CABINET 10 (36).

Meeting of the Cabinet to be held at No. 10, Downing Street, S.W.1., on TUESDAY, 25th FEBRUARY, 1936, at 11.0 a.m.

AGENDA.

1. DEFENCE REQUIREMENTS: PROGRAMMES OF THE DEFENCE SERVICES.

(Reference Cabinet 9 (36) Conclusion 3).

C.P. 26 (36) - already circulated.

Memorandum by the Secretary of State for Air on the Air Striking Force.
C.P. 27 (36) - already circulated.

Memorandum by the Minister of Labour on Labour Issues involved.
C.P. 57 (36) - already circulated.

TO TAKE NOTE OF:

2. DEFENCE CO-ORDINATION.

(Reference Cabinet 9 (36) Conclusion 1).

Revised Report of Cabinet Committee.
C.P. 51 (36)(Revise) - circulated herewith.

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

2, Whitehall Gardens, S.W.1.

24th February, 1936.
CABINET 10 (36).

CONCLUSIONS of a Meeting of the Cabinet held at 10, Downing Street, S.W.1., on TUESDAY, 25th FEBRUARY, 1936, at 11 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. Anthony Eden, M.C., M.P., Secretary of State for Foreign Affairs.

The Right Hon. Malcolm MacDonald, M.P., Secretary of State for Dominion Affairs.


The Right Hon. The Viscount Monsell, G.B.E., First Lord of the Admiralty.

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. Neville Chamberlain, M.P., Chancellor of the Exchequer.


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

The Right Hon. The Viscount Swinton, G.B.E., M.C., Secretary of State for Air.

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

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


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

The Cabinet had before them a Report by the Ministerial Sub-Committee on Defence Policy and Requirements (C.P. 26 (36)), in which it was recommended that, in view of the altered international situation, important and extensive measures should be taken during the next 3 to 5 years to modernise our national defences. The Report of the (Official) Defence Requirements Committee (D.R.C. 37) was attached.

Among the numerous recommendations of the Ministerial Sub-Committee were the following:

**NAVY.**

A replacement programme including 7 capital ships and 4 aircraft carriers (some of a smaller type). Complete modernisation of 3 capital ships and partial modernisation of 4 capital ships. The increase of the Fleet Air Arm to 504 aircraft. An expansion of Naval personnel by some 55,000.

A replacement programme of 5 cruisers a year is submitted, but it is recommended that this programme should only be adopted subject to later review. Further increases may be required if a new standard of naval defence is adopted.

**ARMY.**

The Regular Field Force.

It is recommended that this should include 4 infantry divisions and 1 (mechanised) mobile division, together with other components, and that the rate of mobilisation should be accelerated in order to make possible the disembarkation of this Force on the Continent within a fortnight.

The Territorial Army.

The modernisation of 18 Territorial divisions, as proposed by the Official Committee, to be postponed for later decision. A public statement, however, to be made that any Territorial Field Force which is sent abroad will serve in its own units and formations, and not as drafts for the Regular Army.

Coast Defences.

An extended programme for the modernisation of coast defences at home and abroad.
Air Defence of Great Britain.

Completion of the existing programme.

Field Artillery.

Re-equipment with an 18-pounder gun re-lined to take a 25-pound shell (in place of the existing 18-pounders and 4.5 inch howitzers). The converted gun to be regarded as the first "mark" of a new gun, which would take the same ammunition.

Infantry.

An increase of 4 battalions for overseas garrisons.

AIR.

Completion, as already approved, of the metropolitan first line strength to 125 squadrons (1,512 aircraft), subject to reconsideration in the event of further increases in the German Air Force.

Further squadrons for Army Co-operation with the Regular Field Force and with the Territorial Army.

INDUSTRIAL PRODUCTION.

The overtaking of deficiencies and the building up of an adequate "war potential" on the following principles:-

No interference with production for civil or export trade; a part of the "shadow" munitions industry to be brought into operation, since the requirements of the next 3 to 5 years will exceed the capacity of the State factories and the "professional" armament firms; measures to be taken to insure the collaboration of industry and the prevention of profiteering; rapid decisions to be secured where Treasury authority is necessary.

COST AND FINANCE.

The cost of the Official Committee's scheme, as modified and endorsed by the Ministerial Committee, is very tentatively estimated at £394,500,000 in the next 5 years. This figure is the estimated excess over the normal expenditure of the Defence Services, which is assumed to continue at the level of the original Estimates for 1935.

The Cabinet had also before them a Memorandum by the Secretary of State for Air (C.P. 27 (36)) stating that it was now possible to organise a much more effective air striking force than had been approved.
last year. The light bombers since constructed would be useful for training purposes and for service overseas, but for the purposes of a striking force during the longer period it was proposed to replace them by medium bombers. In addition, it was proposed to increase the aircraft establishment of certain squadrons. The striking force would then number 1,022 aircraft, of which even the lightest — the smaller medium bombers — would include the whole of western Germany in their normal range. These changes were estimated to cost £12,500,000 capital and £2,000,000 a year for maintenance, etc.

The Cabinet also had before them a Memorandum by the Minister of Labour (C.P. 57 (36)) stating that a preliminary examination had shown that the supply of labour for the purposes of the defence programmes was likely to constitute a grave problem.

Lord Weir had spoken of 120,000 additional men as being required, and it would be necessary to analyse these into skilled, semi-skilled and unskilled. Again, as regards the first of these classes, it was necessary to consider separately the engineering, ship-building, building, and iron and steel trades. It was possible that a position might arise in which skilled labour would have to be rationed between the various supply services, on the one hand, and the export and general trade of the country on the other. He was preparing a more considered Memorandum, which he hoped would be referred to the appropriate Ministerial Committee.
The Cabinet discussed the Report of the Ministerial Committee on Defence Policy and Requirements (C.P. 26(36)) paragraph by paragraph and agreed:

(a) To approve the Report generally and provisionally on the understanding that the programmes contained therein were liable to modification in the light of new considerations such as the developments in the range and offensive power of aircraft reported in the Secretary of State for Air's Memorandum C.P. 27(36) and any other new factors that may arise and subject also to the conclusions which follow.

(b) Paragraphs 8 and 9. That nothing should be said in the White Paper as to the possibility of the adoption in the near future of a new standard of naval strength, more especially as approval for the proposed standard has been reserved until the Admiralty have made a further report, as provided in these paragraphs.

(c) Paragraph 10. Capital ships. While the programme of 2:3:2 capital ships was approved provisionally for the years 1937-39 it was agreed that these figures should not appear in the White Paper which should only mention the laying down of two capital ships in 1936.

The subject of battleships versus bombs is one that it will probably be necessary to investigate when effect has been given to the proposed changes in Defence Co-Ordination.

For purposes of Parliamentary Debate it was essential to make clear that intensive experiments on this subject are in progress and will be continued.

It might be pointed out also that in this evolving problem unless it could be said definitely that attacks by aircraft would be fatal to capital ships it is impossible for us to scrap or not to build capital ships so long as other nations have them.

(d) Paragraph 10. Aircraft carriers. That the effect on naval warfare, especially in the narrow seas, of the very recent developments in the range and power of aircraft referred to in the memorandum by the Secretary of State for Air (C.P. 27(36)), should receive early consideration, but that in the meantime the proposals for the construction of four new carriers (some of a smaller type) within the period 1936-42 should provisionally be approved. It would be advisable to limit the reference in the White Paper to the numbers of aircraft carriers to the one small carrier to be included in the 1936 programme.
(e) Paragraph 11. To accept the recommendation that the cruiser replacement programme (five ships) should be adopted only provisionally and subject to later review.

(f) Section V. Army Programme and Requirements. That the approval given to the Army Programme and Requirements, like the remainder of the Report, is provisional and liable to review in the light of changing circumstances and possibly later decisions as to the priority in which the requirements of the several Services are to be provided in view of the international situation and other factors.

(g) Paragraph 171 Line 1. That the words "If our assistance to Continental Allies is to be effective" should be amended (e.g. by erratum) to read "If our assistance required abroad is to be effective".

(h) Paragraph 21. That in approving the sixth recommendation referring to the Territorial Force, the Cabinet should take note that if, contrary to expectation, it should be found possible to make a start with the Territorial Force side of re-equipment before the end of three years there would be no objection to a re-opening of the question with a view to a fresh decision.

(i) Paragraph 25. That the appropriate Sub-Committee of the Committee of Imperial Defence should look into the question of whether Takoradi might not be substituted with advantage for Sierra Leone as the defended port in West Africa.

(j) Paragraph 25. To take note that a message had been received from the Japanese Government to the effect that they would like to renew Article XIX of the Washington Treaty and that if this were accepted by the other powers concerned additional expense in the defences of Hong Kong beyond that provided for in the reports before the Cabinet should be avoided.

(k) While provisional approval was given to paragraph 24 note was taken of a statement by the Secretary of State for Air that a report was likely to be received by the Air Defence Research Sub-Committee which might involve considerable alterations in the scheme of Air Defence of Great Britain.

NOTE: The Lord President of the Council asked that he might be kept in touch with the above report and the proceedings of the Air Defence Research Sub-Committee therewith.
Paragraph 25, line 3. Twenty-two battalions should be twenty-one battalions.

Paragraph 28. Improvement in housing. The Cabinet took note that the War Office would be able to spend seven and one-half million pounds in the next five years and wished to have this put on record.

The Secretary of State for War said he had instructed the Quartermaster-General to place himself in touch with the Ministry of Labour on the labour aspects of this question on which some difficulty was anticipated, especially in Scotland.

Air Force Programme and Requirements. In giving their provisional approval to Section VI (C.P. 26 (36)) the Cabinet also gave similar approval to the Memorandum by the Secretary of State for Air on the Air Striking Force (C.P. 27 (36)). The Secretary of State for Air pointed out that the total proposals involved an addition of 192 aeroplanes to the figure of 1512 for first-line strength.

Industrial Production. In giving provisional approval to Section VII the Cabinet took note that the Minister of Labour would have a number of points to raise on the subject of industrial production at the appropriate time, as mentioned in C.P. 57 (36).

Paragraph 37. Attention was drawn to the desirability of exercising great discretion in the White Paper in any reference to Lord Weir.

Paragraph 42. Note was taken of a warning by the Minister of Labour that some of the firms might approach the Government for a subsidy for training purposes, but this ought to be rejected. The training schemes of the Ministry of Labour could provide semi-skilled but not skilled labour. There was agreement that any general conference with labour would not be advantageous and should be avoided, if possible.

In giving provisional approval to paragraph 43 dealing with the collaboration of industry and the prevention of profiteering the Cabinet gave similar approval to Annex D.

On the subject of sub-contracting attention was drawn to the following statement made by the Prime Minister in the House of Commons the previous day: "The measures that have been taken, so far, in the limited expansion which
has been made, I believe to be satisfactory. The House will have the opportunity, on the pertinent Estimates, of debating that matter. We have, as the House is aware—and they will be told more details presently—a very great problem, in which we desire the co-operation of the whole House in expansion, that will have to be met in the next four or five years and, as we go on to meet those conditions, one of our greatest problems will be to consider whether such measures as we have taken hitherto will be sufficient. If we think they are not sufficient, we shall certainly suggest others."

The whole subject of prevention of profiteering, especially as regards subcontractors, was recognised to be very difficult.

(t) In giving provisional approval to paragraph 43 note was taken that sub-paragraph (h) only gave a very small recognition to the part that the Ministry of Labour would have to play in the programme.

(u) Paragraph 50, line 2. The word "that" is a mis-print for "than".

(v) Secret Service. In approving paragraph 51 the hope was expressed that no mention of this would be made in the White Paper.

(w) Section IX. Cost and Finance. The Cabinet took note of the Chancellor of the Exchequer's view that the question of Cost and Finance would have to be handled very cautiously in the White Paper and it would probably be advisable to avoid figures which could be added up to a larger amount than public opinion was anticipating.

(x) Section X. Observations. The first sentence suggesting general agreement with the general observations of the Defence Requirements Committee was not approved.

(y) Paragraph 57. The Cabinet accepted an explanation by the Minister of Labour as to the relations between Defence Departments and the Ministry of Labour in the matter of Recruiting. This was a story with a long history and big issues behind it. The Ministry of Labour were anxious in every way to assist recruiting, and posters and literature on the subject to be found in every Labour Exchange were handed round to the Cabinet. The big issue, however, was that if unemployed
men got the impression that on entering a Labour Exchange they were liable to be black-listed if they refused to become a recruit to the Services the whole industrial reason for Labour Exchanges would be under-mined.

The Minister of Labour stated that he was anxious to discuss the whole matter with the Service Ministers and would do his best to render every possible assistance.

The Minister of Labour also suggested that paragraph 57 (b) appeared more appropriate to the Ministry of Health than to the Ministry of Labour which had been singled out for mention.

NOTE: As a minor point in paragraph 57 (a) - "Unemployment Exchanges" should be "Employment Exchanges".

2, Whitehall Gardens, S.W.1.,
25th February, 1936.