C A B I N E T 3 8 (35).

Meeting of the Cabinet to be held at 10, Downing Street, S.W.1., on THURSDAY, 18th JULY, 1935, at 11.0 a.m.

A G E N D A.

1. FOREIGN AFFAIRS - (If required).

2. ABYSSINIA: SUPPLY OF ARMS TO.
   (Reference Cabinet 36 (35) Conclusion 7).
   Memorandum by the Secretary of State for Foreign Affairs.
   C.P. 138 (35) - already circulated.

3. THE RE-ORIENTATION OF THE AIR DEFENCE SYSTEM OF GREAT BRITAIN.
   Interim Report of Sub-Committee of the Committee of Imperial Defence on Defence Policy and Requirements.
   C.P. 144 (35) - to be circulated.

4. THE MEAT NEGOTIATIONS - (If required).
   (Reference Cabinet 36 (35) Conclusion 10).

5. THE SPEAKER'S SEAT.
   (Reference Cabinet 34 (35) Conclusion 8).
   Report of Cabinet Committee.
   C.P. 142 (35) - circulated herewith.

6. EDUCATION POLICY.
   (Reference Cabinet 8 (35) Conclusion 9).
   Report of Cabinet Committee.
   C.P. 143 (35) - circulated herewith.

7. PROPOSED MEMORIAL TO VISCOUNT GREY OF FALLODEN.
   Memorandum by the First Commissioner of Works.
   C.P. 134 (35) - already circulated.
8. RAILWAY FREIGHT REBATES SCHEME.

Memorandum by the Minister of Transport.
C.P. 139 (35) - already circulated.

9. REPORTS OF THE UNEMPLOYMENT INSURANCE STATUTORY COMMITTEE ON (a) FINANCE OF THE FUND, AND (b) SEASONAL WORKERS ORDER.

Memorandum by the Minister of Labour.
C.P. 145 (35) - to be circulated.

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

2, Whitehall Gardens, S.W.1.,

15th July, 1935.
CONCLUSIONS of a Meeting of the Cabinet held at 10, Downing Street, S.W.1., on THURSDAY, 18th JULY, 1935, at 11.0 a.m.

PRESENT:

The Right Hon. Stanley Baldwin, M.P., Prime Minister. (In the Chair).

The Right Hon. J. Ramsay MacDonald, M.P., Lord President of the Council.

The Right Hon. The Viscount Hailsham, Lord Chancellor.


The Right Hon. Sir Philip Cunliffe-Lister, G.B.E., M.C., M.P., Secretary of State for Air.


The Right Hon. Walter Runciman, M.P., President of the Board of Trade.

The Right Hon. Anthony Eden, M.C., M.P., Minister for League of Nations Affairs.

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


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


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

The Most Hon. The Marquess of Zetland, G.C.S.I., G.C.I.E., Secretary of State for India. (For Items 1-5 only).

The Right Hon. Malcolm MacDonald, M.P., Secretary of State for the Colonies.


The Right Hon. Lord Eustace Percy, Minister without Portfolio.

The Right Hon. Oliver Stanley, M.C., M.P., President of the Board of Education.

The Right Hon. Ernest Brown, M.C., M.P., Minister of Labour.


1. The Cabinet had before them the following documents on the question of the supply of arms to Abyssinia:

A Memorandum by the Secretary of State for Foreign Affairs (C.P.-138 (35)), explaining the position under the Treaty signed in Paris on August 21, 1930, between the United Kingdom, France, Italy and Ethiopia:

"...".

A Memorandum by the Secretary of State for the Colonies (C.P.-146 (35)) stating that a decision was required as to whether any large consignments of arms destined for Abyssinia should be permitted to be transported through British Somaliland.

The Secretary of State for Foreign Affairs asked to reserve for the moment the subject of arms consignments, which formed part of the general Abyssinian question. A long and important telegram from Rome, describing His Majesty's Ambassador's interview with Signor Mussolini, was being deciphered at that very moment in the Foreign Office. Apart from general policy and the subject of arms consignments, there were other specific questions to be considered, including the position of our own nationals, the supply of Red Cross stores, etc.

The Cabinet agreed --

To hold a Special Meeting on Monday next, July 22nd, at 11 a.m., to consider the Italo-Abyssinian dispute and the various specific questions related thereto.
2. The Cabinet had before them an Interim Report (C.P.-144 (35)) of the Sub-Committee of the Committee of Imperial Defence on Defence Policy and Requirements, dealing with the re-orientation of the Air Defence System of Great Britain.

As it had not been possible to circulate the Report until July 16th and some members of the Cabinet who had been to the Naval Review and Exercises had not had time to study it, the Cabinet agreed —

That the subject should appear on the Agenda Paper of their next regular weekly Meeting.
THE MRAT NEGOTIATIONS.

(Previous Reference: Cabinet 36 (35), Conclusion 10.)

F.R. 4(36)96.

5. The Minister of Agriculture and Fisheries said he had nothing to report to the present Meeting of the Cabinet.
4. The Cabinet had before them the Report of the Cabinet Committee on the Speaker's Seat (C.P.-142 (35)), which had been appointed at the Meeting mentioned in the margin. The conclusions and recommendations of the Committee were summarised at the end of their Report as follows:

(i) It is of great importance to maintain the present position of the Speakership, by which the Speaker stands aloof from Party controversy:

(ii) There are serious objections, both on practical and on constitutional grounds, which preclude us from recommending that legislation should be passed in order to ensure that the Speaker should not be opposed at Elections: this could only be done by legislating that the Speaker at the end of one Parliament should in virtue of that fact be treated as a member at the beginning of the next:

(iii) We recommend that an authoritative statement of the constitutional position regarding the Speakership should be made by the Prime Minister in the House of Commons:

(iv) Every encouragement should then be given to prominent Parliamentary spokesmen, of any or all Parties, to conduct inside Mr. Speaker's constituency a campaign which will secure his return.

The Lord President of the Council, as Chairman of the Cabinet Committee, informed his colleagues that the Leader of the Labour Opposition had notified that his Party intended to contest the Speaker's Seat and were not willing to treat it as sacrosanct.

In the course of the discussion a number of suggestions were made: e.g., that steps should be taken before the Recess to obtain public expression of the agreement already given privately by Mr. Lloyd George and Sir Herbert Samuel in the principles of the Cabinet Committee's Report: that someone should be deputed to organise the arrangements for securing active co-operation in the Speaker's Constituency by those Leaders who agreed in the principles of the
Cabinet Committee's Report: that whoever undertook this task of organisation should ensure that politicians speaking in the constituency should address themselves not to questions of ordinary political controversy, but to the desirability of keeping the Speaker's Seat inviolable, and to an explanation of the impossible position in which any Speaker of the House of Commons would find himself after a hotly contested Election: that the British Broadcasting Corporation should be asked to make a rather full statement on the day on which the Prime Minister announced the Government's decision in Parliament.

The Cabinet agreed —

(a) To approve the Report of the Cabinet Committee on the Speaker's Seat (C.P.-142 (75)), the Conclusions of which are summarised above:

(b) That the arrangements for giving effect to the recommendations in the Report, both within the Speaker's constituency and elsewhere, should be left to the Prime Minister, the Lord President of the Council and the Home Secretary.
5. In pursuance of the Conclusion referred to in the margin, the Cabinet had before them the Second Report of the Educational Policy Committee (C.P.-143 (35)), to which was attached a Memorandum by the President of the Board of Education (E (34) 6) embodying the complete scheme of an educational policy. After careful consideration the Committee recommended the Cabinet to adopt for inclusion in their Election programme the various proposals of the President of the Board of Education, a summary of which appeared at the end of his Memorandum. The Report stated that the Chancellor of the Exchequer had reserved his right to intervene again on the questions of the provision of finance for the scheme and the date of its provision, in view of the necessity for him to weigh the claims of education against the competing claims of other subjects involving the provision of finance, desired to be included in the General Election programme.

After considerable discussion the Cabinet agreed --

(a) To approve the first part of the policy proposed, which involves legislation, viz.:-

(i) Raising the school-leaving age to 15 with exemptions for beneficial employment and without maintenance allowances;

(ii) Empowering Local Education Authorities to make (within specified limits of time) building grants to Voluntary Schools for purposes of re-organisation and raising the age, such grants to be not more than 75 per cent. nor less than 50 per cent. of the total cost, the Exchequer to pay 50 per cent. on the annual loan charges for the Authority's expenditure,

subject to reservation for the present of a decision as to the dates at which effect was to be given to the above recommendations.
(b) That the above Conclusion (a) should also be subject to the principle that the legislation (which from certain points of view will be unpopular in some quarters) must be balanced by an education policy on the lines of the administrative proposals in the Report, viz.:

(i) Encouragement of provision of Nursery Schools especially in poor areas:

(ii) Promotion of development of Physical Training in all types of school:

(iii) General development of the School Medical Service:

(iv) Removal of the upper limit of "special places" in Secondary Schools:

(v) Increase in the number of State Scholarships tenable at Universities, throwing them open to pupils in all Secondary Schools — a question on which the Chancellor of the Exchequer reserved his agreement for the present:

(vi) Increase in the amount of State assistance to State Scholars and holders of other comparable awards:

(vii) Institution of a system of Scholarships tenable at Training Colleges for Dominion and Colonial Scholars — on which the Secretary of State for the Colonies reserved his position pending further consultation:

(viii) Development of the provision of Technical education:

(ix) Development of adult education.

(e) That the President of the Board of Education should continue to work out the administrative details summarised above, in consultation with the Government Departments concerned and the Educational Policy Committee, and report in due course to the Cabinet:

(d) That while the above policy should be adopted for purposes of the electoral programme, the extent to which the administrative details ought to be included should stand over pending the further investigations referred to above.

(The Secretary of State for India left to keep another official appointment just before the end of the discussion dealt with in the above Conclusion.)
5. The Cabinet had before them a Memorandum by the First Commissioner of Works (C.P.-134 (35)) on the question of a proposed Memorial to the late Lord Grey of Pallodon. Various suggestions had been put forward by a Committee of Lord Grey's friends, upon which the First Commissioner had invited the observations of the Royal Fine Art Commission. He hoped that the Cabinet would authorise him to inform the Committee that the most appropriate memorial to Lord Grey would be in the form of a bust to be placed in the vacant niche at the head of the first flight of stairs on the main staircase in the Foreign Office.

The Cabinet agreed with the First Commissioner of Works in rejecting the proposals that had been made for a statue to Lord Grey of Pallodon on any site adjoining the wall of the gardens at Nos. 10 and 11 Downing Street. Believing that after the expiration of a few years it was almost certain that room would be found for a statue to Lord Grey within the precincts of the House of Commons, they agreed —

That for the moment the most appropriate memorial would be in the form of a bust to be placed in the Foreign Office.
The Cabinet had before them a Memorandum by the Minister of Transport (C.P.-139 (35)) on the subject of the Railway Freight Rebates Scheme, in which he drew attention to the serious results that might flow from certain recent decisions reducing the valuation of the Southern and London and North Eastern Railways. The effect of these decisions, if upheld and applied in the case of other railways, would be the insolvency of the Rebates Fund, the suspension for a number of years of the Freight Rebates Scheme, a serious outcry by the traders affected, and possibly a demand that the Government should intervene. He proposed to sound the Railway Companies as to their readiness to co-operate in possible measures to keep the Rebates Scheme alive in certain eventualities, and pointed out that it might be necessary in the autumn to ask permission to introduce, with a view to its passage as an urgent measure, a short Bill to effect certain amendments in the Eleventh Schedule to the Local Government Act, 1929. Attached to the Memorandum was a Note by the Board of Trade pointing out that a suspension or substantial reduction of the rebates would have a serious effect on the coal trade and other industries concerned, and that the inevitable rise in price would result not only in a reduction of our coal exports but would also lead to protests from the Governments with which Trade Agreements had been concluded.

As the Minister of Transport was unable to be present, the Chancellor of the Exchequer informed the Cabinet that the Memorandum was intended as a warning of a disagreeable question that would shortly arise for consideration.

The Cabinet took note of C.P.-139 (35).
8. The Prime Minister informed his colleagues that it was hoped to dispose of all business in the House of Commons by August 2nd, except the following Bills:

**House of Commons:**
- F.R. 49(35)14. Hours of Employment (Conventions) Bill (Lords).

(Note: Second Reading may be taken before the Summer Recess.)

**House of Lords:**

The above business, assuming all the Bills are in the Commons, was not sufficient to occupy a week, and it was imperative that other Bills which are to be dealt with in the Autumn should be presented and, if possible, made available before the adjournment for the Summer Recess.

The following were Bills which it was understood were required before the end of the year:

- Expiring Laws.
- Two-Shift System (Home Office).

In order that the three latter Bills might be presented and made available before the Summer Recess, the Cabinet agreed in the following alteration of the normal Cabinet procedure in regard to Bills, viz.:

(a) That submission of the Bills to the Cabinet in the first instance should be dispensed with on this occasion:

(b) That a Special Meeting of the Committee of Home Affairs should be held on Monday July 22nd, and the Conclusions should be submitted to the Cabinet on Wednesday of next week.

2, Whitehall Gardens, S.W.1,

July 18, 1935.