CABINET 45 (34).

Meeting of the Cabinet to be held at No. 10, Downing Street, S.W.1., on WEDNESDAY, 6th DECEMBER, 1934, at 11.0 a.m.

Agenda.

1. FOREIGN AFFAIRS - (If required).

2. THE SAAR.
   (Reference Cabinet 43 (34) Conclusion 3).
   Memorandum by the Secretary of State for War.
   C.P. 277 (34) - already circulated.
   Question of Sending British Troops to the Saar.
   Note by the Prime Minister. C.P. 285 (34).

3. REDUCTION AND LIMITATION OF ARMAMENTS.
   (Reference Cabinet 43 (34) Conclusion 4).

4. NAVAL CONFERENCE, 1935 - (If required).
   (Reference Cabinet 43 (34) Conclusion 5).

5. IMPERIAL DEFENCE POLICY.
   (Reference Cabinet 43 (34) Conclusion 6).

6. PRIVATE MANUFACTURE OF ARMS.
   (Reference Cabinet 43 (34) Conclusion 7).
   Memorandum by the Lord Chancellor.
   C.P. 281 (34) - already circulated.

   (Reference Cabinet 43 (34) Conclusion 10).
   Memorandum by the Secretary of State for India.
   C.P. 279 (34) - to be circulated.
8. AFGHANISTAN.

(Reference Cabinet 9 (34) Conclusion 3).

Memorandum by the Secretary of State for India.
C.P. 280 (34) - already circulated.

9. CIVIL AIR DEFENCE SERVICES: PROPOSED TRANSFER OF COST FROM ARMY VOTES TO CIVIL VOTES.

Memorandum by the Chancellor of the Exchequer.
C.P. 278 (34) - already circulated.

10. HOUSING BILL.

(Reference Cabinet 43 (34) Conclusion 15).

Statement to be made by the Minister of Health.

11. REGIMENTAL CHARITABLE FUNDS BILL.

Memorandum by the Secretary of State for War.
C.P. 282 (34) - to be circulated.

12. CONCLUSIONS OF HOME AFFAIRS COMMITTEE.

20th Conclusions (34) of the Home Affairs Committee.
already circulated.

(i) British Shipping (Assistance) Bill.

(Reference Cabinet 43 (34) Conclusion 13).
Memorandum by the President of the Board of Trade, covering draft Bill.
H.A. 51 (34) - already circulated.

(ii) Supreme Court of Judicature (Amendment) Bill.

(Reference Cabinet 41 (34) Conclusion 7).
Memorandum by the Lord Chancellor, covering draft Bill.
H.A. 52 (34) - already circulated.

(iii) National Gallery (Overseas Loans) Bill.

(Reference Cabinet 29 (34) Conclusion 6).
Memorandum by the First Commissioner of Works, covering draft Bill.
H.A. 53 (34) - already circulated.

(Signed) R.B. HOWORTH,
Acting Secretary to the Cabinet.

Whitehall Gardens, S.W.1.,
3rd December, 1934.
CONCLUSIONS of a Meeting of the Cabinet held at
10, Downing Street, S.W.1, on WEDNESDAY,
5th DECEMBER, 1934, 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 John Hoare, Bt., G.C.S.I.,
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.
The 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.
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.,
G.B.E., K.C., M.P., Secretary
of State for Foreign Affairs.

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 Eyres Monsell,
G.B.E., W.P., First Lord of
the Admiralty.

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

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

Sir Kingsley Wood, M.P.,
Postmaster-General.

Sir E.B. Howorth, K.C.M.G., C.B. ............. Acting Secretary.

Present for first part of meeting only.
l. With reference to the Conclusion mentioned in the margin, the attention of the Cabinet was drawn to the following Question to be asked that afternoon in the House of Lords by Viscount Cecil of Chelwood:

"To ask whether the President of the Council was correctly reported as saying that a collective peace system is impracticable in view of the fact today that the United States is not yet a member of the League of Nations and that Germany and Japan have both retired from it, and whether that means that it is the policy of the Government to abandon so much of the system of the League of Nations as is contained in Article 16 of the Covenant and to revert in that respect to the pre-war International system; and to move for Papers."

Considerable debate on this Question might be anticipated, and arrangements had been made for the Government Spokesman to be fully and adequately briefed in the matter.

The Cabinet took note that the Parliamentary Under-Secretary of State for Foreign Affairs would reply to Viscount Cecil of Chelwood, and that the Secretary of State for Foreign Affairs would supply copies of the brief which had been prepared for Lord Stanhope to the Secretary of State for War, the Secretary of State for Air and the President of the Board of Education, in case it might be found necessary or desirable for a Cabinet Minister to intervene in the Debate.
With reference to the Conclusion mentioned in the margin, the Cabinet had before them the following documents on the subject of the Saar:

A Memorandum by the Secretary of State for War (C.P.-277 (34)) stating that he had investigated the facts relating to the employment of an International Force in Upper Silesia in 1921-22 for the purpose of preserving order, and covering a historical note on the subject:

A Note by the Prime Minister (C.P.-285 (34)) recording the following conclusions reached as a result of discussions since the previous Meeting of the Cabinet, in regard to the possibility of the United Kingdom being asked to contribute to an international force for the purpose of keeping order in the Saar in connection with the forthcoming plebiscite:

(a) That if the Council of the League should decide, as a result of the information laid before them, that it was desirable for an international force to be stationed in the Saar for the purpose of maintaining order in connection with the forthcoming Plebiscite, and Great Britain was invited to co-operate in this matter, then, provided other countries were prepared to make a contribution, we should also be prepared to lend assistance on the express condition that both France and Germany agreed to this arrangement:

(b) That if such an offer should emanate from the League, great importance is attached to making the composition of any such force as international in character as possible, and that besides contingents from Italy and Great Britain, it was desirable that contingents should be made available from Belgium and Holland, and also from Switzerland, if this country was prepared to make the necessary special arrangements:

(c) That the actual method of handling this question at Geneva should be left to the discretion of the Lord Privy Seal, who will be in telephonic touch with the Secretary of State for Foreign Affairs. It is understood that the probable procedure will be for Mr Eden to give information to the French and Italian representatives at Geneva on the lines indicated in conclusions (a) and (b) above, on Wednesday morning, 5th December, and that he would follow this up with a statement to the Council on Wednesday afternoon:

(d) That the Secretary of State for Foreign Affairs should arrange to give information on the lines of conclusions (a) and (b) above, to the German and Italian
Ambassadors, the actual date of these interviews to be left to his discretion in the light of information which the Lord Privy Seal may be able to send from Geneva:

(c) That the question of the most suitable time at which to inform the Dominions, should the proposal to send a British contingent to the Saar materialise, should be agreed between the Secretary of State for Foreign Affairs and the Secretary of State for Dominion Affairs:

(f) That consideration will have to be given at Geneva as to the payment of the expenses of any international force which it may be decided to send to the Saar.

The Note drew attention to the points which were taken into consideration in arriving at the above conclusions, and to certain matters which would have to be organised in advance in the event of a decision being taken to send a British force to the Saar.

At the outset of the discussion the Secretary of State for Foreign Affairs drew attention to telegrams 106, 108, 109, 111 and 112 which had just been received from the Lord Privy Seal at Geneva. That afternoon the Council of the League would meet in public session and discuss the first part of the Aloisi Report which was concerned with general and juridical considerations. The Council might perhaps also refer to the second part of the Report relating to future arrangements respecting the mines, etc.

After this it was expected that the Council would go into private session when no doubt M. Laval would make the statement referred to in the Lord Privy Seal's telegram No. 108:

"They had no desire whatever to enter the Saar and would themselves much prefer that others should undertake the task. Monsieur Laval had said this in the Chamber and had been loudly applauded. If, however, this course were not possible then clearly the French Government could not deny their responsibility towards their own people of whom there was a number in the Saar. They would therefore ask the Council to authorise
action by French Gardes-Mobiles at the request of the Governing Commission should emergency arise. They would also ask at the Council to-morrow other Powers concerned, particularly the United Kingdom and Italy, to join in such action. Monsieur Laval very earnestly hoped that we should see our way to do so. If we could not, he had no doubt we would at least endorse resolution authorising action by the French and authorising also other States who might be willing to take their share of the responsibility to do so jointly with them."

It should be observed that the Lord Privy Seal had told M. Laval that he would pass on what he had said to London and would give him a definite statement of our position in the morning. It was therefore very difficult for the Lord Privy Seal to avoid giving M. Laval an answer.

At the private session of the Council Mr. Knox was expected to make his statement and to add that while no doubt the arrangements covered by the Aloisi Report alleviated the position to some extent, he was satisfied that the Saar Commission was not strong enough to meet the emergency with which it might at any moment be faced.

The Secretary of State for Foreign Affairs then read to the Cabinet telegram No. 112 from Geneva, and in particular drew attention to the following passages:

"His Majesty's Government appear to have the choice of four courses:

1. We can approve the use of French troops in the Saar if called upon by Governing Commission in an emergency. We can state that we will ourselves send a contingent to assist.

2. We can authorise the use of French troops in such emergency and refuse ourselves to send a contingent.

3. We can decline either to send a contingent ourselves or to authorise the French Government to do so."
4. We can follow the procedure set out in conclusions reached at meeting of Ministers on December 3rd (C.P. 285).

If we adopt either 1 or 2 we shall be authorising the use of French troops in the Saar even in interim period following the plebiscite when the Saar may have voted for Germany. If we adopt 3 we shall be depriving Mr. Knox of one factor which has enable him to hold the situation up to date. I am, therefore, still of opinion that 4 is the correct course to follow."

In the course of discussion attention was drawn to telegram No. 106 relating to the question whether Germany's consent is legally necessary for the despatch of an international force to the Saar.

It was generally agreed that whatever the exact legal position might be, it would be politically impracticable to send such a force to the Saar in the face of German opposition. In this connection, the view was expressed that it would suffice if Germany gave us an assurance that she would consent to the proposal. She would be much more likely to give an assurance to us than to Geneva.

The Cabinet next considered the composition of the international force and emphasis was laid on the desirability of prescribing in advance who our partners in the venture should be. In this connection it was suggested that the wording of C.P. 285 (34), paragraph 2(b) was inconsistent with the wording of Cabinet 43 (34) Conclusion 3 (b). Moreover, it was pointed out that in so far as the Cabinet Conclusion in question had been based on what was understood to have been done in the case of the Upper Silesian plebiscite and on other similar occasions, the understanding itself was not in accordance with the facts as was shown in the Memorandum of the Secretary of State for War, C.P.277(34).
General agreement was expressed with the view that our participation in an international force must be subject to the following conditions:

1. There must be an invitation from the Council of the League.
2. In no circumstances could we undertake to send a force to the Saar single handed though any force we do send must be strong enough to look after itself.
3. The international force must include Italy and a number of other foreign countries, and should, if possible, include Holland, Belgium and Switzerland.
4. The number of participating countries should, if possible, be not less than four, but we should not rule out from consideration the participation of only three countries, provided that the third country was an important neutral, i.e. Holland or Spain.
5. That in any case the inclusion of either France or Germany cannot be entertained and that the inclusion of Soviet Russia would not be desirable.
6. That both France and Germany must agree to the proposal.
7. That the international force must be sent to the Saar before the plebiscite on the principle that prevention is better than cure.
8. That the cost of the international force must in our view form part of the cost of the plebiscite.

The Cabinet agreed:

That Cabinet 43 (34) Conclusion 3 and C.P. 285 (34) must be interpreted in the light of these conclusions, and that for purposes of record this conclusion should be specially noted on the Secretary's copy of Cabinet 43 (34) Conclusion 3.
The Cabinet then discussed the procedure to be followed, and emphasis was laid on the great importance of not committing ourselves at Geneva in any way until we are certain that Germany's consent to the proposed arrangements will be forthcoming.

The view was also expressed that it would be very desirable if we could arrange for some country other than Great Britain to take the initiative at Geneva. Our position would be much simplified if, for example, Italy would take the initiative. If, however, as was to be anticipated, S. Mussolini was not prepared to shoulder this burden, perhaps the President of the Council (M. Benes) would undertake the task.

The Cabinet agreed —

(a) To invite the Secretary of State for Foreign Affairs —

(i) To communicate at once with His Majesty's Ambassador at Berlin informing him of the position and instructing him to ascertain Germany's reactions to the proposals. (For Despatch to Sir E. Phipps see Telegram No.226 (Appendix).)

(ii) To make a similar communication at once to the German Ambassador in London:

(iii) To communicate the proposals without delay to S. Mussolini, through His Majesty's Ambassador at Rome, and also simultaneously to inform the Italian Ambassador in London:

(iv) To confer in regard to the proposals forthwith with the Belgian Ambassador and the Netherlands Minister in London, and in the latter case strongly to represent the desirability of Holland participating in the international force if constituted:

(v) To make a similar communication to His Majesty's Ambassador in Paris and to request the Lord Privy Seal to confer with M. Laval at Geneva on the same lines:

(vi) To inform the Lord Privy Seal of the view of the Cabinet that it would be very dangerous for him to make any definite statement until it was known for certain that Germany accepted the proposal and that it would be desirable if he could limit himself to
emphasising the point that this matter is a responsibility of the Council of the League as a whole, and that prevention in any case is better than cure. It might also be suggested to the Lord Privy Seal that there was much to be said at the moment for obtaining an adjournment after reference had been made to the subject in most general terms:

(b) That a meeting with the Lobby Correspondents should be arranged, at which the position should be explained in as objective a manner as possible. The responsibility of the League of Nations should be emphasised, the general situation should be described, and the various courses of action open to the League should be indicated, but without giving any hint as to the course of action, if any, we were disposed to favour:

(c) That the Secretary of State for Dominion Affairs should arrange for the despatch to the Dominions of a telegram stating the position in very general terms: the text of this telegram to be agreed with the Secretary of State for Foreign Affairs and to be approved by the Prime Minister before actual despatch.
3. The Prime Minister informed the Cabinet that the only matter in connection with Reduction and Limitation of Armaments which was under consideration at the moment was the American Draft dealing with trade in and manufacture of arms and the establishment of a Permanent Disarmament Commission. This was being considered by the Inter-Departmental Committee under the Chairmanship of the Lord Privy Seal. The Prime Minister emphasised the desirability of the Report of the Inter-Departmental Committee being ready for consideration by the Cabinet with as little delay as practicable. In the meantime he proposed to continue this subject on the Agenda Paper.
4. With reference to the Conclusion mentioned in the margin, the Cabinet were informed that a Meeting had taken place with the American Delegates on the previous evening, at which the question had been discussed of the procedure to be adopted if Japan denounced the Washington Treaty on the 13th December, as had been rumoured. The Americans had maintained that if Japan took such action it would be equivalent to ending the present Conversations.

The Cabinet were informed that it must not be assumed that Japan would actually give notice to denounce the Treaty on the 13th December. She had nothing to gain, so far as we knew, by giving premature notice, and it might be that, even if her decision to denounce was irrevocable, she would not give actual notice until the 31st December. In the meantime the Conversations were proceeding, and the possibility of reaching a satisfactory settlement remained open.
5. The Cabinet were informed that difficulties had arisen owing to the fact that the Dominions had not as yet been allowed to see any version of the Report of the Defence Requirements Committee.

After a brief discussion the Cabinet agreed —

(a) That the question whether the Dominions should be given access to some version of the Report of the Defence Requirements Committee should be postponed until after the return to England of Sir Maurice Hankey, who would then be in a position, as the result of his conversations in the Dominions, to advise the Cabinet as to the extent, if any, to which the information contained in the Report should be communicated to the Dominions;

(b) To take note that a Memorandum on the naval aspects of the Report of the Defence Requirements Committee would be circulated shortly for consideration.

The Chancellor of the Exchequer and the First Lord of the Admiralty would shortly be circulating a report on the agreement they had reached with regard to the Navy Estimates.
6. The Cabinet had before them a Memorandum by the Lord Chancellor (C.P.-281 (34)) putting forward the two following objections to the employment of a Judge to preside over the Committee of Inquiry into the Private Manufacture of, and Trading in, Arms:

1. The increased delay in the discharge of judicial business which must result from the detachment of a Judge:

2. The disastrous effects on the judicial office of the employment of a Judge for non-judicial purposes.

At the end of his Memorandum the Lord Chancellor mentioned the names of distinguished lawyers who possessed in a high degree the qualities required in the Chairman of the Inquiry.

In the course of discussion, reference was made to a letter signed by Viscount Cecil of Chelwood, the Bishop of Chelmsford and others, which had appeared in the Press on December 4th, advocating that the Inquiry should take the form of a Royal Commission with very wide terms of reference. Having regard to this and other considerations, the importance of having a Judge to preside over the Inquiry was again strongly emphasised. In this connection the suggestion was made that one of the Northern Ireland or Scottish Judges might be considered for this appointment.

The Cabinet agreed —

To invite the Secretary of State for Foreign Affairs to circulate for consideration at their next Meeting a Memorandum containing suggestions covering (a) the Terms of Reference, (b) the Chairman, and (c) the composition of the proposed Commission of Inquiry.

(The Secretary of State for Foreign Affairs left the Meeting of the Cabinet at this point in order to take immediate action to give effect to the Conclusions reached by the Cabinet in regard to the Saar.)
(1) The Resolution for next week's Debate in the House of Commons on the Report of the Joint Select Committee should be put down that day.

(2) It would not be possible to have a draft of the Bill ready before the beginning of next January, and the Secretary of State desired to publish the Bill not later than January 22nd.

If the Bill was to be examined by the India Committee of the Cabinet before it was considered by the Cabinet itself, the Committee must hold meetings on and after the 7th January, and, in view of the shortage of time,
it would be desirable if the rule which required that the Bill should be referred to the Committee of Home Affairs could be dispensed with on this occasion.

The Prime Minister informed the Cabinet that, as a result of further examination of the Parliamentary time-table, it would be necessary for the House of Commons to meet again after the Christmas Recess on January 22nd and not on January 29th, as had been previously contemplated. A Meeting of the Cabinet would have to be held in the week preceding January 22nd, and the India Bill could be considered at this Meeting.

The Cabinet agreed —

(a) To approve generally the Secretary of State for India’s draft Resolution, subject to further consideration of the advisability of omitting the adjective before the word “basis” in the third line, and to invite the Secretary of State for India to settle the final form of the Resolution in consultation with the Prime Minister and the Lord President of the Council:

(b) That the Resolution, in its approved form, should be put down that evening in the names of —

The Prime Minister,
The Lord President of the Council,
The Secretary of State for Foreign Affairs,
The Secretary of State for India,
The Parliamentary Under-Secretary of State for India:

(c) To take note that the Secretary of State for India would confer with the Prime Minister and the Lord President of the Council in regard to the arrangements for the forthcoming Debate in the House of Commons:

(d) To take note that it was proposed that a Resolution should be moved in the House of Lords by the President of the Board of Education on the 12th December, and that the terms of this Resolution should be the same as those of the Resolution to be moved in the House of Commons, and to invite the Secretary of State for India for this purpose to send a copy of the Resolution in its final form to the Leader of the House of Lords:
(e) To take note that the India Bill should be published not later than the 22nd January, 1935, and that it should accordingly be approved by the Cabinet on or about the 17th January; that it is contemplated that the draft Bill will be examined by the India Committee of the Cabinet in January, and that in all the circumstances consideration of the draft Bill by the Committee of Home Affairs might, on this occasion, properly be dispensed with.

The Prime Minister conveyed to the Lord President of the Council, on behalf of the Cabinet, hearty congratulations on the large majority vote in favour of the Report of the Joint Select Committee which had been secured at the meeting of the Central Council of the National Union of Conservative and Unionist Associations on the previous day.
AFGHANISTAN.

British Policy.

(Previous Reference: Cabinet 9 (24), Conclusion 3.)

The Cabinet had before them a Memorandum by the Secretary of State for India (C.P.-280 (34)) on the subject of Afghanistan, circulating for the information of his colleagues an account of recent developments bearing on the policy of the Afghan Government towards this country and towards Russia.

Paragraph 7 of the Memorandum summarised the position as follows:

"The important results of the conversations which have taken place this year are that, by our readiness to comply with the Afghan Government's requests for munitions and military consultation, we have shown our sympathy with them in their difficulties; we have reassured them as to our friendly attitude by reminding them of the declarations of policy already made: it has been made clear that they are satisfied with these declarations, and do not expect or require a specific promise of military support; we have received an assurance that the policy of the Afghan Government continues to be one of sincere friendship and cooperation with His Majesty's Government, and it is clear that there is no present danger of their adopting a pro-Russian policy or entering into any unwise commitment to Russia as a result either of Soviet threats or cajolery."

Attached to the Memorandum was a suggested form of statement to be made to the Afghan Government if, contrary to present indications, a further statement of the intentions of the United Kingdom should become necessary.

The Cabinet took note of the Secretary of State for India's Memorandum (C.P.-280 (34)).
9. The Cabinet had before them a Memorandum by the Chancellor of the Exchequer (C.P.-278 (34)) stating that he had been approached by the Home Secretary and the Secretary of State for War with a view to the transfer from Army Votes to Civil Votes of the cost of the Civil Air Defence Services. The expenditure in question included the cost of certain work carried out by the Chemical Defence Research Department and, in the last two years, the salaries of the Air Raid Commandant and his Staff Officer. After explaining why this expenditure had hitherto remained as a charge on Army Votes, and stating that it was the ordinary and salutary rule that the Department which had the main responsibility for controlling a particular head of expenditure should account for that expenditure to Parliament, the Chancellor of the Exchequer proposed to agree to the request of his two colleagues and to arrange that this expenditure should, beginning with the next financial year, be borne on a special subhead or subheads of the Home Office Vote.

In view, however, of the political considerations involved, he considered that Cabinet authority should be obtained.

The Cabinet were informed by the Home Secretary that he was on the point of circulating to the Cabinet, for consideration, the Report of the Air Raids Precautions (Policy) Sub-Committee.

The Cabinet agreed —

To approve the proposal of the Chancellor of the Exchequer that as from the beginning of the next financial year the cost of Civil Air Defence Services should be transferred from Army Votes to Civil Votes and should be borne on a special subhead or subheads of the Home Office Vote.
10. With reference to the Conclusion mentioned in the margin, the Minister of Health informed the Cabinet that he had conferred with the Chancellor of the Exchequer on the financial aspects of the Bill with the object, without unduly increasing the cost of the subsidy, of making the Bill more attractive to the Local Authorities.

The financial provisions would be altered in two respects. In the first place it was proposed to increase the maximum for the cottage subsidy by raising the period for which the subsidy could be paid from 10 to 20 years. In the second place it was proposed to increase the ratio of the Exchequer contribution to the Local Authority contribution by raising the ratio from fifty-fifty, prescribed by the Bill, to a ratio of two to one over the whole range of the subsidies to be given. The Cabinet would remember that it had been decided that, in order to encourage Local Authorities to proceed with schemes without waiting for the Bill to become law, approved schemes submitted after the introduction of the Bill would rank for subsidy. It was clear, however, that the Local Authorities would be likely to concentrate on cottage rather than on flat schemes, and for the reasons which he explained to the Cabinet the Minister of Health thought that in the circumstances it would be more prudent to draw a distinction between flats and cottages, and, while enabling flat schemes to rank for subsidy as from the introduction of the Bill, to provide that cottage schemes should only rank for subsidy as from the date when the Bill became law.

After considerable discussion, in the course of which the Chancellor of the Exchequer gave the Cabinet a full explanation of the position, of the reasons which had led the Cabinet Committee to accept the scheme
of subsidies embodied in the Bill, and of his accept-
ance of the present proposals of the Minister of
Health, being subject to an assurance (which the
Minister had given) that it would be possible to
maintain the position in Committee, the Cabinet agreed —

To approve the proposals of the Minister
of Health —

(a) For increasing the maximum for
the cottage subsidy by raising
the period for which the subsidy
could be paid from 10 to 20 years:

(b) To increase the ratio of the
Exchequer contribution to the
Local Authority contribution by
raising the ratio from fifty-fifty,
prescribed by the Bill, to a ratio
of two to one over the whole range
of the subsidies to be given:
subject to the condition that only
in the case of flats should schemes
rank for subsidy before the date
of the passage of the Bill into law.
11. The Cabinet had before them a Memorandum by the Secretary of State for War (C.P.-282 (34)) asking formal authority to submit to the Committee of Home Affairs at their next Meeting the Regimental Charitable Funds Bill, the object of which is to release certain Regimental Charitable Funds from the Military Savings Banks to the United Services Trustee, with whom funds of this description are now ordinarily deposited.

The Cabinet agreed —

That the Secretary of State for War should be authorised to submit to the Committee of Home Affairs, for consideration at their next Meeting, the Regimental Charitable Funds Bill, as proposed in his Memorandum (C.P.-282 (34)).
The Cabinet took note of a Memorandum by the President of the Board of Trade (H.A.-51 (34)) covering the draft British Shipping (Assistance) Bill, the two main objects of which were to provide (a) a subsidy in respect of the carriage of tramp cargoes by tramp shipping vessels registered in the United Kingdom, in accordance with the scheme drawn up by the shipping industry in response to the invitation of the Government: the scheme to apply also to cargo liners in so far as they carried tramp cargoes under tramp conditions: (b) a scheme for stimulating the construction of new tonnage: together with the following decision of the Committee of Home Affairs thereon (H.A.C. 20th Conclusions (34), Minute 1):

"In accordance with Cabinet 43 (34), Conclusion 13, to authorise the immediate introduction in the House of Commons of the British Shipping (Assistance) Bill in the form of the draft annexed to H.A.-51 (34), subject to any drafting or other minor alterations that might be found necessary or desirable."
13. The Cabinet had under consideration a Memorandum by the Lord Chancellor (H.A.-52 (34)) covering the draft Supreme Court of Judicature (Amendment) Bill, which abolished the necessity for a Parliamentary resolution before the appointment of a puisne Judge was made, up to the number of seventeen, and gave power to appoint two additional Judges (i.e., up to nineteen) with Parliamentary sanction: together with the following recommendation of the Committee of Home Affairs thereon (H.A.C. 20th Conclusions (34), Minute 2):

"To authorise the introduction forthwith in the House of Commons of the Supreme Court of Judicature (Amendment) Bill in the form of the draft annexed to H.A.-52 (34), subject to any drafting or other minor alterations that might be found necessary or desirable."

The Cabinet approved the above recommendation of the Committee of Home Affairs.
14. The Cabinet had under consideration a Memorandum by the First Commissioner of Works (H.A.-53 (34)), covering the draft National Gallery (Overseas Loans) Bill, designed to carry out a recommendation of the Royal Commission on Museums and Galleries, and confined to giving power to the Trustees of the National and Tate Galleries to lend works by British artists for public exhibition abroad and for display in His Majesty's Embassies abroad: together with the following recommendation of the Committee of Home Affairs thereon (H.A.C. 20th Conclusions (34), Minute 3):

"To authorise the introduction forthwith in the House of Commons of the National Gallery (Overseas Loans) Bill in the form of the draft annexed to H.A.-53 (34), subject to any drafting or other minor alterations that might be found necessary or desirable."

The Cabinet approved the above recommendation of the Committee of Home Affairs, subject, however, to arrangements being made for the introduction of the Bill in the House of Lords and not in the House of Commons, as suggested by the Committee.

...
Cypher telegram to Sir Eric Phipps, (Berlin),
Foreign Office, 5th December, 1934, 2.50 p.m.

No. 226.

MOST IMMEDIATE AND SECRET.

1. Mr. Eden reports from Geneva that this afternoon M. Laval is expected to make some statement in private session of the Council about the French attitude to providing in case of emergency some kind of force to preserve or restore order in the Saar. It is believed that M. Laval will take up the position that France would much prefer that others should undertake the task. He is certain to insist that if an international force drawn from other sources is impossible, any French aid should be given only upon the authority of the Council and to press that the United Kingdom and Italy, for example, should in case of need, join in such action.

2. We fully appreciate the objection to any French contribution and have been considering what our answer would be if the Council ask for any international force, to make sure that good order is kept during the plebiscite, which is composed of contingents from several countries, excluding both France and Germany. But before we analyse this possibility further, we should like to know whether the German Government would be prepared to express their approval of such an arrangement.

3. You should make immediate enquiries to ascertain very confidentially the German reaction. As the German Government know, we have repeatedly insisted that we are determined to do what
we can to secure that the plebiscite is carried through quietly and in due order. While we do not see any reason to anticipate disturbance if calming influences are exercised in all quarters, at the same time, prevention is better than cure. There is therefore a good deal to be said for the purely temporary presence of an international force inside the Saar before the plebiscite takes place and for the short time afterwards until the decision is carried through. But for this purpose it is essential:

(1) that the force should be international and not limited to a single Power;

(2) that neither France nor Germany should contribute, since both are interested parties.

For your own information only, we also feel that both France and Germany should consent to such an arrangement, but of course you will not offer Germany a free veto.

4. You should most strongly insist that this enquiry is both secret and provisional. The proper course to take if Germany raised objection remains to be considered. But we make this enquiry most urgently now and ask for a confidential reply because we wish to do everything possible as a member of the Council to secure that all passes off smoothly.

Repeated to Paris No. 164, Geneva No. 118.