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SECRET.

COPY NO.

C A B I N E T 6 (36).

Meeting of the Cabinet to be held at No. 10 Downing Street, S.W.1., on WEDNESDAY, 19th FEBRUARY, 1936, at 11.0 a.m.

A G E N D A.

1. (a). ANGLO-EGYPTIAN TREATY: FORTHCOMING NEGOTIATIONS.

(Reference Cabinet 6 (36) Conclusion 6).

Note by the Secretary of State for Foreign Affairs covering text of instructions to Sir Miles Lampson.

C.P. 48 (36) - Circulated herewith.

Question to be raised by the Secretary of State for Foreign Affairs.

4. APPLICATION FOR REMOVAL OF ROGER CASEMENT'S BODY TO IRELAND - (If required)

(Reference Cabinet 4 (36) Conclusion 7).

5. AFFAIRS IN KENYA.

(Reference Cabinet 20 (34) Conclusion 5).

Memoranda by the Secretary of State for the Colonies.

C.P. 7 (36) - already circulated.

C.P. 43 (36) - circulated herewith.

Memorandum by the Secretary of State for India.

C.P. 18 (36) (Revise) - already circulated.

6. THE COAL MINES RE-ORGANISATION COMMISSION (PART II OF THE COAL MINES ACT, 1930).

(Reference Cabinet 46 (35)).

Note by the President of the Board of Trade, covering a Memorandum by the Secretary for Mines.

C.P. 44 (36) - circulated herewith.

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Meeting of the Cabinet to be held at No.10 Downing Street, S.W.1., on WEDNESDAY, 19th FEBRUARY, 1936, at 11.0 a.m.

A G E N D A.

1. FOREIGN AFFAIRS - (if required).
2. THE ITALO-ABYSSINIAN DISPUTE - (If required).
(Reference Cabinet 6 (36) Conclusion 4).
3. CONTROL OF RADIO TRANSMISSION IN THE EVENT OF AN AIR ATTACK BY ITALY ON THIS COUNTRY.

Question be raised by the Secretary of State for Foreign Affairs.
4. APPLICATION FOR REMOVAL OF ROGER CASEMENT'S BODY TO IRELAND - (If required)
(Reference Cabinet 4 (36) Conclusion 7).
5. AFFAIRS IN KENYA.
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(Reference Cabinet 46 (35)).

Note by the President of the Board of Trade, covering a Memorandum by the Secretary for Mines.
C.P. 44 (36) - circulated herewith.

7. PRIVATE STREET WORKS.

Memorandum by the Minister of Health.
C.P. 46 (36) - already circulated.

8. PROPOSED INQUIRY INTO WORKING CLASS EXPENDITURE AND REVISION OF THE BASIS OF THE OFFICIAL COST OF LIVING INDEX NUMBER. (If required).

(Reference Cabinet 4 (36) - Conclusion 6).

9. UNEMPLOYMENT INSURANCE.

(Reference Cabinet 47 (35) - Conclusion 9).

Memorandum by the Minister of Labour, covering Financial Report by the Unemployment Insurance Statutory Committee.

C.P. 45 (36) - to be circulated.

10. INTERNATIONAL LABOUR ORGANIZATION.

(Reference Cabinet 56 (35) Conclusion 6).

Memorandum by the Minister of Labour dealing with the Draft Conventions and Recommendation relating to compulsory old age, invalidity and widows and orphans insurance in industry and agriculture.

C.P. 40 (36) - to be circulated.

Memorandum by the Minister of Labour dealing with the Draft Convention concerning the establishment of an international scheme for the maintenance of rights under invalidity, old age, and widows and orphans insurance.

C.P. 41 (36) - to be circulated.

11. PRIVATE MEMBERS' BILLS.For Friday, 21st February.

1. Shops (Sunday Trading Restriction) Bill; Second Reading. (Mr. Loftus (U)).
2. Retail Meat Traders (Sunday Closing) Bill; Second Reading. (Mr. Liddall (U)).
3. Representation of the People Acts (Amendment) Bill; Second Reading. (Mr. Wise (U)).

For Friday, 23rd February.

1. Workmen's Compensation Bill; Second Reading. (Mr. Hardie (La.)).
2. Valuation of Agricultural Dwelling-houses Bill; Second Reading. (Mr. Turton (U)).

3. Shows Acts (Amendment) Bill; Second Reading.
(Sir Walter Smiles (U)).

(Signed) M.P.A. HANKEY.

Secretary to the Cabinet.

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

February 14th, 1936.

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S E C R E T.

COPY NO.

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

CONCLUSIONS of a Meeting of the Cabinet held at
10, Downing Street, S.W.1., on WEDNESDAY,
19th 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.
Malcolm MacDonald, M.P.,
Secretary of State for Dominion
Affairs.

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.

THE FOLLOWING WERE ALSO PRESENT:

Captain H. Crookshank, M.P.,
Secretary for Mines.
(For Conclusion 7).

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

PROPOSED
BROADCASTS BY
THE BRITISH
BROADCASTING
CORPORATION
OF A SERIES
OF TALKS ON
FASCISM AND
COMMUNISM.

(Previous
Reference:
Cabinet 6(38)
Conclusion 8).

1. The Prime Minister informed the Cabinet that the Postmaster General had seen Mr. Norman, Chairman of the British Broadcasting Corporation, with a view to trying to secure the withdrawal of the talks by Sir Oswald Mosley and Mr. Pollitt, and that as a result of this conversation the withdrawal had been effected and no public reference would be made to Government intervention. In expressing satisfaction at this result the Prime Minister mentioned that he was indebted for assistance to the *Member of Health* ~~Postmaster General~~.

The Cabinet agreed:

To invite the Prime Minister to congratulate the Postmaster General on the results of his action.

ANGLO-
EGYPTIAN
TREATY.

Instructions
to Sir Miles
Lampson.

(Previous
References:
Cabinet 6(36)
Conclusion 6).

F.R.
14(36)3 and 4.

2. The Cabinet had before them a Note by the Secretary of State for Foreign Affairs (C.P. 48 (36)) covering the text of the instructions which it was proposed to send to Sir Miles Lampson for his guidance in the forthcoming Treaty negotiations.

After a short discussion the Cabinet agreed:

To approve the above instructions subject

- (a) to re-examination by the Secretary of State for Foreign Affairs of the wording of the third sentence of paragraph 1 beginning with the words "This basis is that...."
- (b) to a reference in paragraph 3 to the provision of alternative barrack accommodation at the expense of the Egyptian Government which is already referred to in paragraph 2.

ITALO-
ABYSSINIAN
DISPUTE.

- - -

Oil Sanctions.

- - -

(Previous
Reference:
Cabinet 6(36)
Conclusion 4).

F.R.
2(36)5.
and
11(36)5.

3. The Secretary of State for Foreign Affairs recalled that when the question of an oil sanction against Italy had been under consideration two of the principal arguments used had been that it might antagonise Signor Mussolini so far that he would precipitate a war against this country and that in any event Italy was not going to win the war. He gave a full account of a conversation he had had with Mr. R.L. Nosworthy, Commercial Counsellor at His Majesty's Embassy at Rome, who had only recently been for a tour in Northern Italy. From this account and from other news which had reached the Foreign Office it seemed less likely that Italy would retaliate to sanctions by a fresh aggression; that the application of an oil sanction ^{might} ~~would~~ involve a serious weakening of the morale of the Italian nation; and that if oil sanctions were not applied and nothing else was done there was a possibility that Italy might win the war since financially it seemed probable that she could ^{to the end of the} ~~continue for another~~ year. The difficult position that would arise at Geneva when the oil sanction was considered also had to be taken into account.

In the circumstances he had instructed the Foreign Office to examine certain other suggestions for further sanctions, e.g.

- (1) stopping food supplies to Italian Colonies which, however, did not appear likely to be very effective, and
- (2) a shipping sanction under which the members of the League would refuse to allow their ships to carry goods to Italy

or to give facilities for Italian shipping in their ports.

The latter proposal was felt to require very close examination.

The Secretary of State for Foreign Affairs said he would have circulated a memorandum in the early future raising these points. He himself was inclining to the view that as regards the oil sanction, if it was deemed ineffective, the best course for the League to take would be to pass a resolution re-affirming its willingness to apply an oil sanction but in accordance with the report of the Expert Committee referring the matter to the United States of America. The main objection to this proposal was that the United States Government and people would probably take umbrage at it. He would like his colleagues to consider the proposal before the next meeting.

After some discussion the Cabinet agreed:

- (a) to take note that the Secretary of State for Foreign Affairs would in the near future circulate a memorandum raising the issues on which a decision was required before the question of the oil sanction was discussed at Geneva:
- (b) that the Secretary of State for War should circulate a military appreciation of the situation in Abyssinia in which should be included references to such subjects as the power of the Abyssinian nation to maintain its armies in the field having regard to difficulties of food supply, lack of sanitation, communications and so forth.

The Home Secretary entered at this point.

CONTROL OF
RADIO
TRANSMISSION
IN THE EVENT
OF AN AIR
ATTACK BY
ITALY ON
THIS COUNTRY.

4. Consideration of this question, which had emerged from a discussion at the Committee of Imperial Defence, was postponed as no paper had been circulated.

APPLICATION FOR
 REMOVAL OF ROGER
 CASSEMENT'S BODY
 FROM IRELAND.

5. The Cabinet were informed that the Prime Minister had communicated their previous decision to the Irish Free State High Commissioner in London and that subsequently the Prime Minister had received a letter from Mr. de Valera in his own hand asking for a reconsideration of the Cabinet's decision on the ground that it would make a settlement between the two countries more difficult.

The Secretary of State for Dominion Affairs reported that he had received a visit from Mr. Dulanty on Monday evening. Mr. Dulanty who, on previous occasions did not seem to have considered the difficulties very serious, had found on a recent visit to Dublin that the question was causing much disturbance. It was unlikely that Mr. de Valera would have brought the question forward except under the pressure of strong public opinion in Ireland including that of the Dail. ~~While accepting the previous decision of the Cabinet the Dominions Secretary pointed out that no decision was invariable and that if the Cabinet were willing to alter it in this case the excuse could be made that the application had come from the Government of a Dominion.~~ Against this must be set the strong feeling that would be aroused in this country. His suggestion was that the Prime Minister should reply to Mr. de Valera to the effect that he agreed in the desirability of avoiding any action calculated to prevent a reconciliation: that His Majesty's Government had refused the request for Roger Casement's body on the ground that its return to Ireland would involve demonstrations in ^{that} this country calculated to increase the difficulties of conciliation. This would leave it open to Mr. de Valera to offer to

previous
 reference:
 Cabinet 4 (36),
 conclusion 7.)

FR 34(36)g

political demon-
 strations in the Irish
 Free State were to
 accompany the
 return of Casement's
 remains.

ensure that no demonstration would be allowed to take place.

In the discussion that followed the general view was that Mr. de Valera could not prevent a demonstration and perhaps even an annual demonstration and was unlikely to offer to make the attempt.

The Cabinet agreed:

- (a) to adhere to their previous decision referred to in the margin:
- (b) that the reply to Mr. de Valera should be in very friendly terms:
- (c) that the Home Secretary and the Secretary of State for Dominion Affairs should consult as to the terms of the letter to be sent by the Prime Minister.

AFFAIRS IN
KENYA.

The Highlands
Question.

Previous
References:
Cabinet 80 (34),
Conclusion 3.)

6. The Cabinet had before them the following

Papers:-

A Memorandum by the Secretary of State for the Colonies (C.P. 7 (36)), stating that the Cabinet need not be troubled with the greater part of the demands made at a recent "Settlers' Parliament" in Kenya. An exception was the claim of the European settlers for security in the Kenya Highlands. If the Cabinet approved, the Secretary of State was prepared to draft an Order in Council defining the boundaries of the Highlands area. He was also ready to repeat the assurance that there was no present intention of departing from the administrative practice of the last 30 years, whereby this area is reserved for white settlement. The settlers wished him to include in the Order in Council further provisions giving statutory effect to this administrative practice, but this he was unwilling to do.

A Memorandum by the Secretary of State for India (C.P. 18 (36) (Revise)), who informed the Cabinet that he could have accepted the above proposal were it not for Article 3 of the St. Germain Convention, to which India had adhered as a Member of the League. He had not yet reminded the Government of India of the bearing of the Convention on the present difficulty, but he could not undertake to keep them permanently in the dark. It seemed to him that it would be very difficult to defend even administrative discrimination against Indians, particularly if Japanese nationals were conceded the right to purchase land in the Highlands.

A further Memorandum by the Secretary of State for the Colonies (C.P. 43 (36)) pointing out that there was no reason to suppose that Japan would claim this right. If she did, and if her claim could not be resisted, the position of Indians would have to be considered. The present proposal for an Order in Council merely defining geographical boundaries took away nothing, either from the Europeans or from the Indians.

In the course of a discussion the Secretary of State for India gave an exposition of the difficulties of the Government of India in the course of which he suggested that:

- (1) the Cabinet should agree that there is a moral obligation to admit Indians to the Highlands as soon as any other Asiatics are admitted - though no public statement should be made on the subject,

and

- (2) that he should not be debarred from telling the Viceroy that he had considered whether the Convention had any bearing on the question; but that he had come to the conclusion that so long as there was no discrimination in fact between Indians and other Asiatics it did not affect the proposal merely to schedule the Kenya Highlands without embodying in the Order any statutory prescription of privileges.

After considerable discussion the Cabinet agreed:

- (a) That the Secretary of State for the Colonies should be authorised to prepare an Order-in-Council defining the boundaries of the Kenya Highlands area:
- (b) That if Japan should claim the right to purchase land in the Kenya Highlands the question would have to be considered by the Cabinet.

THE COAL MINES
RE-ORGANISATION
COMMISSION
PART II OF THE
COAL MINES ACT,
(1930).

previous
reference:
Cabinet 46 (35)).

F.R.
28(36) 11
31(36) 1

7. The Cabinet had before them a Note by the President of the Board of Trade (C.F. 44 (36)), covering a memorandum by the Secretary for Mines in which authority was asked to prepare a Bill amending Part II of the Coal Mines Act, 1930. The object of the proposed amendment was to remedy the deficiencies disclosed by the West Yorkshire case, and by a recent opinion of the Law Officers, and to re-establish beyond doubt the intention of Parliament to vest in the Re-organisation Commission power to compel amalgamations, to the extent that they are desirable in the national interest and cannot be secured by voluntary action on the part of the coal owners themselves. In order to give the owners a final breathing space, it was proposed that the power of compulsion should be post-dated in its application for not less than two years.

The Secretary for Mines, who had been invited to attend the Cabinet for this discussion, made a statement of the present position. In the course of that statement he suggested that if legislation were passed compulsion should be post-dated by two years and that when compulsory amalgamation became possible, provision ought to be made for some statutory authority vesting in Parliament some control over the Commission.

Discussion took place mainly on the proposal to postpone compulsory amalgamation for two years after the passage of the Bill. The view of the Cabinet was that, in so much as for some four to six years the coal-owners, though under the impression that compulsion was provided for, had postponed the adoption of voluntary amalgamation schemes, and had

finally escaped from amalgamation by the discovery of a loop-hole in the Law of 1930, they were not entitled to any further consideration. Moreover, such postponement would be very discouraging to the miners following closely on the recent dispute which the Secretary for Mines had dealt with so successfully. In the circumstances, the Cabinet agreed:

- (a) That the Secretary for Mines should be authorised to prepare a Bill amending Part II of the Coal Mines Act, 1930, as proposed in C.P. 44 (36).
- (b) That the Bill should not make provision for an extension of the period when compulsory amalgamation should begin.
- (c) That the Bill should be referred to the Home Affairs Committee.
- (d) That the Secretary for Mines should consult the Prime Minister before making any announcement of these decisions.

PRIVATE STREET
WORKS.

8. The Cabinet had before them a Memorandum by the Minister of Health (C.P. 46 (36)), in which it was stated that the value of the present consolidation of the Public Health law would be enhanced if a new private streets code could be incorporated. He therefore asked for authority to prepare a Bill of which the principal object would be to replace by a single code the two private streets codes now operating in different parts of the country. In the main, and subject to minor amendments, the new code would be based on the Private Street Works Act, 1892.

The Cabinet authorised the Minister of Health to prepare a Bill as proposed in C.P. 46 (36) and summarised above.

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

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9. The Cabinet were informed that this subject was not quite ripe for consideration and it was postponed.

(previous
reference:
Cabinet 4 (36),
Conclusion 6.)

F.R.
11(36)8.

EMPLOYMENT
SECURANCE.previous
reference;
Cabinet 47 (35),
conclusion 9.)

FR. 5(37)7

10. The Cabinet had before them a Memorandum by the Minister of Labour (C.P. 45 (36)), covering the last annual Report of the Beveridge Committee, dealing with the financial condition of the Unemployment Fund at December 31st, 1935. With the concurrence of his colleagues, the Minister proposed to publish the Report, which showed that a surplus of about £6,500,000 a year was available for disposal; and to announce in Parliament that it had been decided to use this surplus to reduce the rates of contribution in respect of all persons of 18 years of age and over by 1d., from the beginning of July next. The reduction would apply to the contributions of employers, workers and the Exchequer alike. A resolution by both Houses would be required. Such a decision would follow the recommendations which the Beveridge Committee had adopted by a majority of 5 to 2. The Memorandum gave reasons against adopting either of the separate views taken by the two dissenting members of the Committee.

The Cabinet approved the proposals of the Minister of Labour as set forth in C.P. 45 (36) and summarised above.

INTERNATIONAL
LABOUR
ORGANISATION.

11. The Cabinet had the following documents before them:-

Previous
reference:
Cabinet 38 (33),
(Inclusion 10.)

F.R.
17(36)10.

A Memorandum by the Minister of Labour (C.P. 40 (36)) dealing with certain draft instruments adopted by the International Labour Conference in 1933, as follows:-

Six Conventions relating to invalidity, old age, and widows' and orphans' insurance in industry and agriculture; these were in conformity with British practice and it was proposed that this country should ratify them.

A Recommendation in favour of further invalidity etc. insurance proposals; it was not proposed to accept the Recommendation, since it would involve heavy expenditure if put into effect in this country.

A further Memorandum by the Minister of Labour (C.P. 41 (36)) dealing with a draft Convention, adopted by the Conference in 1935, on the establishment of an international scheme for the maintenance of rights under invalidity, etc., insurance. The scheme was inapplicable in several respects to this country, and it was not proposed to ratify it.

In the course of a short discussion the Minister of Labour informed the Cabinet that if the six draft Conventions referred to in C.P. 40 (36) were ratified, a small alteration would have to be made in the contributory pensions scheme existing in the United Kingdom, but he had been informed that this would involve no difficulty. He was under the impression that no legislation would be necessary.

The Cabinet agreed:

To approve the proposals of the Minister of Labour in C.P. 40 (36) and C.P. 41 (36) as very briefly summarised above.

SHOPS (SUNDAY
TRADING RESTRICTI-
ON) BILL.

Previous
Reference:
Cabinet 8 (34),
Conclusion 12).

F. R.
30(36)8

12. The Cabinet had before them the Shops
(Sunday Trading Restriction) Bill to be introduced
by a Private Member on Friday, 21st February.

After a short discussion the Cabinet
agreed:

That the Parliamentary Under Secretary
at the Home Office should be authorised
to take part in the Debate without resort
to the Government Whips, and should
encourage a Second Reading. In view of
the experience of the Scottish Office,
however, with a similar Bill, he should
adopt a noncommittal attitude, and the
matter would have to be carefully watched.

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

19th February, 1936.