Meeting of the Cabinet to be held at No. 10, Downing Street, S.W.1., on WEDNESDAY, 27th NOVEMBER, 1935, at 11.0 a.m.

AGENDA.

1. FOREIGN AFFAIRS — (If required).

2. THE ITALO-ABYSSINIAN DISPUTE.
   (Reference Cabinet 48 (35) Conclusion 1).
   (i) Resolutions of the Committee of Eighteen.
       Memorandum by the Secretary of State for Foreign Affairs.
       C.P. 208 (35) — already circulated.
   (ii) Embargo on Oil Supplies for Italy.
       Memorandum by the Secretary of State for Foreign Affairs and the Minister for League of Nations Affairs.
       C.P. 212 (35) — already circulated.

3. KING'S SPEECH ON THE OPENING OF PARLIAMENT.
   (Reference Cabinet 43 (35) Conclusion 7).
   Draft Speech prepared by Cabinet Committee.
   C.P. 209 (35) — to be circulated.

4. COTTON SPINNING INDUSTRY BILL AND WEIGHTS AND MEASURES BILL: PROPOSED RE-INTRODUCTION.
   (Reference Cabinet 38 (35) Conclusion 8).
   Memorandum by the President of the Board of Trade.
   C.P. 205 (35) — already circulated.

5. TRAMP SHIPPING SUBSIDY.
   (Reference Cabinet 45 (34) Conclusion 12).
   Memorandum by the President of the Board of Trade.
   C.P. 213 (35) — to be circulated.
6. TITHE RENT CHARGE: REPORT OF ROYAL COMMISSION.

(Reference Cabinet 23 (34) Conclusion 3).

Joint Memorandum by the Chancellor of the Exchequer and the Minister of Agriculture and Fisheries.
C.P. 210 (35) — already circulated.

7. EDUCATIONAL POLICY: PROPOSED LEGISLATION.

(Reference Cabinet 38 (35) Conclusion 5).

Memorandum by the President of the Board of Education.
C.P. 206 (35) — already circulated.

TO TAKE NOTE OF:

8. EMPIRE MIGRATION.

(Reference Cabinet 17 (35) Conclusion 4).

Memorandum by the Secretary of State for Dominion Affairs.
C.P. 207 (35) — already circulated.

9. "SCRAP AND BUILD" SCHEME: PROGRESS REPORT.

(Reference Cabinet 45 (34) Conclusion 12).

Memorandum by the President of the Board of Trade.
C.P. 214 (35) — to be circulated.

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

2, Whitehall Gardens, S.W.1.,
23rd November, 1935.
CONCLUSIONS of a Meeting of the Cabinet held at
10, Downing Street, S.W.1., on WEDNESDAY,
27th NOVEMBER, 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,
Lord President of the Council.

The Right Hon.
The Viscount Hailsham,
Lord Chancellor.

The Right Hon.
Sir Samuel Hoare, Bt., G.C.S.I.,
G.B.E., C.M.G., M.P., Secretary
of State for Foreign Affairs.

The Right Hon.
A. Duff Cooper, D.S.O., M.P.,
Secretary of State for War.

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

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.
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.
Sir Kingsley Wood, M.P.,
Minister of Health.

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

The Right Hon.
Sir John Simon, G.C.S.I.,
K.C.V.O., O.B.E., R.C., M.P.,
Secretary of State for Home Affairs.

The Right Hon.
The Viscount Halifax, K.G.,
G.C.S.I., G.C.I.E.,
Lord Privy Seal.

The Right Hon.
Malcolm MacDonald,
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.

The Right Hon.
J. A. Thomas, M.P.,
Secretary of State for the
Colonies.

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

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.

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

1. The Prime Minister gave a welcome, on behalf of the Cabinet, to the Secretary of State for War, their new colleague.
2. The Cabinet had before them a Note by the Secretary of State for Foreign Affairs (C.P.-205 (35)) circulating (in continuation of C.P.-200 (35)) Proposals adopted by the Committee of Eighteen at Geneva on the 2nd and 6th November in connection with the application of sanctions to Italy.

The Secretary of State for Foreign Affairs explained that the above Note had been circulated for information only. He did not propose to open up the question of the proposed new sanctions at the present Meeting, as the Prime Minister had already agreed to hold a Special Meeting of the Cabinet on Monday next.

The Cabinet agreed --

To hold a Special Meeting on Monday next, December 2nd, at 3 p.m. for the purpose of considering the Italo-Abyssinian situation.

(Note: The Lord Chancellor, who had an unavoidable engagement for Monday afternoon, was asked by the Prime Minister to let him have the benefit of his views beforehand on the important questions to be discussed.)
3. The Secretary of State for Foreign Affairs reported that the Egyptian Government had co-operated well with the League of Nations in the matter of sanctions against Italy. There had been some nervousness in Egypt lest we should exploit the situation to the detriment of Egyptian independence. The presence of the British Fleet at Alexandria had been welcomed, subject to some misgivings on the point just mentioned. He himself therefore had taken the opportunity of his Guildhall speech to make clear that we had no intention of exploiting the situation; that we were grateful for their co-operation; and at the same time he had made a guarded reference to the future when the time came for our relations to be placed on a permanent footing satisfactory to both countries. The form of words he had used on the above three points had been agreed with Sir Miles Lampson, and he had also made clear that the Egyptian Constitutions of 1923 and 1930 had not been satisfactory, and had given a hint that in any future discussions we should have to take that view. Subsequently the Egyptian politicians had exploited the situation. There had been riots and some casualties. The ostensible reason was his own speech, but there was no doubt that at bottom the real reason was Italian propaganda. Since that time he had received assurances both from Nessim Pasha and King Fuad that the speech had had nothing to do with the riots, and that the words he had used were exactly what was required. He warned his colleagues that a larger question was coming on the horizon, namely, as to whether there should be negotiations on the subject of an Egyptian Treaty during the lifetime of the present Parliament. In his view he himself was rather disinclined to
had a reasonable chance negotiations unless they were assured of success.

We would deplore abortive negotiations.

The Cabinet took note of the above.
4. The Secretary of State for Foreign Affairs made a brief statement as to the present position between China and Japan. It was a case of Japan exploiting the situation while other countries were pre-occupied elsewhere, as had several times occurred before. It looked, however, as though their present move had been a "damp squib". The only Province that had declared an autonomous régime was in the demilitarised zone, where Japanese influence predominated. It looked, also, as if Tokio had uttered a word of caution. On the present occasion Japan had seized the pretext of Sir Frederick Leith-Ross's visit, coupled with the proposed Loan. He agreed with His Majesty's Ambassador in Tokio, and the British Minister in Peking, as to the undesirability of beating an ignominious retreat in the face of unreasonable objections to the Loan on the part of either Japan or America. Sir Frederick Leith-Ross, however, had been warned to proceed with great caution, so as to give no pretext to Japan for further action. Sir Frederick would stay in China for the present, and might later decide to come home via Tokio, where, if conditions became more favourable, he might be able to induce the Japanese to consent to the proposed Loan. At present, however, it did not look as though the Loan would be likely to succeed.

The Chancellor of the Exchequer concurred with the Secretary of State for Foreign Affairs and added that at present the necessity for a Loan to China was rather less immediate. It had always been understood that Sir Frederick Leith-Ross was to tackle the currency situation in China, for which a Loan was necessary. Events, however, had been telescoped, and the Chinese had managed to tide over their immediate
financial embarrassment by a sale of silver to the United States of America. In reply to a question by the Secretary of State for India he did not think the price of silver was likely to be seriously affected at present.

The Secretary of State for Foreign Affairs added, in reply to a question, that the Japanese General Doihara's action was acquiesced in rather than promoted by the Japanese Foreign Office. He also said that as soon as the present troubles arose he had instructed His Majesty's Ambassador at Washington to discuss the matter with the State Department. The reply he had received was that they were not yet fully informed of the facts, and he was satisfied that the American Government had no intention of taking action.

The Cabinet took note of the above.
5. The Cabinet had before them a draft of the King's Speech on the Opening of Parliament (C.P.-209 (35)) in the form submitted by a Cabinet Committee under the Chairmanship of the Prime Minister.

After discussing the draft paragraph by paragraph (previous Reference: Cabinet 48 (35), Conclusion 7), the Cabinet agreed —

(a) That the following alterations should be made in the draft of the King's Speech on the Opening of Parliament:

Page 1, Line 3: Omit the words "continue to", so that the sentence will read —

"My Government's foreign policy will as heretofore be based on a firm support of the League of Nations".

Page 1, Line 29: In lieu of the words "of trade and industry" put

"of trade, industry and agriculture", so that the sentence will begin —

"The policy of My Ministers, while continuing to foster the general recovery of trade, industry and agriculture", etc., as before.

Page 2, Line 13: After the word "law" insert the words "in England and Wales", so that the sentence will begin —

"A Bill will be introduced to amend the law in England and Wales", etc.

Page 2, Line 25: For the words "Housing Act of 1935 which enables", substitute —

"Housing Acts of 1935 which enable".

Page 2, Line 33: Omit the words "social and industrial", so that the sentence will begin as follows:—

"My Ministers will continue to give close consideration to the further improvement of conditions in Scotland and among Measures to that end a Bill will be introduced providing for the raising of the school age".

(b) Subject to the above amendments, to approve for submission to His Majesty the draft of the King's Speech on the Opening of Parliament attached to C.P.-209 (35).

A copy of the draft Speech, incorporating the above-mentioned amendments, is attached as an appendix.
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(b) Subject to the above amendments, to approve for submission to His Majesty the draft of the King's Speech on the Opening of Parliament attached to C.P.-209 (35).

A copy of the draft Speech, incorporating the above-mentioned amendments, is attached as an Appendix.
6. In the course of the discussion on the King’s Speech the Chancellor of the Exchequer referred to the promise in the Speech of a Bill to authorise the guarantee by the State of a loan to enable Railway Companies to carry out special development which will add to transport facilities. He recalled that he had been authorised to see the Chairmen of the Railway Companies on the subject, and as a result of these negotiations an announcement of the Government’s policy had been made during the Election. He now asked authority to introduce a Resolution and Bill in Parliament. The passage of the Bill would be necessary before Christmas. The Bill was on precisely the same lines as the London Passenger Transport Bill, including the guarantee of a loan of about £26,000,000 to a special Financial Company who would lend the money to the Railway Companies.

In these circumstances he suggested that it was unnecessary for the Bill to go before the Committee of Home Affairs, which had dealt with the corresponding London Passenger Transport Bill. There was really no difference in principle or detail between the two measures.

The Cabinet agreed:

(a) That the Chancellor of the Exchequer should have authority to introduce a Resolution and a Bill in Parliament for the Railway Development Scheme, and that every effort should be made to secure the passage of the Bill through Parliament before Christmas:

(b) That it was unnecessary for the Committee of Home Affairs to consider the Bill.
7. In the course of the discussion of the reference to Scottish Education in the King's Speech the Secretary of State for Scotland reported that his present intention was to proceed with the Bill pari passu with the Bill for England and Wales. At the request of some of his colleagues, however, he undertook to look into the possibility of expediting the Bill.
8. The Cabinet had before them a Note by the President of the Board of Trade (C.P.-205 (35)) asking formal authority to re-introduce into Parliament the Cotton Spinning Industry Bill, and the Weights and Measures Bill dealing with sand and ballast. During last Session the latter Bill had passed through the House of Lords and had reached the House of Commons, while the former measure had been introduced in the House of Commons and was awaiting Second Reading, but the Dissolution of Parliament had intervened.

The Cabinet approved the proposals of the President of the Board of Trade in C.P.-205 (35), as summarised above.
9. The Cabinet had before them a Memorandum by the President of the Board of Trade (C.P.-213 (35)) stating that the subsidy to the Tramp Shipping industry would expire on December 31st next and that he had received from the Chamber of Shipping, on behalf of the Tramp Shipowners Committee of that body, a request for the continuance of the subsidy for a further twelve months. After careful consideration of this request and of the reasons advanced in support of it, the President of the Board of Trade suggested that the subsidy should be renewed for a further period of twelve months from January 1, 1936, on the same general conditions as before. He accordingly asked authority to have a Bill prepared for submission to the Committee of Home Affairs. If the subsidy were to be renewed, the necessary legislation must be passed before March 31, 1936.

The Cabinet approved the proposals of the President of the Board of Trade in C.P.-213 (35), as summarised above.
10. The Cabinet had before them a Joint Memorandum by the Chancellor of the Exchequer and the Minister of Agriculture and Fisheries (C.P.-210 (35)) stating that the Royal Commission on Tithe Rentcharge were about to present Majority and Minority Reports. It was understood that both Reports contain proposals of a complicated and far-reaching character, involving consequences of importance both financially and politically to the State, the Local Authorities, the Church and the tithe-payers. In these circumstances, and in view of the expected pressure for a statement by the Government as soon as Parliament meets, the two Ministers recommended —

(1) That a Cabinet Committee be appointed to advise on the Commission’s Report, with an instruction to report to the Cabinet in time for a decision to be taken as to the Government’s policy before Parliament rises; and

(2) That, in the meanwhile, publication of the Commission’s Report should be postponed, any enquiry made by Parliamentary Question or otherwise regarding the Report to be dealt with by a statement to the effect that the Report has been received and that the Government are considering its proposals with a view to announcing its policy in regard thereto at an early date when the Report itself will be published.

The Cabinet agreed —

(a) That a Cabinet Committee, composed as follows:
   The Chancellor of the Exchequer
   (In the Chair),
   The Lord Chancellor,
   The Home Secretary,
   The Lord Privy Seal,
   The Minister of Agriculture and Fisheries,
   The Minister of Health,
   The Attorney-General —

should be appointed to advise on the Reports of the Royal Commission on Tithe Rentcharge, and to report to the Cabinet, if possible, in time for a decision to be taken as to the Government’s policy before Parliament rises;

(b) That in the meanwhile publication of the Commission’s Reports should be postponed.

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II. The Cabinet had before them a Memorandum by the President of the Board of Education (C.P.-206 (35)) on the subject of the legislation required to implement the policy of Educational Development agreed at the Meeting mentioned in the margin, including (i) raising the school-leaving age to 15, with exemptions for beneficial employment and without maintenance allowances; and (ii) empowering Local Education Authorities to make building grants under conditions to voluntary schools. In view of the importance of introducing and passing the requisite legislation without delay, for reasons set forth in his Memorandum, the President of the Board of Education sought the authority of his colleagues to submit the details of his proposals to the Educational Policy Committee and, if they concurred, to proceed at once with the drafting of a Bill for submission to the Committee of Home Affairs, with a view to a Second Reading Debate as soon as Parliament resumed after the Christmas Recess.

The Cabinet approved the proposals of the President of the Board of Education as set forth in C.P.-206 (35) and summarised above.
12. The Cabinet took note of a Memorandum by the Secretary of State for Dominion Affairs (C.P.-207 (35)) circulating for the information of his colleagues a verbatim report of a Deputation he had received on October 24th on the subject of Empire Migration.
13. The Cabinet took note of a Memorandum by the President of the Board of Trade (C.P.-214 (35)) covering a Progress Report on the "Scrap and Build" Scheme under the British Shipping (Assistance) Act, 1935.
14. The Home Secretary said he would like to re-introduce two small Home Office Bills mentioned in the margin, which were introduced last summer and crowded out by the General Election.

The Cabinet were reminded that a large number of Bills, including the two measures referred to, were to come before the Committee of Home Affairs on the morrow for classification. The result of that discussion would come before the Cabinet. The Home Secretary was therefore asked to raise any question in connection with these Bills either at the Committee of Home Affairs or, if necessary, when the matter came before the Cabinet.
APPENDIX.

Draft of the King's Speech on the Opening of Parliament.

DECEMBER 3, 1935.

MY LORDS AND MEMBERS OF THE HOUSE OF COMMONS,

MY relations with foreign Powers continue to be friendly.

My Government's foreign policy will as heretofore be based on a firm support of the League of Nations. They will remain prepared to fulfil, in co-operation with other members of the League, the obligations of the Covenant. In particular, they are determined to use at all times the full weight of their influence for the preservation of peace.

In pursuance of these obligations My Government have felt compelled to adopt, in co-operation with some fifty other States Members of the League, certain measures of an economic and financial nature in regard to Italy. At the same time they will continue to exert their influence in favour of a peace acceptable to the three parties in the dispute, namely, Italy, Ethiopia, and the League of Nations.

My Government have issued invitations to the Governments of the other countries which were parties to the Washington and London Naval Treaties to attend a Conference in London this month with a view to the conclusion of a new international treaty for the limitation of naval armaments. I have learned with satisfaction that all the invitations to this Conference have been accepted, and I trust that its labours will be crowned with success.

MEMBERS OF THE HOUSE OF COMMONS,

The Estimates for the Public Service will be laid before you.

The fulfilment of our international obligations under the Covenant, no less than the adequate safeguarding of My Empire, makes it urgently necessary that the deficiencies in My Defence Forces should be made good. My Ministers will in due course lay before you their proposals, which will be limited to the minimum required for these two purposes.

MY LORDS AND MEMBERS OF THE HOUSE OF COMMONS,

The policy of My Ministers, while continuing to foster the general recovery of trade, industry and agriculture, will pay special regard to those areas in which the burden of unemployment is greatest and to the development of any measures likely to be advantageous to them.

The problem of securing improved conditions in the coal-mining industry is receiving the anxious consideration of My Ministers. Active steps are being taken to co-ordinate the selling arrangements of the industry and the necessary orders under Part 1 of the Coal Mines Act, 1930, will be laid before you.

In pursuance of the policy of re-organisation, a Measure will be introduced to provide for the unification of coal royalties under national control.

In the opinion of My Government the time has come when the existing provisions for the safety of workers in mines should be reviewed in the light of modern scientific knowledge. I shall, as soon as possible, appoint Commissioners to inquire fully into this important matter.
Proposals for making improved arrangements for assistance to the unemployed and for the insurance of agricultural workers against unemployment will be laid before you.

A Bill will be introduced to authorize the guarantee by the State of a loan to be raised for the purpose of enabling the Railway Companies to carry out special developments which will add to transport facilities and to the convenience of travellers.

A Measure will be submitted to you for promoting the further development of our civil air communications, both in this country and throughout the Empire; and for dealing with other matters relating to air navigation.

It is the intention of My Ministers to proceed at an early date with the proposals laid before the last Parliament for dealing with the problem of surplus productive capacity in the spinning section of the cotton industry.

My Government are convinced of the need for an early and substantial development of the educational services of the country. A Bill will be introduced to amend the law in England and Wales relating both to the age of compulsory school attendance and to assistance from public funds towards expenditure on Voluntary School buildings. Action will also be taken, in co-operation with Local Authorities and others, to increase the effectiveness of the other educational services. In particular, the improvement of the school medical arrangements, the extension of physical education, and the development of Technical Schools, will receive the attention of My Government.

My Ministers will continue to promote actively the development of the social services, and to take vigorous measures to improve the health and physique of the nation. They will press forward the work of slum clearance in order to ensure that the programmes submitted by local authorities are carried out within the period contemplated, and they will encourage the active administration of the Housing Acts of 1935 which enable local authorities to make a direct attack upon the evils of overcrowding.

Careful consideration has been given by My Government to the organisation of the maternity services with a view to providing better care for women in child-birth, and a Bill will be introduced for the provision by local authorities in co-operation with voluntary associations of an organised service of salaried midwives.

My Ministers will continue to give close consideration to the further improvement of conditions in Scotland and among Measures to that end a Bill will be introduced providing for the raising of the school age.

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.