CABINET 3 (35).

Meeting of the Cabinet to be held at No. 10, Downing Street, S.W.1., on WEDNESDAY, 29th JANUARY, 1936, at 11 a.m.

AGENDA.

1. THE ITALO-ABYSSINIAN DISPUTE - (If required).
   (Reference Cabinet 2 (36) Conclusion 4).

2. THE GERMAN DANGER.
   (Reference Cabinet 51 (35) Conclusion 3).

   Note by the Secretary of State for Foreign Affairs, covering despatches received from Berlin. C.P. 13 (36) - already circulated.

3. FREEDOM OF ACCESS TO COLONIAL RAW MATERIALS.
   (Reference Cabinet 33 (34) Conclusion 5).

   Memorandum by the Secretary of State for Foreign Affairs, covering Inter-Departmental Report. C.P. 15 (36) - already circulated.

4. THE IMPORTANCE OF ANGLO-JAPANESE FRIENDSHIP.
   (Reference Cabinet 49 (35) Conclusion 4).

   Memorandum by the Secretary of State for War. C.P. 12 (36) - already circulated.

5. TRIAL OF PEERS BY PEERS.

   Memorandum by the Lord Chancellor. C.P. 21 (35) - circulated herewith.

C.P. 15 (36) - to be circulated:

Note by the Secretary, covering the Report of a Committee of the Economic Advisory Council on the Revision of the Cost-of-Living Index Number, dated February 15th, 1931. C.P. 16 (36) - circulated herewith.
CABINET 3 (36).

Meeting of the Cabinet to be held at No. 10, Downing Street, S.W.1., on WEDNESDAY, 29th JANUARY, 1936, at 11 a.m.

AGENDA.

1. THE ITALO-ABYSSINIAN DISPUTE - (If required).
   (Reference Cabinet 2 (36) Conclusion 4).

2. THE GERMAN DANGER.
   (Reference Cabinet 51 (35) Conclusion 3).
   Note by the Secretary of State for Foreign Affairs, covering despatches received from Berlin.
   C.P. 18 (36) - already circulated.

3. FREEDOM OF ACCESS TO COLONIAL RAW MATERIALS.
   (Reference Cabinet 33 (34) Conclusion 5).
   Memorandum by the Secretary of State for Foreign Affairs, covering Inter-Departmental Report.
   C.P. 15 (36) - already circulated.

4. THE IMPORTANCE OF ANGLO-JAPANESE FRIENDSHIP.
   (Reference Cabinet 49 (35) Conclusion 4).
   Memorandum by the Secretary of State for War.
   C.P. 12 (36) - already circulated.

5. PROPOSED INQUIRY INTO WORKING CLASS EXPENDITURE AND REVISION OF THE BASIS OF THE OFFICIAL COST-OF-LIVING INDEX NUMBER.
   (Reference Cabinet 2 (36) Conclusion 6).
   Memoranda by the Minister of Labour.
   C.P. 11 (36) - already circulated.
   C.P. 19 (36) - to be circulated.

   Note by the Secretary, covering the Report of a Committee of the Economic Advisory Council on the Revision of the Cost-of-Living Index Number, dated February 13th, 1931.
   C.P. 16 (36) - circulated herewith.
6. EXTENSION OF MILK ACT, 1934.

(Reference Cabinet 13 (34) Conclusion 9).

Joint Memorandum by the Minister of Agriculture and Fisheries and the Secretary of State for Scotland.
C.P. 20 (36) - to be circulated.

TO TAKE NOTE OF:

7. THE EDUCATION BILL AND THE EDUCATION (SCOTLAND) BILL.

(Reference Cabinet 2 (36) Conclusions 7 and 8).

Second Report of Cabinet Committee on Educational Policy.
C.P. 17 (36) - to be circulated.

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

2, Whitehall Gardens, S.W.1.,
24th January, 1936.
CONCLUSIONS of a Meeting of the Cabinet held at 10, Downing Street, S.W.1., on WEDNESDAY, 29th JANUARY, 1936, at 11 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. Anthony Eden, M.C., 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 Most Hon. The Marquess of Zetland, G.C.S.I., G.C.I.E., Secretary of State for India.

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

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

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


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


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

The Right Hon. Lord Eustace Percy, M.P., 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 ITALO-BYZINNIN DISPUTE.

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Mutual Assistance.

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Previous Reference: Cabinet 2 (36) Conclusion 4.

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The Secretary of State for Foreign Affairs informed the Cabinet that Notes had been sent to the Chairman of the Conciliation Committee at Geneva by the United Kingdom, France, Greece, Turkey, the Little Entente and Spain reporting the arrangements they had made for mutual assistance in the event of an emergency arising out of the application of sanctions. All these letters had been satisfactory, except the one from Spain which, though weak, had been better than nothing.

One reason for sending these letters was to meet the German suggestions that the conversations had some bearing on the Locarno Agreement.

He proposed to publish these letters as a White Paper for Parliament.

The Cabinet agreed to the proposal of the Secretary of State.
2. The Secretary of State for Foreign Affairs reported that no initiative had been taken at Geneva in the matter of conciliation either by the United Kingdom or France. The Foreign Office, as well as the French and German Governments had some information to the effect that Signor Mussolini was more anxious for peace than he had been a month ago. He gave the Cabinet some information in a contrary sense received from a United States citizen but this was generally felt not to be of much importance.
3. The Secretary of State for Foreign Affairs informed the Cabinet that a meeting of international experts was to take place next week at Geneva to consider the effectiveness of an oil sanction. He thought it probable that the meeting would take a week or two. For the moment there was nothing to be done until the experts had reported.

The Cabinet agreed.
4. The Cabinet had before them a very confidential memorandum entitled *The German Danger* by the Secretary of State for Foreign Affairs (C.P. 13 (36)) with which was circulated a collection of reports from His Majesty's Ambassador in Berlin, written between the spring of 1933 and the end of 1935. The reports covered the whole period during which Herr Hitler has been in power. The conclusions which the Secretary of State drew from the situation thus revealed were, firstly, that it is vital to hasten and complete our own re-armament, and secondly, that whilst pursuing our re-armament it will be well to consider whether it is still possible to come to some *modus vivendi* with Germany. In the present temper of the German Government and people this solution would not easily be realised.

The Secretary of State for Foreign Affairs reported that His Majesty's Ambassador in Berlin was due in London the same evening and he hoped to discuss with him the whole question of relations with Germany very shortly.

The Cabinet were reminded that there was a diplomatic as well as a military side to our relations with Germany. A great deal of consideration was being given to the question from the military point of view but the military situation developed out of the diplomatic situation. Were our relations with France so tightly bound, it was asked, that we should have trouble if the Cabinet were first to survey the situation themselves and then consider a policy towards Germany?

The First Lord of the Admiralty reported a conversation he had had with the French Minister of Marine who had made clear that France could not even come into a Naval Treaty with Germany until after the
Elections, if then.

The Chancellor of the Exchequer reported a brief conversation with M. Flandin, the new French Foreign Minister, while not personally opposed to a policy of establishing better relations with Germany, had indicated that nothing could be done at present and that it was essential to be strong before dealing with Germany.

The Secretary of State for Foreign Affairs reported a conversation with the Belgian Prime Minister whose view was that the balance had shifted from Locarno to Geneva and that provided the Western Powers were strong there was not much danger from Germany to the demilitarised zone. He had indicated the intention that Belgium must strengthen her defences. The real danger was in Eastern Europe, especially if Germany and Japan were to act in collusion. M. Van Zeeland thought, however, that Germany could not be approached until after the settlement of the Italo-Abyssinian dispute.

The Secretary of State for Foreign Affairs added that one new factor in the situation was that after recent experiences no one thought that France was likely to move in the matter of collective security except where her own frontier was in danger.

Some discussion took place on the subject of the effect on Germany of the ratification of the Franco-Soviet Treaty, and the Cabinet were informed that the reason given by M. Flandin for French ratification was that this had been necessary to anticipate the treaty between Germany and the Russian Soviet.

The Cabinet agreed:

(a) to take note that the Secretary of State for Foreign Affairs intended to circulate a memorandum of his conversation with the Belgian Prime Minister and to confer with His Majesty's
(b) that the question of British policy towards Germany should be taken up as soon as the Secretary of State for Foreign Affairs was ready.

(See also the following conclusion)
5. The Cabinet had before them a Memorandum by the Secretary of State for Foreign Affairs (C.P. 15 (36)) covering the Report of an Interdepartmental Committee, which had been set up as a result of Sir Samuel Hoare's speech at Geneva on September 11th, 1935. The Report pointed out that, broadly speaking, it is perfectly open to foreign nationals to exploit the resources of the British Colonial Empire. This fact, however, would not diminish the dissatisfaction of the "starved Powers", who were unable at the present time to pay world prices for their raw materials. Any inquiry by the League of Nations ought, it was suggested, to aim at separate guarantees of free access in respect of certain individual raw materials, whether produced within a Colonial territory or not. These guarantees might be coupled, if this further suggestion was not ruled out by probable French objections, with a general guarantee in respect of all raw materials produced in Colonial territories.

Unfortunately, it was unlikely that limited proposals on these lines would avail to prevent the "starved Powers" from demanding a political redistribution of Colonial possessions. The Secretary of State's view was that both the existing political situation and the conclusions of the Report itself made it undesirable to take any action at Geneva at the present time.

In the course of a discussion of a preliminary character it was pointed out that the memorandum under consideration, though invaluable as a statement of the economic aspects, showed that the question of German colonies was essentially political and that no economic argument was likely to convince the Germans to drop their political demands.
The Cabinet agreed:

(a) to accept the view of the Secretary of State for Foreign Affairs that it was undesirable to take any action at Geneva on the subject of the Report at the present time;

(b) to take note of the Report as a valuable contribution towards the forthcoming discussions referred to in the previous conclusion on British Relations with Germany.
THE IMPORTANCE OF ANGLO-JAPANESE FRIENDSHIP.

The Cabinet had before them a Memorandum by the Secretary of State for War (C.P. 13 (35)) covering a Note by the Chief of the Imperial General Staff, in which attention was drawn to the recent occasions on which Japanese statesmen and soldiers had hinted that they would welcome closer relations with this country. It was recognised by the General Staff that there were formidable political obstacles in the way, but it was urged that our weak military situation in the Far East made every effort necessary to overcome those obstacles.

In the course of a short discussion the First Lord of the Admiralty reported that if the delegation of the United States at the Naval Conference could be kept up to their promises and the French delegation could be brought to agreement he did not despair of bringing the Japanese into some kind of qualitative agreement. The real danger was lest Germany and Japan should be driven together. Already they were interchanging information on Naval matters. If Germany were to move in Eastern Europe there was the danger that Japan might move in the Far East. He had given the French a warning that such a move on the part of Japan would be of greater concern to this country with its vast interests in the Far East than German action in Eastern Europe.

The Secretary of State for Foreign Affairs said that the Foreign Office shared to the full the anxiety of the Chief of the Imperial General Staff for good relations with Japan. It was easier to desire them, however, than to find in current events a good opportunity for promoting them in the general interests.

The Cabinet were reminded that Sir Frederick Leith Ross had been sent to the Far East for the very reasons given at the end of paragraph (8) of the
Memorandum by the Chief of the Imperial General Staff, viz: to convince "Japan of our sincere desire for friendly co-operation, e.g., in China....." Information had been received that this distinguished Civil Servant was trusted and liked both by China and Japan. He was thought by some to be the only man who might bring off an agreement between the two and it was hoped that he would stay for some time longer, even though his services, could, with difficulty, be spared from European problems.

The question was mentioned as to whether better opportunities could not be found for the discussion of such questions between the General Staff and the Foreign Office than by bringing them before the Cabinet.

The Cabinet took note of C.P. 12 (36).
7. The Secretary of State for Foreign Affairs reported that in dealing with the question of Treaty negotiations in Egypt he had acted on the lines of the Cabinet decision referred to in the margin. He thought that experience had shown that these were the right lines. So far the Egyptians had proved unable to form a Government with which we could be expected to treat. The British High Commissioner had reported that in the circumstances it was not a matter for us to move and he had replied by concurring in this view.

The Cabinet took note of and approved the above statement.
8. The Cabinet had before them a Memorandum by the Lord Chancellor (C.R. 22 (36)), dealing with the resolution to be moved by Viscount Sankey in the House of Lords on February 4th - "That the present system of Trial of Peers by Peers has outlived its usefulness". The Lord Chancellor proposed that the matter should be left to the free discussion of the House of Lords, and that if a substantial majority of the House is in favour of the motion and if a Bill is introduced to give effect to their resolution, the House should be told that the Government will adopt a benevolent attitude with regard to the Bill, and will do its best to find time for its consideration in the House of Commons, unless the discussion there is likely to prove unduly long.

The Lord Chancellor made a statement on the lines of his Memorandum.

The Lord Privy Seal, as Leader of the House of Lords, put forward a different point of view. He did not attach much importance to the inconvenience to the Peer principally concerned at the late trial, nor to the fact that one hundred Peers had assembled to try a case involving questions, not only of fact, but also of law. What had actually happened was that the Lords had differed and had agreed to accept the opinion of the Judges which was what would nearly always happen. The expense of the trial, especially if it occurred only once in thirty-five years, was not material. Before the recent trial everyone had said that an absurd situation would arise, but when the event happened, the trial had been dignified and rather popular. This procedure went back to medieval times and was just one of the matters
which made this country different from others. He would not dissent from the plan of the House of Lords expressing its opinion, but if the Lord Chancellor was to present one view, he himself would like to be allowed to state the other point of view and to have the question left to a free vote.

One comment on this was that to continue the old procedure would arouse the belief that Peers were being tried by a more favourable procedure to themselves than that available to other accused persons. Untrue as this probably was, it would strengthen the idea that Peers have a privileged position. It was pointed out that many cases might arise out of the application of the Motorcar Acts.

A suggestion was made that Lord Rankeillour's amendment to abolish the trial by the House of Lords of felony but to retain it for treason was a fair compromise. It was pointed out, however, that a Bill to this effect would be very difficult to defend in the House of Commons. It was recalled that an act of treason might involve both Peers and Commoners, and it would be extremely awkward if the Peers claimed their right to trial by the House of Lords.

The Lord Privy Seal, who was impressed both by the difficulties of securing the passage of Lord Rankeillour's amendment in the House of Commons and by the objections to Members of the Government expressing different views in Debate, proposed that the Lord Chancellor in his speech might give a fair presentation of the arguments on either side, following that by a statement of his own views from the legal aspect. He might then add that there were Members of the Government who took different views on this question.
and that consequently Members of the Government would not vote.

The Lord Chancellor agreed to this procedure which was approved by the Cabinet.
9. The Cabinet had before them a Memorandum by the Minister of Agriculture and Fisheries (C.P. 20 (36)) in which it was explained that the various measures of Exchequer assistance to the milk industry, under the Milk Act, 1934, would come to an end, partly in March, 1936, partly in September, 1936. For various reasons it was not yet possible to frame a permanent long-term policy, and the Minister proposed to introduce a short bill extending the main provisions of the Act until 1937.

The Cabinet agreed:

(a) To approve the proposal of the Minister of Agriculture and Fisheries as set forth in C.P. 20 (36) and summarised above.

(b) That the date to which the Bill should be extended should be left to the Minister of Agriculture and Fisheries, the Chancellor of the Exchequer and the Minister of Health.
10. It had been agreed at the last Meeting of the Cabinet:

(a) That the Cabinet Committee on Educational Policy should meet as soon as possible to consider:

(i) The points in the draft Education Bill reserved by the Committee of Home Affairs for determination by the Cabinet, and any other points of difficulty that might be raised; and

(ii) Any points of difficulty in the Scottish Education Bill which might be raised by the Secretary of State for Scotland.

(b) That a special meeting of the Cabinet to consider the Report of the Cabinet Committee on Educational Policy should be held on Monday next, January 27th, at a time to be announced later.

In pursuance of this Conclusion, a meeting of the Cabinet Committee had been held on January 23rd. Agreement had been reached at this meeting and the Prime Minister had decided in consequence to dispense with the intended special meeting of the Cabinet. The Cabinet Committee had since circulated their Report (C.P. 17 (36)). The Report stated that only three matters appeared to need further consideration; and on these it was recommended:

(1) Grant of Employment Certificates during a School Term.

The following wording is suggested, in place of the former proviso: "Provided that the issuing authority when so satisfied may nevertheless suspend certificates of employment until the end of the school term".

(2) Crediting of Unemployment Insurance Contributions.

It will be politically impracticable to take away a privilege granted in 1934, and a statement should accordingly be made to the effect that the Scottish position will be brought into line with the English position before the raising of the school leaving age comes into operation in 1939.
(3) Medical Treatment in Instructional Centres in Scotland.

The title of the Education (Scotland) Bill precludes the introduction of any provision.

The Home Secretary, on parliamentary, educational and administrative grounds, urged that it would be preferable to make the continuance of the child at school to the end of term the general rule, and to provide that the issuing authority might make exceptions in cases justifying them; but after discussion the proposal in the form recommended by the Committee was accepted by the Cabinet.

On the second proposal the Chancellor of the Exchequer stated that he had not been in agreement with his colleagues in the course proposed, namely, to bring the Scottish position into line with the English position which was more expensive and consequently a more popular one.

The Cabinet agreed:

To approve the proposals contained in the Report of the Cabinet Committee (C.P. 17 (36)) as summarised above.

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

29th January, 1936.