Meeting of the Cabinet to be held in the Prime Minister's Room, House of Commons, on TUESDAY, 31st JULY, 1934, at 11.30 a.m.

AGENDA.

1. FOREIGN AFFAIRS - (If required).

2. IMPERIAL DEFENCE POLICY.
   (Reference Cabinet 29 (34) Conclusion 3).
   Report on Defence Requirements by Ministerial Committee.
   C.P. 205 (34) - to be circulated.

3. REDUCTION AND LIMITATION OF ARMAMENTS - (If required).
   (Reference Cabinet 27 (34) Conclusion 5).

4. METROPOLITAN POLICE, HOUSING AND BUILDING.
   Memorandum by the Home Secretary.
   C.P. 207 (34) - to be circulated.

5. HOUSING POLICY.
   (Reference Cabinet 8 (34) Conclusion 7).
   Memorandum by the Minister of Health.
   C.P. 208 (34) - circulated herewith.

6. THE MEAT SITUATION: NEGOTIATIONS WITH THE DOMINIONS.
   (Reference Cabinet 28 (34) Conclusion 7).
   Statement by the Secretary of State for Dominion Affairs.

7. THE SOUTH AFRICAN HIGH COMMISSION TERRITORIES.
   (Reference Cabinet 62 (33) Conclusion 8).
   Memorandum by the Secretary of State for Dominion Affairs.
   C.P. 197 (34) - already circulated.
ECONOMIC ADVISORY COUNCIL: TWELFTH REPORT OF THE COMMITTEE ON ECONOMIC INFORMATION.

(Reference Cabinet 16 (34) Conclusion 7).

Note by the Secretary, covering Report of Committee, C.P. 206 (34) - circulated herewith.

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

2, Whitehall Gardens, S.W.1.,
27th July, 1934.
CONCLUSIONS of a Meeting of the Cabinet held at the Prime Minister's Room, House of Commons, on TUESDAY, 31st JULY, 1934, at 11.30 a.m.

PRESENT:

The Right Hon. Stanley Baldwin, M.P.,
Lord President of the Council. (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. Sir John Simon, G.C.S.I.,
K.C.V.O., O.B.E., K.C., M.P.,
Secretary of State for Foreign Affairs.

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. Viscount Halifax, K.G., G.C.S.I.,
G.C.I.E.,
President of the Board of Education.

The Right Hon. Oliver Stanley, M.C., M.P.,
Minister of Labour.

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. 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. Sir Edward Hilton Young, G.B.E.,
D.S.O., D.S.C., M.P.,
Minister of Health.

The Right Hon. Sir Bolton M. Byres Monsell,
G.B.E., M.P.,
First Lord of the Admiralty.

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

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

The Right Hon. Sir Kingsley Wood, M.P.,
Postmaster General.

1. The Cabinet had before them a Most Secret Draft Report by the Ministerial Committee on Disarmament on the subject of Defence Requirements (C.P.-205 (34)). circulated, by instructions of the Lord President of the Council, in advance of approval by the Ministerial Committee, owing to the length of the Report and the short time available for its consideration.

The First Lord of the Admiralty said that he agreed with many of the premises in the Report as affecting the Navy, but the Conclusions appeared to him inconsistent with those premises, more especially Conclusion (16). He himself had proposed to the Ministerial Committee that the Naval Replacement Programme should be put forward, but he had not intended his proposal to apply to deficiencies: in fact, the Deficiency Programme had nothing to do with the Naval Construction Programme. The Admiralty felt that they could not postpone their deficiencies until the normal time at which the Estimates were discussed. He recalled that the deficiencies had arisen because the Navy Estimates had, year by year ever since the War, been cut by the Treasury, who no doubt felt bound to do so for reasons of public economy. The consequence was that the Naval Construction Programme had been carried out at the expense of other headings of the Estimates on which deficiencies had accumulated. The position had been bad enough in the days of the Ten-year Rule. Since then the Cabinet had received the somewhat alarming Report of the Defence Requirements Committee (C.P.-64 (34)): the prospects of the Naval Disarmament Conference did not appear favourable; and the position as regards Japan was disturbing, in view of the economic difficulties between the
two countries. Moreover, the amount of money being spent effectively (that is to say, excluding pensions) on their respective Navies by the two countries was calculated to be £47,000,000 in the case of Great Britain and £49,000,000 in the case of Japan. Further, he gathered that Japan had 10,000 more men in her Navy than the United Kingdom. All this greatly increased the responsibilities of the First Lord of the Admiralty. As the result of the present Inquiry the Royal Air Force had been given a greater increase in aircraft than it had asked for. The Army had had its deficiencies recognised in the Report. The deficiencies of the Navy, however, were not recognised in the Report and were left to be agreed between the Chancellor of the Exchequer and himself. In some ways the situation had deteriorated, as the Treasury had challenged the bases of our sea-power and the Admiralty programmes founded on the results of the Naval Conferences. All this had happened without any discussion with the technical advisers of the Admiralty. The Treasury proposed, apparently, to alter the whole basis of Imperial Defence, in which the Dominions were closely concerned. The defence of our Empire necessitated as a minimum the maintenance of a one-Power standard. Our annual building programmes were formulated, and our existing deficiencies had been calculated with strict reference to that standard. If our building programmes could not be carried out, and equally if our deficiencies could not be made good, the one-Power standard could not be maintained. If that standard were to be abandoned we could not defend the Empire and we might as well have no Navy at all.
Short of that standard the Admiralty would not know what to ask for, and the Chancellor of the Exchequer could not know what to give. Consequently his intention was to put forward Estimates based on a one-Power standard, together with the deficiencies for the existing Fleet as stated in paragraph 56 of the Draft Report of the Ministerial Committee. If he were to put forward his deficiencies, it might happen that he would not know until perhaps January whether the Chancellor of the Exchequer agreed with him.

That would be very late for him to come to the Cabinet, especially as by that time the Naval Conference might at least be in its preliminary stages. It was only fair, therefore, that he should have some direction from the Cabinet giving him some basis before he put forward his Estimates. He proposed to try and negotiate with the Chancellor of the Exchequer about deficiencies in October and, if they could not agree, to come to the Cabinet by the end of October, so that if the Admiralty's firmly-established basis was to be altered, a new one could be laid down by the Cabinet, who would have to bear the responsibility for the risk.

The Lord President of the Council agreed that less time had been devoted to the discussion of the Navy than of the other Services. In the circumstances he thought the First Lord's proposal was a fair one.

The Chancellor of the Exchequer had not the slightest objection, but wished to include the Naval Construction Programme as well as the Naval Deficiency Programme in the conversations.

The First Lord agreed.

The Chancellor of the Exchequer suggested that a further sentence should be added to Conclusion (16) to carry out this agreement (See Conclusion (a) below).
The Cabinet then discussed the Draft Report in detail, and certain amendments were made which are recorded in the Conclusions below. Apart from these amendments the following points were raised:

**Paragraph 52.** The Secretary of State for Air drew attention to the fact that arrangements were being made by the Air Ministry to provide aircraft for the defence of the Midlands and Northern England within eight years, but the Army's share in Air Defence was not provided for within that period. It would be much more satisfactory if this were done. The point was not, perhaps, very important at the moment, but he mentioned the matter in order that it need not be lost sight of.

The Secretary of State for War did not dissent from the statement that the Army's scheme was not complete in this respect. He took this opportunity to warn the Cabinet that the Army was not in a condition to fight at the present time, and that under the programme now proposed it would not be in readiness until some unspecified date after 1938, when the deficiencies had been made good. The reason for this was that the Chancellor of the Exchequer could not provide the money, so that the five-year programme had had to be cut down from £40,000,000 to £20,000,000. The Cabinet would have to take the responsibility for that, though of course he took his share. He was anxious that his colleagues should be under no misapprehension on the subject.

**Page 14, Lines 1 and 2.** The First Lord of the Admiralty suggested that the words "at a total cost estimated at £20,000,000" should read "at a total cost on Air Votes estimated at £20,000,000".

The Chancellor of the Exchequer asked the First Lord of the Admiralty not to press this point.
He understood that the question raised was whether some expenditure in connection with the Fleet Air Arm should fall on Navy Votes or Royal Air Force Votes. The subject was very technical and he would prefer to discuss it direct with the First Lord of the Admiralty.

The First Lord of the Admiralty agreed to this.

Towards the end of the discussion the President of the Board of Trade said that he had watched with growing alarm the position of the Navy in this Inquiry. In particular, he thought it would be inadvisable to communicate the Report to the Prime Ministers of the Dominions, who were especially interested in the Navy and who might form the impression that Naval requirements were being overlooked.

The Secretary of State for Dominion Affairs recalled that the present Inquiry had originated at a Meeting of the Committee of Imperial Defence on November 9, 1933, when representatives of some of the Dominions had been present. At a later Meeting, on May 31, 1934, the Prime Minister had told representatives of the Dominions that as soon as the Cabinet had reached their conclusions the Dominions would be informed: but he and his colleagues had felt that it was only right that representatives of the Dominions should be told, quite informally, what was happening, and that they should be assured that before any big decisions were made they would be called into consultation. Sir Maurice Hankey had already seen representatives of the High Commissioners and, by authority of the Acting Prime Minister and himself, had made an advance communication to them about the Air Defence proposals. He thought that the Cabinet were bound to make some communication to the Dominions, and probably to send both the Defence Requirements Committee's Report and the Report of the Ministerial Committee.

Some discussion took place on this proposal, and it was felt that it would be liable to cause misunderstanding to send the Report now about to be
approved, for the reason that it did not deal with the Navy, in which the Dominions were principally interested. In the circumstances, a suggestion was adopted that Sir Maurice Hankey, on the occasion of his forthcoming visit to the Dominions, should take with him copies of the two Reports and make a statement to the Prime Ministers about the general results of the Inquiry up to date and its present position, bearing in mind the discussion at the Cabinet and more especially the extreme importance of secrecy.

The Cabinet agreed —

(a) To approve the Most Secret Draft Report of the Ministerial Committee (C.P.-205 (34)), subject to the following alterations:

Paragraph 5 to read as follows:

"We are of opinion that the Cabinet's decision of the 14th March, as interpreted by the explanations quoted above, still holds good in respect of our long-range defence policy, and in this Report we have not overlooked this aspect of the case".

Paragraph 21, Line 10: Delete from the words "detailed examination" to the end of the paragraph, and substitute the following:

"The Committee were attracted by this proposal and examined it in detail, but in existing international conditions it was not found possible to proceed with it."

Paragraph 30, Line 2: For "anti-aircraft defence" put "air defence".

Paragraph 39, Line 8: For "Belgium" put "France or Belgium".

Paragraph 47: The second sentence should read as follows:

additional "His proposal was to bring down the total expenditure on the deficiency programmes in the five-year period from £76.8 millions involved in the Defence Requirements Committee's programme to £50.3 millions".

Paragraph 56, penultimate line: "1940" should read "1942".

-8-
Paragraph 57: The opening words, "The latest Admiralty estimate" should read "The Admiralty forecast".

Page 9. Conclusion 16: Add the following sentence:

"Both the Naval Construction Programme and the Naval Deficiencies Programme will be considered by the First Lord of the Admiralty and the Chancellor of the Exchequer in the early Autumn, and the results will be reported to the Cabinet not later than the end of October."

(b) That the communication of the Report to the Prime Ministers of the Dominions should be postponed until decisions have been taken as to the Naval Deficiency Programme:

(c) That the Secretary to the Cabinet, on his forthcoming visit to South Africa, Australia, New Zealand and Canada, should take with him copies of the two Reports and make a statement to the Prime Ministers about the general results of the Inquiry up to date and its present position, bearing in mind the discussion at the Cabinet and more especially the extreme importance of secrecy.

(Note: A copy of the Summary of Conclusions and Recommendations as approved by the Cabinet is attached in the Appendix.)

The Lord President of the Council appealed to his colleagues to use the utmost discretion in regard to the discussion that had just taken place, as it was vitally important that no leakage should occur in this very secret matter.
2. The Secretary of State for Foreign Affairs said that he and the Lord Privy Seal would, before long, be entering again on discussions on Disarmament, but he did not ask for any decisions from the Cabinet that day.
3. The Cabinet had before them a Memorandum by the Home Secretary (C.P.-207 (34)) summarising proposals by the Commissioner of Police of the Metropolis in his Annual Report, 1933, for the general re-housing of the Force in order that London's police buildings should be brought up to modern standards and be made worthy of the Capital of the Empire and of the position occupied by the Metropolitan Police, while at the same time promoting contentment and efficiency among the men and facilitating the transaction of business with the public. The expenditure involved in the whole building programme was estimated at between £4,000,000 and £5,000,000, of which £4,000,000 would have to be provided for on a loan basis. The Commissioner had urged that the scheme should be planned as one to be completed in six or seven years, and the Home Secretary agreed that this should be the aim. For this purpose a Bill conferring fresh borrowing powers on the Receiver for the Metropolitan Police District would be necessary, and the Home Secretary asked the approval of the Cabinet to the introduction of such a Bill in the Autumn. A Bill on the lines he proposed would give general publicity to the matter and enable objections, whether to the policy of borrowing or on any other grounds, to be heard and considered before the whole scheme was actually embarked upon.

The Chancellor of the Exchequer asked for an assurance that the improvements would only be allowed out of capital which were of a permanent character.

The Home Secretary gave this assurance.

The Chancellor of the Exchequer then asked that the improvements should not be on such a scale
as would invite demands for a higher standard from other Government Departments.

The Home Secretary thought he could give this undertaking also.

The Lord President of the Council suggested that the Chancellor of the Exchequer's points were covered by the fact that a Bill would have to be brought before the Cabinet when details could be considered.

The First Commissioner of Works referred to a suggestion on page 5 of the Memorandum on the subject of the extension of New Scotland Yard. He gathered that the extension might affect Richmond Terrace. There were difficulties about the removal of the present occupants of Nos. 2 and 2 Richmond Terrace, but in addition it was very undesirable to mutilate this Terrace which as a whole formed an object of architectural interest.

The Home Secretary agreed to discuss the matter with the First Commissioner of Works, but he was under the impression that the proposed extension would bring New Scotland Yard close to Richmond Terrace but would not involve pulling it down.

Subject to the undertakings given by the Home Secretary to the Chancellor of the Exchequer, the Cabinet agreed -

(a) That the Home Secretary should have authority to prepare a Bill.

(b) That the plans for the proposed extension of New Scotland Yard should be agreed between the Secretary of State for Home Affairs, the First Commissioner of Works and the Commissioners of Crown Lands.
4. The Cabinet had before them a Memorandum by the Minister of Health (C.P.-206 (34)) bringing direct to the Cabinet, after consultation with the Lord President of the Council, instead of to the Housing Policy Committee, a matter affecting negotiations with the Housing Authorities on the new Housing Bill. One of the recommendations contained in the Report of the Cabinet Committee (C.P.-46 (34)) was as follows:

"That as regards 'overcrowding and redevelopment' the offer of financial assistance from the Exchequer should be strictly limited to cases where the rehousing is effected on or near the central site by means of blocks of flats and should not be given in cases where the rehousing is effected by means of ordinary small houses erected on undeveloped land on the outskirts of the area of the local authority."

In subsequent discussions the Local Authorities laid special emphasis on the claim that there should be financial assistance for rehousing in cottages, and the Minister of Health felt that assistance should be given in special cases, of which he gave examples. He proposed to deal with the matter on the following basis, in which the Chancellor of the Exchequer had concurred:

That no general subsidy will be given for cottage building.

That in the special cases referred to, it will be open to the authority in respect of a particular scheme, to produce evidence that, for such reasons as those stated, a subsidy is necessary. It would then be for the Minister to decide, subject to Treasury approval as to conditions, whether the claim had been made out or not, and to allow subsidy if necessary, subject to a reasonable maximum and to a rate contribution.
The Secretary of State for Scotland warned the Cabinet that the proposals did not meet the needs of Scotland which were somewhat different. He was in correspondence with the Chancellor of the Exchequer on the subject. He gave particulars.

The Chancellor of the Exchequer recognised that conditions in Scotland differed from those in England in this matter.

The Minister of Health said his Bill would be in draft by the middle of September.

The Cabinet agreed -

(a) To approve for England the proposals of the Minister of Health as set forth in C.P. 208 (34) and summarised above.

(b) To take note that the arrangements for Scotland were under consideration between the Secretary of State for Scotland and the Chancellor of the Exchequer.
5. The Secretary of State for Dominion Affairs reported that he and the Minister of Agriculture and Fisheries had seen the Dominion High Commissioners on the 27th July and informed them of the programme of meat shipments to the United Kingdom from the Dominions which the United Kingdom Government considered to be necessary during the six months July to December, 1934, i.e. the first two-thirds of the period in which a subsidy is being paid out of the United Kingdom Exchequer to the United Kingdom producers of beef. He had made it plain to the High Commissioners that this programme was one which the United Kingdom Government had decided to adopt and that it was not a suggested programme for discussion.

The High Commissioners had shown no disposition to challenge the figures which they evidently regarded as prima facie satisfactory to them. They pressed, however, that rather than present all Dominions with a joint programme covering all Dominions, separate communications should be addressed to each Dominion in the form of inviting the Dominion Government to co-operate by regulating their exports of meat to the United Kingdom on the scale which we had laid down for each case. He made it clear that he had no objection to putting the matter in this form or in any other form that was desired so long as it was clearly understood that we expected that the arrangements set out would in fact be accepted by Dominion Governments.

After the meeting with the High Commissioners, a Committee of departmental officers, including representatives of the Dominions, at once met in order to draw up the actual texts of separate communications to each Dominion. As a result, telegrams were
despatched on the evening of the 27th July to each Dominion with the exception of Australia, the telegram to which was deferred until the 28th July at the request of Mr. Bruce. (In the case of Canada, a telegram was sent from the Canadian High Commissioner to his Government).

Copies of these telegrams have been circulated and also copies of supplementary telegrams to our representatives in Canada, Australia and the Union of South Africa.

Telegrams received that morning from Australia and New Zealand indicate that these Dominions were not in favour of any restrictions. The Government at Ottawa were greatly concerned over the situation and anxious that if possible publication of the despatch should be deferred until they had had an opportunity of making representations. South Africa had adopted a favourable attitude. It appeared possible that when the Governments of the Dominions received the messages from their High Commissioners they might see the desirability of modifying their attitude. After March permanent arrangements would have to come into operation. In the meantime, officials were to meet on the subject.

The Minister of Agriculture and Fisheries paid a tribute to the skill with which the Secretary of State for Dominion Affairs had handled this question.
6. The Cabinet had before them a Memorandum by the Secretary of State for Dominion Affairs (C.P.-197 (34)) covering further correspondence with General Hertzog on the question of the transfer of South African High Commission Territories (Basutoland, the Bechuanaland Protectorate and Swaziland) to the Union of South Africa. In summing up the present position the Secretary of State had written that the Government still maintained the view that the moment was not opportune for raising this question, but that the closest association and co-operation, particularly on economic matters, would be welcomed.

At the suggestion of the Secretary of State for Dominion Affairs the Cabinet only took note of the above Memorandum.
7. The Home Secretary reported the result of discussions he had had with four groups of the Opposition Leaders on the subject of the proposals under consideration by the Cabinet on the subject of Public Order. These approaches had not led to very much result. The main point of interest was that his suggestions had awakened no violent reaction against the proposal that the Police should be permitted to enter meetings on the decision of the Chief Constable. The Opposition Liberals had adopted a somewhat nervous attitude towards the proposals, and Sir Herbert Samuel had suggested that those relating to private armies could not be applied in practice. The Labour Party had been rather shy of dealing with meetings in the vicinity of offices of public authority and labour exchanges, but had rather welcomed proposals for dealing with private armies. In fact, Sir Stafford Cripps had asked if he could assure people in public speeches that the Government had decided to act. The Home Secretary had replied that this was only a consultation and that no decision had been taken. Some of the Opposition Liberals had been in favour of dealing with private armies and interference with meetings. Mr. Lloyd George had sent a message to the effect that the Government were making rather too much of private armies which would in due course die a natural death.

The Lord President of the Council said that the gist of the report was that nothing much had come of these conversations and that the Government would have to make up its own mind on the matter.
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The Lord President of the Council said that the gist of the report was that nothing much had come of these conversations and that the Government would have to make up its own mind on the matter.
8. The Cabinet took note of the Twelfth Report of the Committee on Economic Information of the Economic Advisory Council (C.P.-206 (34)), which had been circulated for the information of the Cabinet on the instructions of the Lord President of the Council. The Report contained a survey of the economic situation, July 1934, summarising the chief economic events of recent months and discussing certain aspects of the present situation.

The President of the Board of Trade gave a commentary on the Report from the point of view of trade, and the Chancellor of the Exchequer read to the Cabinet some notes by one of the officials of the Treasury on the Report.

The Lord President thanked the President of the Board of Trade and the Chancellor of the Exchequer for their commentaries.
9. The Chancellor of the Exchequer referring to the arrangement recorded at the meeting referred to in the margin that he should act for the Prime Minister during the absence of the Lord President of the Council abroad, said he was anxious to cause no unnecessary inconvenience to any of his colleagues. If, therefore, a question arose which he felt necessitated the summoning of a meeting he would only invite the attendance of those Ministers who were within easy reach of London. Only in the case of a matter of the first urgency would he ask members of the Cabinet to come from a distance.

2, Whitehall Gardens, S.W.1.,
31st July, 1934.
Our Conclusions and recommendations may be summarised as follows:

**Long-Range Policy.**

1. Subject to the explanations in paragraph 4, our long-range defence policy cannot be founded exclusively on a basis that may prove temporary and shifting and must be susceptible to adaptation to meet changes in the international situation. (Paragraph 5.)

**Immediate Policy.**

2. Our foreign policy must continue to be directed towards the promotion of a stable peace throughout the world and the reduction and limitation of armaments. But, at the moment, no developments of this nature can be foreseen which would enable us to avoid the re-equipment of our defence forces. (Paragraphs 8 and 49.)

3. For the present, the expenditure of the Defence Departments should be governed by the defence of our possessions and interests in the Far East; European commitments; and the defence of India. No expenditure need be incurred on measures of defence required exclusively against attack by the United States of America, France or Italy, provided that defences are not allowed to fall so far behind that it will be impossible to bring them up to a suitable standard in time to meet changes in the political situation. (Paragraphs 4 and 6.)

**Imperial Defence—The Far East.**

4. In the Far East we should continue our efforts to secure a permanent friendship with Japan. Pending the fruition of this policy, and in any case steps must be taken to remedy the very serious weakness of our defensive position in this region (paragraph 11). This is a matter of the first importance from the point of view of Imperial Defence policy and is essential to the security of the British Empire in the Far East. (Paragraph 13.)

5. On merits, therefore, so far as financial exigencies allow, we ought to aim at the following:

   (i) The completion of our worst naval deficiencies;
   (ii) Proceeding with the approved programme for the completion of the Singapore naval base and the first stage of the defences;
   (iii) Completion of the defence of Hong Kong;
   (iv) Completion of the defence of other fuelling stations in the Far East. (Paragraph 17.)

**Measures for securing Peace in Europe.**

6. Whatever may be the result of the efforts now in progress to promote security in Europe, His Majesty's Government should not be deterred from seeking fresh opportunities to promote peace and bring about the reduction or at least the limitation of armaments. In the mean-
time, in view of the accumulating evidence that Germany has started
to rearm in earnest, it would be unsafe to delay the initiation of steps
to provide for the safety of the country. (Paragraph 26.)

Home Defence: Europe.

(7) The Low Countries (Belgium and Holland) are vital to our security from
the point of view of both naval and air defence, and in the opinion of
the Government's technical advisers can only be defended by the
provision of military forces to co-operate with other countries
concerned. Of the two, Belgium is the more liable to attack in any
future Franco-German war, Holland also, however, cannot be
excluded from liability to attack, particularly as the French and
Belgian frontier defences are developed, though there are strong
reasons which might deter Germany, as in the late war, from violating
Dutch territory. (Paragraph 34, and Appendix III, paragraph 2.)

(a) Army Requirements.

(8) On merits, we should aim at a reorganisation of the existing Army
Expeditionary Force, on the lines proposed by the Defence Require­
ments Committee; that is to say, it should be equipped for war in
different parts of the world, including, if necessary, the Continent
of Europe. Together with the appropriate Air Forces this would
provide an essential element in a plan of co-operation with other
nations for the defence of the Low Countries, but we should have to
contemplate reinforcement from the Territorial Army as soon as
practicable. (Paragraphs 31 and 35.)

(b) Air Requirements.

(9) On merits, Air Forces considerably in excess of those recommended by the
Defence Requirements Committee are required. For details, see
Conclusion (14) below, which covers the Fleet Air Arm and oversea
requirements, as well as Home Defence.

(c) Political Requirements.

(10) Arising out of Conclusion (7) above, the requirements of the Defence
Services for Home Defence rendered desirable the Declaration made
by the Secretary of State for Foreign Affairs in the House of
Commons on the 13th July on the subject of the vital importance of
Belgium to the interests and safety of this country. In order to give
practical effect to a policy of giving assistance to Belgium, it would
be necessary to concert arrangements beforehand with other Powers
concerned. This, however, is not proposed at present. (Para­
graphs 39-44.)

Defence of India.

(11) If the deficiencies to meet our European commitments are made good, the
requirements of the Defence of India can be met.

(12) The Government of India should be urged to expedite the work of
correcting their worst deficiencies as a complement to our own efforts.
This should include bringing up to date the defences of Indian ports
in accordance with plans already drawn up, which is essential to
complete our defensive arrangements in the Far East. (Para­
graph 45.)

The Programme.

(13) Our Defence position ought to be kept constantly under review, and the
provisional and tentative programme recommended should be adjusted
from time to time in the light of new factors in the situation. In
particular, the Chancellor of the Exchequer will not bind himself or
his successors to find the additional sums mentioned in this Report
within five years or in the particular years to which they are allotted.
(Paragraph 50 (a) (5).)
The Royal Air Force.

(14) Parliamentary considerations necessitated our submitting an Interim Report on Air Defence requirements (Schedule 1). The decision of the Cabinet, the substance of which was announced in the House of Commons on the 19th July, may be summed up as follows:

Subject to the provisions of Conclusion (13)—

41½ new Squadrons of the Royal Air Force, including—

33 Squadrons for Home Defence,
4½ Squadrons for the Fleet Air Arm,
3 Squadrons for Singapore,
1 Squadron for the Far East, exclusive of Singapore,

the above to be provided in 1934, and the four ensuing years at a total cost estimated at £20,000,000.

The Admiralty and Air Ministry to concert experiments in training one or two Squadrons from the Fleet Air Arm and the Home Defence Air Force respectively to undertake a dual rôle, and to report on the result to the Committee of Imperial Defence within two years; the two Departments also to examine the question of interchangeability in all its aspects, including that of design of aircraft. The aircraft required for the Cruisers of 1933 to 1936 Programmes to be provided at dates which should be settled by arrangement between the First Lord of the Admiralty and the Secretary of State for Air, subject to the agreement of the Chancellor of the Exchequer.

The decision as to the destination of the Squadron for the Far East, apart from Singapore, to be postponed until the Committee of Imperial Defence, advised by the Chiefs of Staff Sub-Committee, has been consulted.

The Committee of Imperial Defence will also examine the possibility and advisability of providing landing grounds at Hong Kong, Penang, Ceylon ports and Aden, with a view to a possible scheme of emergency reinforcements if, when the emergency arises, aircraft can be made available from elsewhere. (Paragraph 50.)

The Army.

(15) Subject to the provisions of Conclusion (13) above a sum of £20,000,000 should be allotted to the Army to be spread over 1934 and the four subsequent years in accordance with the programme submitted by the Secretary of State for War (Schedule 2). This programme makes provision for completing the first stage of the Singapore Defence Scheme and for progress being made on the defence of other ports East of Suez by the year 1938–39; for a relatively small expenditure on Mediterranean and Home ports; for the completion of the existing scheme of air defence, so far as the War Office are concerned, by 1939–40, but not for the expansion of the existing scheme to cover the Midlands and Northern England. £12,000,000 is provided for the Regular Expeditionary Force, leaving £15,500,000 to be provided after 1938–39 in order to complete requirements on the scale proposed by the Defence Requirements Committee. For the Territorial Army it has only been found possible to provide a very small sum. (Paragraphs 51–53.)

The Navy.

(16) While recognising the paramount importance of the Navy as the shield of the whole Empire and of its vital seaborne communications, we find it impossible, in present circumstances, to recommend a long-range

* See footnote to paragraph 50.
nal replacement programme, owing to the uncertainties introduced by the forthcoming International Naval Conference. In the circumstances we recommend that both the Naval Construction Programme and the Naval Deficiencies Programme for next year should be put forward and considered in the normal way between the Admiralty and the Treasury (with reference to the Cabinet in case of difference), and that subsequent programmes should be left undecided pending the important decisions which will have to be made in the forthcoming International Naval Conference. (Paragraphs 55-62.) Both the Naval Construction Programme and the Naval Deficiencies Programme will be considered by the First Lord of the Admiralty and the Chancellor of the Exchequer in the early Autumn, and the results will be reported to the Cabinet not later than the end of October.