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S E C R E T.

COPY NO.

C A B I N E T 4 (36).

Meeting of the Cabinet to be held at No. 10, Downing Street, S.W.1., on WEDNESDAY, 5th FEBRUARY, 1936, at 11 a.m.

A G E N D A.

1. FOREIGN AFFAIRS - (If required).
2. THE ITALO-ABYSSINIAN DISPUTE - (If required).
(Reference Cabinet 3 (36) Conclusion 3).
3. 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 13th February, 1931.

C.P. 16 (36) - already circulated.

4. APPLICATION FOR REMOVAL OF ROGER CASEMENT'S BODY TO IRELAND.

Memorandum by the Home Secretary.

C.P. 23 (36) - circulated herewith.

Secretary to the Cabinet.

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

31st January, 1936.

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(Signed) M.P.A. HANKEY,

Secretary to the Cabinet.

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31st January, 1936.

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C A B I N E T 4 (36).

CONCLUSIONS of a Meeting of the Cabinet held at
10, Downing Street, S.W.1., on WEDNESDAY,
5th 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.
Neville Chamberlain, M.P.,
Chancellor of the Exchequer.

The Right Hon.
The Viscount Hailsham,
Lord Chancellor.

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

The Right Hon.
Anthony Eden, M.C., M.P.,
Secretary of State for Foreign
Affairs.

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

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 Most Hon.
The Marquess of Zetland,
G.C.S.I., G.C.I.E., Secretary
of State for India.

The Right Hon.
Sir Godfrey Collins, K.B.E.,
C.M.G., M.P., Secretary of
State for Scotland.

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

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

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

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

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

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

The Right Hon.
Sir Kingsley Wood, M.P.,
Minister of Health.

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

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

Colonel Sir M.P.A. Hankey, G.C.B., G.C.M.G., G.C.V.O., Secretary.

GERMANY.

(Previous
Reference
Cabinet
3(36)
Conclusion
4).

1. The Secretary of State for Foreign Affairs reported that he had circulated accounts of his conversations with a number of distinguished persons who had visited London in order to attend The Late King's Funeral.

His Majesty's Ambassador in Berlin had visited London and after personal consultation with him the Foreign Office were drawing up a paper on the German situation. As there was a good deal of detail to be worked out he hoped that the Cabinet would postpone discussion on the matter until the following week. Broadly speaking, however, he had reached the view that the policy of reconditioning the Defence Services must be accompanied by some attempt at an arrangement in the political sphere with Germany, although he could not at the moment specify when and in what circumstances. He hoped to circulate a Memorandum before the next regular weekly meeting of the Cabinet.

F.R.
6(36)2.

THE
MEDITERRANEAN

- - -

Locarno Treaty.

- - -

(Previous
Reference
Cabinet 1 (36)
Conclusion 2).

2. The Secretary of State for Foreign Affairs said that M. Flandin had suggested the conclusion of a Mediterranean "Locarno" Treaty as an element in some eventual arrangement for settling the Italo-Abyssinian dispute. He himself had adopted a reserved attitude. If, however, the matter was proposed again he would like to take up the position that we were not opposed in principle but would want to see the details before expressing an opinion.

The Cabinet accepted the above view.

FRANCE.

Relations
with.

 (Previous
 Reference
 Cabinet 25(34)
 Conclusion 3).

FR. 62(36)3.

3. The First Lord of the Admiralty said he understood that the French were approaching us for co-operation or good offices in various matters, e.g. the Mediterranean Locarno just referred to and, if he was correctly informed, some kind of financial accommodation. At present the French were making themselves very unpleasant in the matter of the Naval Treaty, and he hoped that this would be taken into consideration in any negotiations that might take place.

The President of the Board of Trade reported that the French had also made themselves most objectionable about quotas.

The Chancellor of the Exchequer recalled that a year or two ago we had given the French some financial accommodation, on certain conditions, in the carrying out of which the French had proved very unaccommodating. He had already been asked if he gave any accommodation at the present time to obtain various conditions required by the President of the Board of Trade and he did not want to be imposing too many conditions. He would, however, see what could be done.

EGYPT.

Treaty
Negotiations.

(Previous
Reference:
Cabinet 3(36)
Conclusion 7).FR.
5(36).

4. The Secretary of State for Foreign Affairs said that from indications he had received from various quarters the Egyptian attitude towards a Treaty was not altogether unpromising including that of the King of Egypt. He was anxious to enable the High Commissioner in Egypt to get ahead with the negotiations.

The Cabinet were informed that a Report by the Chiefs of Staff Sub-Committee would be circulated the same afternoon.

After a short discussion the Cabinet agreed:

- (a) that the question of the proposed Treaty with Egypt should be considered by the Committee of Imperial Defence on the afternoon of Thursday, February 6th at 5.00 p.m. in the Prime Minister's room in the House of Commons, and that the Lord Chancellor should be invited to the Committee for this discussion;
- (b) that the results of the meeting of the Committee of Imperial Defence should be reported to the Cabinet which should deal with them either at a special meeting or at their next regular weekly meeting, as the Prime Minister might decide.

ITALO-
ABYSSINIAN
DISPUTE.

Oil supplies
for Italy.

Naval measures
in the
Mediterranean.

German Military
Attache' to the
Italian Army.

(Previous
Reference:
Cabinet 3(36)
Conclusion 3).

F.R.
6(36)475.

5. The Secretary of State for Foreign Affairs said he had nothing to report as to the progress of the League of Nations enquiry into an oil embargo. The instructions to the British representative on the Committee had been to adopt an entirely objective view. He thought the enquiry would take about a week. In reply to a question as to the prospects of the American Neutrality Bill passing, he stated they were not good.

The First Lord of the Admiralty expressed the hope that if an oil embargo was not to be applied it might be possible to relax our naval measures in the Mediterranean. The continuance of the Fleet at Alexandria was very inconvenient for the navy.

The Cabinet were informed that a German Military Attache' had been sent to the headquarters of the Italian Army. It was explained that it would be rather difficult for this country to ask to send a Military Attache' owing to the fact that as a member of the League of Nations we were treating Italy as an aggressor. It was difficult for a country that was not impartial to send an impartial observer.

PROPOSED INQUIRY
 INTO WORKING
 CLASS EXPENDITURE
 AND REVISION OF
 THE BASIS OF THE
 OFFICIAL COST-
 OF-LIVING INDEX
 NUMBER.

6. In continuance of the discussion at the Meeting referred to in the margin, the Cabinet had before them:-

A Memorandum by the Minister of Labour (C.P. 11 (36)) proposing an inquiry into working class family budgets, followed by a revision of the basis of the official cost-of-living index figure.

Previous
 Reference:
 Cabinet 2 (36),
 Conclusion 6.)

F.R.
 8(36)9.

A further Memorandum by the Minister of Labour (C.P. 19 (36)), prepared as a result of the previous discussion. In the course of this Memorandum it was pointed out that those wages which moved in accordance with the index number were in almost all cases fixed in relation to some date within recent years. It was important not to upset these wage agreements, and this made it necessary to maintain continuity between the present index number and any new series. As had been pointed out by a Committee of the Economic Advisory Council in 1931, this need cause no difficulty. If more than one monthly figure were published, the prominence should be given to that figure which was continuous with the existing series. In general it was proposed to adopt the 1931 principles and methods, subject to reconsideration of certain points. It would be necessary, for example, for the purposes of the Ministries of Health and Agriculture, to obtain budgets from the families of the unemployed.

A Note by the Secretary (C.P. 16 (36)) covering the Report of the 1931 Committee referred to above.

The discussion at the Cabinet was concentrated mainly on the political difficulties arising out of the two aspects of the enquiry, namely, the information required for amending the Cost-of-Living Index figure and that required for those engaged on Nutrition. It was pointed out that for the former purpose it was necessary only to examine the budgets of an appropriate number of working class families of employed persons. For the nutrition enquiries, however, information was also required in regard to families of unemployed persons. ~~For the Cost-of-Living Index it was~~

~~sufficient to know what was the proportion of the family's income spent on food.~~ For nutrition purposes it was necessary to ascertain, *in much more detail than for cost-of-living purposes,* ~~in addition, the forms of the distribution of the income and the form of~~ food on which the money was spent. It was pointed out that considerable political difficulties would be liable to arise out of these enquiries. If, for example, it were shown that the amount of money spent on nutrition by the family of an employed man was greater than that spent by an unemployed man there would be a demand for raising payments to unemployed persons which the country might not be able to afford, and the whole question would be raised as to whether the money spent on nutrition was, in fact, expended to the best advantage. A suggestion met with considerable support that it might be advisable, in the first instance, to announce the enquiry into working class expenditure for the purpose of re-calculating the basis of the official Cost-of-Living Index Number which was at present indefensible, but not at present ^{to} mention the additional enquiries to be made from the point of view of nutrition. Another suggestion was that the enquiries required in regard to the cost of nutrition need not necessarily proceed contemporaneously with the enquiries in connection with the Index figure and, might be postponed for a short time.

The Minister of Health said it would be necessary for him to make some enquiries before he could express a considered view on this.

The Cabinet agreed:

- (a) to give general approval to the proposals of the Minister of Labour in C.P. 19 (36);
- (b) that the Ministers concerned should consider the matters raised at the Cabinet in connection with the enquiry especially in regard to publicity and

report to the next weekly meeting
of the Cabinet.

APPLICATION
FOR REMOVAL
OF ROGER
CASEMENT'S
BODY TO
IRELAND.

F.R.
8(36)5.

7. The Cabinet had before them a Memorandum by the Home Secretary (Paper C.P. 23 (36)) stating that an official communication had been received from Mr. de Valera asking that the remains of Roger Casement (who was executed for treason on 3rd August, 1916, and buried in Pentonville Prison) should be transferred to Ireland for the purpose of interment there.

Mr. de Valera's despatch stated that there was a widespread desire in Ireland that this should be done, and that this desire was shared by the Government of the Irish Free State.

After recalling that various applications from Casement's relations and others had been refused, the Home Secretary expressed the view that the right course was to adhere to the refusal of permission, both on the general and particular grounds set out in his Memorandum.

The Home Secretary also suggested that in replying to the Free State Government it should merely be stated that the request had been considered, but that His Majesty's Government in the United Kingdom were unable to comply with it. A formula on these lines would sufficiently cover the legal and other objections to the proposal.

After a short discussion the Cabinet agreed:

That the reply to the Irish Free State should be to the effect that His Majesty's Government do not find it possible to depart from their invariable practice of refusing permission to such applications.

MEAT.

8. The Minister of Labour and ^{the} President of the

Board of Trade gave the Cabinet particulars of the present
position of the Strike at Smithfield Market.

Strike at
Smithfield
Market.

The Minister of Labour was authorised to take
up a guarded attitude if pressed for information as to
what the Government were doing to secure supplies of
meat and, if necessary, to suggest that the question
should be put in writing.

(Previous
Reference:
Cabinet
38(35) Con-
clusion 3).

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

5th February, 1936.