills relating to Scotland will be introduced to accelerate the provision of small holdings, to deal with illegal trawling, to amend the poor law, and for other purposes.

Other Measures of importance will be laid before you and proceeded with as time and opportunity offer.

And I pray that the blessing of Almighty God may rest upon your deliberations.