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S E C R E T.

COPY NO.

C A B I N E T 11 (39)

Meeting of the Cabinet to be held at No. 10 Downing Street, S.W.1., on WEDNESDAY, 15th MARCH, 1939, at 11.0 a.m.

AGENDA.

1. FOREIGN AFFAIRS.
2. PALESTINE - (If required)
(Reference Cabinet 10 (39) Conclusion 5)
3. REGISTRATION OF CLUBS.
(Reference Cabinet 9 (39) Conclusion 8)
Memorandum by the Home Secretary.
C.P. 51 (39) - already circulated.
4. CONCLUSIONS OF HOME AFFAIRS COMMITTEE.
6th Conclusions (39) of Committee of Home Affairs - to be circulated.
 - (a) Civil Defence Bill.
(Reference Cabinet 10 (39) Conclusion 7)
Memorandum by the Lord Privy Seal, covering draft Bill.
H.A. 13 (39) - circulated herewith.
 - (b) Local Government Amendment (Scotland) Bill.
(Reference Cabinet 9 (39) Conclusion 6)
Memorandum by the Secretary of State for Scotland, covering draft Bill.
H.A. 12 (39) - circulated herewith.

5. ARMY AND AIR FORCE COURTS MARTIAL COMMITTEE:
PROPOSAL TO PUBLISH REPORT OF.

Joint Memorandum by the Secretary of
State for War and the Secretary of
State for Air.

C.P. 66(39) - circulated herewith.

6. ARMY AND AIR FORCE (ANNUAL) BILL.

(Reference Cabinet 14(38) Conclusion 10).

Memorandum by the Secretary of State for
War, covering draft Bill.

C.P. 62(39) - circulated herewith.

(Signed) E.E. BRIDGES,

Secretary to the Cabinet.

Richmond Terrace, S.W.1,

10th March, 1939.

S E C R E T.

COPY NO. _____

C A B I N E T 11 (39).

CONCLUSIONS of a Meeting of the Cabinet held
at 10, Downing Street, S.W.1., on WEDNESDAY,
15th March, 1939, at 11.0 a.m.

PRESENT:-

The Right Hon. Neville Chamberlain, M.P.,
Prime Minister. (In the Chair).

The Right Hon.
Sir John Simon, G.C.S.I., G.C.V.O.,
O.B.E., K.C., M.P., Chancellor
of the Exchequer.

The Right Hon.
Lord Maugham,
Lord Chancellor.

The Right Hon.
Viscount Halifax, K.G., G.C.S.I.,
G.C.I.E., Secretary of State
for Foreign Affairs.

The Right Hon.
Sir John Anderson, G.C.B.,
G.C.S.I., G.C.I.E., M.P.,
Lord Privy Seal.

The Right Hon.
Sir Thomas Inskip, C.B.E., K.C.,
M.P., 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 and Burma.

The Right Hon.
Malcolm MacDonald, M.P.,
Secretary of State for the
Colonies.

Admiral of the Fleet the Right
Hon. Lord Chatfield, G.C.B.,
O.M., K.C.M.G., C.V.O.,
Minister for Co-ordination of
Defence.

The Right Hon.
W.S. Morrison, M.C., K.C., M.P.,
Chancellor of the Duchy of
Lancaster.

The Right Hon.
The Earl Stanhope, K.G., D.S.O.,
M.C., First Lord of the
Admiralty.

The Right Hon.
L. Hore-Belisha, M.P.,
Secretary of State for War.

The Right Hon.
Sir Kingsley Wood, M.P.,
Secretary of State for Air.

The Right Hon.
John Colville, M.P., Secretary of
State for Scotland.

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

The Right Hon.
The Earl De La Warr, President
of the Board of Education.

The Right Hon.
Walter Elliot, M.C., M.P.,
Minister of Health.

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

The Right Hon.
E.L. Burgin, M.P., Minister
of Transport,

The Right Hon.
Sir Reginald Dorman-Smith, M.P.,
Minister of Agriculture and Fisheries.

Sir Edward E. Bridges, K.C.B., M.C. Secretary.

C A B I N E T 11 (39).

CONCLUSIONS of a Meeting of the Cabinet held on
WEDNESDAY, the 15th MARCH, 1939, at 11.0 a.m.

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THE CABINET:

Meeting on
Wednesday,
22nd March.

1. THE PRIME MINISTER reminded his colleagues that the Meeting of the Cabinet on Wednesday, 22nd March, would take place at 10 a.m., on account of the Luncheon to be given at the Guildhall to the President of the French Republic. As cars had to be en route by 12 o'clock, it would be necessary for members of the Cabinet attending the Luncheon to come to the Cabinet in uniform.

CZECHOSLOVAKIA: 2. THE SECRETARY OF STATE FOR FOREIGN

Situation. AFFAIRS said that there was not much which he could tell his colleagues beyond the text of an agreement signed early that morning by Herr Hitler and Herr von Ribbentrop, on behalf of Germany, and by Dr. Hacha and Dr. Chvalkowsky, on behalf of Czechoslovakia. The text of this agreement had already appeared in the 7.0 a.m. edition of the "Daily Telegraph".

(Previous Reference: Cabinet 3 (39), Conclusion 7.)

FR. 12(39)1.

The Foreign Secretary then read out the agreement, the text of which is contained in telegram No. 103 from Berlin.

The Foreign Secretary added that at 9.30 a.m. German troops had appeared in the outskirts of Prague. Early that morning Reuters' Berlin Correspondent had informed Reuters, on information received from an official of the Ministry of Foreign Affairs in Berlin, that Bohemia and Moravia were to be militarily occupied. According to Reuters' Correspondent, the Ministry of Foreign Affairs had admitted officially that the occupation had begun on the previous day. Great reticence was being maintained, at the Ministry of Foreign Affairs in Berlin, about Hungary's attitude. Reuters' Buda-Pest Correspondent reported that Hungarian troops were discreetly infiltrating into Ruthenia. A Proclamation was expected that day annexing Ruthenia to Hungary.

Reuters' Correspondent at Bucharest reported that Dr. Volosin, the ex-Ruthenian Prime Minister, had been wounded and that he and the other members of his Cabinet had fled to Roumania. Reuters also confirmed the occupation of thirty villages by Roumania.

Continuing, the Foreign Secretary said that he had seen the French Ambassador the previous day. The French Government took much the same view of the matter as we did, and held that there was no possibility of effectively opposing what was taking place, or of influencing the position. The French Government had said that they would take no action except in consultation with us.

In a telegram dated 14th March (No. 104 from Paris) Sir Eric Phipps had said that he had seen M. Bonnet and M. Béranger, who both felt that the less we interfered in this crisis the better. They had both remarked that this renewed rift between the Czechs and the Slovaks showed that we nearly went to war last autumn on behalf of a State which was not "viable".

In reply to the Prime Minister, the Foreign Secretary said that Germany had not, so far as was known, objected to the occupation of Ruthenia by Hungary. This might be because Germany did not wish to raise objections to Poland and Hungary obtaining the common frontier which they desired. Again, it might be that Germany thought that this common frontier would not constitute an effectual barrier to any action which she might wish to take at a later date.

Frontier
Guarantee.

THE CHANCELLOR OF THE EXCHEQUER pointed out that although Germany's action did not in terms constitute an unprovoked aggression, the same could not be said of Hungary's action.

THE PRIME MINISTER said that he thought the fundamental fact was that the State whose frontiers we had undertaken to guarantee against unprovoked aggression had now completely broken up.

THE SECRETARY OF STATE FOR FOREIGN AFFAIRS

thought that we could also rely on the argument that we had regarded the terms of our guarantee as morally binding before the guarantee had technically come into force, because we intended our action to be a means of steadying the position during what was thought to be a purely transitory situation. We had, however, never intended permanently to assume responsibility for a monopoly of obligation in this matter.

THE PRIME MINISTER thought that if it was agreed that the argument which he had suggested was valid, it would perhaps be undesirable to supplement it with the argument put forward by the Foreign Secretary. He also thought that it would be wise to take an early opportunity of saying that, in the circumstances which had arisen, our guarantee had come to an end.

The Prime Minister reminded his colleagues of the history of this guarantee. In the first instance it had been part of an arrangement made with the French, in response to a request put forward by the French Government. As we had been asking Czechoslovakia to make considerable sacrifices, we had felt under an obligation to offer a guarantee. At that time it had been believed that both Germany and Italy would join in the guarantee.

The Prime Minister explained that in the course of the Munich discussions the question of a guarantee for Czechoslovakia had been mentioned. The matter had not, however, been raised formally, as there had been no set discussion with all the parties sitting round a table. We had, however, enquired whether Germany and Italy were prepared to

enter into a guarantee, and they had replied that they were not willing to do so until Czechoslovakia had settled her minority questions with Poland and Hungary. This had led to discussion as to the position of our guarantee. M. Daladier had said that the French Government guarantee was already in operation, and he (the Prime Minister) had felt that we were bound to keep closely in step in this matter with the French. It was in these circumstances that the Secretary of State for Dominion Affairs, as spokesman of the Government, had made a statement on this subject in the House of Commons on the 4th October.

In reply to a question as to the attitude adopted by the Czechoslovak Government towards the guarantee, the Prime Minister said that the Czechoslovak Government had stated sometime back that they were not prepared to give us their views as to what form the guarantee should take, until they knew what view Germany held on the matter.

It might, no doubt, be true that the disruption of Czechoslovakia had been largely engineered by Germany, but our guarantee was not a guarantee against the exercise of moral pressure.

THE PRIME MINISTER pointed out that the German action had all been taken under the guise of agreement with the Czechoslovak Government. The Germans were, therefore, in a position to give a plausible answer to any representations which were made. They would no

doubt say that a situation had arisen in which German citizens were being insulted and maltreated; that representatives of the Czechoslovak Government had visited the German Government and had then invited the Germans to assist in keeping order.

In reply to a question whether the representatives of the Czechoslovak Government had gone to Berlin at the invitation of the German Government, the FOREIGN SECRETARY pointed out that the communiqué published that morning from Berlin said that the Czech representatives had been received in Berlin at their own request.

THE SECRETARY OF STATE FOR WAR pointed out that hitherto Herr Hitler had contented himself with incorporating German peoples into the Reich and that that had constituted the first phase. The present step resulted in the establishment of German dominance over non-German peoples, and constituted the beginning of a new and second phase and all pointed to the Drang nach Osten. The former Military Attaché to Berlin had foretold these two phases and thought that there would be a third phase, namely, when Germany would begin to expel the Slavs from the territories which she dominated.

The Secretary of State for War thought that it was now in our interests that Hungary should incorporate Ruthenia, and that we should encourage as close a relationship as possible with Turkey, Roumania and, if possible, with Hungary. It was pointed out in this connection that Slovakia was not strong enough to constitute an independent state.

THE PRIME MINISTER said that there were three connected points on which it would be necessary to reach a decision that morning, namely -

- (1) The proposed visit of the President of the Board of Trade to Berlin.
- (2) He would be asked to make a statement in the House of Commons that afternoon and it would be necessary, after setting out the facts, to give some indication of our attitude to these events.
- (3) The proposed loan to Czechoslovakia.

Visit of the President of the Board of Trade to Berlin.

The Prime Minister thought that it was impossible for the President of the Board of Trade to visit Berlin at the present time.

THE SECRETARY OF STATE FOR FOREIGN AFFAIRS said that, apart from the trade aspects of the negotiations, he thought that a visit by the President to Berlin would be highly undesirable at the present time. He thought the same would apply to the proposed visit to Berlin of the Secretary of the Department of Overseas Trade. It was necessary that we should take some overt action to show our disapproval of Germany's action.

THE PRESIDENT OF THE BOARD OF TRADE said that, if the matter was looked at from the trade point of view, the result of postponement of the visit might be serious, since the German Government's reaction was, he thought, likely to be to break off the existing trade talks. Unless we could find some means of reaching agreement with Germany, we should be strongly pressed to stand by our industries in order to enable them to compete with Germany. At the same time, he thought that politically it was undesirable for him to visit Germany. He thought that the same applied to Mr. Hudson.

Some discussion ensued as to whether it would be possible for the visit of the President of the Board of Trade to be postponed but for Mr. Hudson to go to Berlin.

The Cabinet, however, reached the conclusion that this would be an unsatisfactory solution and that Mr. Hudson's visit to Berlin as well as that of the President of the Board of Trade should be postponed.

THE FOREIGN SECRETARY thought that, in this matter, it was necessary to steer a course between, on the one hand, pious and futile lectures and, on the other hand, the undesirability of leaving public opinion in any doubt as to our attitude to Germany's action in this matter.

In further discussion, it was agreed that the fact that Mr. Hudson's visit to Berlin would be postponed was no reason why he should not carry out his proposed tour to other countries in the Baltic and Eastern Europe. It would greatly diminish the strength of our disapproval of Germany's action, which the postponement of the visit to Berlin was intended to imply if the rest of the visit was also postponed. It was pointed out that the visits of the British Ministers to Berlin had been arranged in connection with negotiations in progress by the Federation of British Industries with corresponding organisations in Germany, but that this did not apply to the other visits.

THE PRESIDENT OF THE BOARD OF TRADE said that he thought that the fact that his visit was postponed would be in itself a sufficient mark of disapproval, and that it would be undesirable to make any statements which would render it difficult to resume the economic discussions at a later date. It was also agreed that the German Government should be informed of the proposed postponement of the visit before any public announcement of the fact was made.

Recall of H.M.
Ambassador
from Berlin.

F.R. 18(39)3.

THE SECRETARY OF STATE FOR FOREIGN AFFAIRS asked his colleagues to consider the possibility of recalling His Majesty's Ambassador from Berlin. On the whole he was against this step since, although it was easy to recall an Ambassador, it was not so easy to find reasons to justify his return. The United States were experiencing this difficulty. The same argument, however, did not apply if we recalled our Ambassador to report, in which case he could return to Berlin after a week or so. While he did not feel strongly on the matter, he thought that there was something to be said for adopting this course. He was reluctant to allow public opinion in the United States or in South-eastern Europe to think that we were inert.

The general view of the Cabinet was that the step suggested was premature. The postponement of the visit of the British Ministers to Berlin would be a signal mark of our disapproval.

Further, it must be borne in mind that the action of which we disapproved had only been reported in the last few hours. In this connection it was pointed out that the situation had been completely changed since the previous day owing to the news of Germany's military incursions into Czechoslovakia.

The Cabinet agreed that His Majesty's Ambassador should not now be recalled from Berlin, but that the question of recalling him should be reserved for further consideration at a later date.

Statement to be
made in the
House of Commons.

At the outset of the discussion attention was devoted to the statement to be made by the Prime Minister in answer to a Private Notice Question. Later, however, information was received to the effect that the Opposition were asking for a debate to take place that afternoon in place of the discussion on Navy Estimates, a demand which it was felt must be agreed to. In addition to the proposed statement, the Prime Minister would, therefore, have to make a speech on the matter.

THE PRIME MINISTER read out a short statement which he had drafted indicating the general line of the statement which he proposed to make. The statement started by expressing His Majesty's Government's regret at the military occupation of parts of Czechoslovakia and ended with an announcement to the effect that, in the circumstances, the visit of the British Ministers to Berlin would not be appropriate. The Prime Minister invited his colleagues to give him their general reactions as to the line of the statement to be made.

In the course of the discussion the wisdom of emphasising the military occupation of Czechoslovakia was questioned on the ground that the Czechoslovak Government had invited this step.

THE PRIME MINISTER explained that he thought that Herr Hitler was disappointed in not being able to stage a military triumph in the Autumn. He had for some time past been working for a military demonstration. He, therefore, thought that the military occupation was symbolic, more than perhaps appeared on the surface.

THE SECRETARY OF STATE FOR FOREIGN AFFAIRS thought it was significant that this was the first occasion on which Germany had applied her shock tactics to the domination of non-Germans. He thought that it was important to find language which would imply that Germany was now being led on to a dangerous path. This was of importance from the point of view of our German broadcasts which were having increasing influence. He also stressed that Germany's attitude in this matter was completely inconsistent with the Munich agreement. Germany had deliberately preferred naked force to the methods of consultation and discussion.

THE CHANCELLOR OF THE EXCHEQUER said that the statement should make it clear that the Government no longer had any obligation, legal or moral, under the guarantee to Czechoslovakia. He thought, and the PRIME MINISTER agreed, that this should be made clear at the outset. It would be desirable if possible to say that the French agreed with our view, but the FOREIGN SECRETARY thought that although this was in fact the case, it was doubtful whether we were in the position to make a statement to that effect that afternoon.

It was agreed that the Prime Minister and the Foreign Secretary should be authorised to settle the terms of the statement to be made by the Prime Minister in the House of Commons that afternoon, in the light of the discussion which had taken place.

Financial Assistance.

P.R. 12 (39) 5.

" 37 (39) 10.

THE CHANCELLOR OF THE EXCHEQUER reminded his colleagues that the total amount involved was £10 millions. He had made enquiries that morning and had ascertained that £3 millions had been drawn from the Bank of England and that £7 millions remained to be drawn. He had sent a message to the Bank of England to say that if any further drafts from Prague were presented, ~~they should not be accepted~~ *payments should be suspended* ~~without~~ *awaiting* further authority from the Government. The position was not perhaps altogether unfavourable, inasmuch as the £3 millions which had been drawn had been very largely used for the purposes which we had had in mind. For example, £½ million had been used to enable people to go to Palestine, while other sums had been given to other refugees to enable them to leave the country.

THE PRIME MINISTER thought that no reference should be made in the proposed statement to the loan, but that he should deal with the matter in his speech by explaining how matters stood at present. With regard to the future, he would say that it had been decided to suspend further payments until we saw how the position developed.

The Cabinet agreed:-

- (1) That the forthcoming visit of the President of the Board of Trade and the Secretary of the Department of Overseas Trade to Berlin should be postponed:
- (2) That the visit of the Secretary of the Department of Overseas Trade to Moscow and certain other capitals should be carried out:
- (3) That H.M. Ambassador should not now be recalled from Berlin, but that the question of recalling him should be reserved for further consideration at a later date:
- (4) That the Prime Minister and the Secretary of State for Foreign Affairs should be authorised to settle the terms of the statement to be made by the Prime Minister in the House of Commons that afternoon, in the light of the discussion which had taken place:
- (5) To authorise the Prime Minister to include in his speech in the House of Commons that afternoon a statement that £3 millions of the proposed financial assistance to Czechoslovakia has already been paid but that any further payment, over and above the £3 millions would be suspended for the present.

ITALY.

3. THE SECRETARY OF STATE FOR AIR said he thought it was important to obtain all the information available as to the attitude of Italy.

THE SECRETARY OF STATE FOR FOREIGN AFFAIRS said that the Earl of Perth had arranged for his Military, Naval and Air Attachés to make exhaustive tours in Italy to investigate the position. They had come across nothing significant. Indeed the aircraft factories seemed to be working at a somewhat lower output, and reserves were reported to be at a low level.

The Cabinet took note of the above.

(Previous
Reference:
Cabinet 9 (39)
Conclusion 2.)

¹³
FR. 13 (39)².

SPAIN:

Blockade of
Republican
territory.

(Previous
Reference
Cabinet, 7
(39), Con-
clusion 6).

4. THE SECRETARY OF STATE FOR FOREIGN AFFAIRS said that General Franco had issued an order the preceding week which amounted to closing a certain area and saying that he would sink any ships which entered ports in that area. He (the Foreign Secretary) had made a statement in the House of Lords in which he had raised no questions of principle. He had said that we would continue to give protection to our ships on the high seas, and would retaliate in regard to any indefensible action inside territorial waters. He had, however, left vague the action which we would take in the event of seizure of British ships by General Franco inside Spanish territorial waters.

Continuing, the Foreign Secretary said that if it was proposed to expand the statement which he had made in the House of Lords, this could only be done by saying that General Franco had a right to close the ports. This was equivalent to giving him the right to seize and attack ships. If, however, we took no further action, the present position would be that our ships would have a right to try to enter the ports in Republican Spain, and General Franco would have the right to try to stop ships inside territorial waters, provided that he stopped them in a recognised way. If General Franco were to seize ships in territorial waters, then no doubt an argument would ensue, and we should claim that the ships should be released and that compensation should be paid and so forth.

The question arose whether we should go further and allow General Franco to exercise belligerent rights in Spanish territorial waters. He understood that the President of the Board of Trade would prefer to leave matters as they were. He had seen the Duke of Alba the previous day and had told him that we did not wish to have trouble over this matter. He hoped, therefore, that the Duke of Alba would dissuade General Franco's Government from doing outrageous things as, for example, sinking ships in territorial waters.

In the course of discussion, the following points emerged:-

THE LORD CHANCELLOR said that he was afraid the Foreign Secretary's statement might encourage British merchant ships to attempt to run the blockade on the ground that the Government would support them. If British ships tried to run the blockade and were sunk, he thought that a difficult situation might arise. He also pointed out that in so far as General Franco had threatened to sink ships at sight, his statement was entirely unjustified. He thought, however, that a sovereign state was entitled to close ports in an area where there was insurgency. This problem had frequently arisen all over the world, and he was unable to give any parallel case in which the right to close ports was not claimed. He agreed, however, that it would be quite reasonable to act on the line that the stoppage of ships must be limited to territorial waters.

THE MINISTER FOR CO-ORDINATION OF DEFENCE pointed out that earlier in the war, when

the former Spanish Government had been in control of the sea, we had refused to recognise any right to seize our ships on the high seas. We had, however, taken the view that territorial waters cannot be separated from the State territory, and the actions of our Fleet, when ships had been running Franco's blockade and trying to enter Bilbao and Santander, had been based on this principle. Very careful instructions had been drawn up and communicated to the Fleet on this matter, and General Franco was well aware of them. He thought that there were only two courses open to us. First to accept the blockade; which would be inconsistent with our previous attitude. Second, to refuse to accept the blockade and say that our position in this matter was exactly the same as that adopted when General Franco was attempting to blockade Bilbao and Santander. The adoption of this second course would, he thought, be wholly consistent, and moreover would be readily understood by General Franco.

THE PRESIDENT OF THE BOARD OF TRADE said that his department had always been careful to avoid giving any instructions to shipowners. Shipowners, however, were well aware of the fact that their ships would not receive any protection within territorial waters, but that they were not liable to be sunk within territorial waters without warning. In response to a request from the Foreign Secretary, he undertook to try to stop ships from attempting to run General Franco's blockade, but he did not think that the type of firm which was now engaged in this business would be likely to prove very amenable to argument, more especially since the present blockade was not very effective

and the profits were believed to be considerable.

The Cabinet agreed:-

- (1) That we should adhere to our present position in the matter, namely that we should not admit any right on General Franco's part to seize our ships on the high seas, or any right on General Franco's part to sink ships without warning within territorial waters.
- (2) That such steps as were possible should be taken to avoid any serious trouble arising out of the Blockade of Republican Spain.

PALESTINE.
--
The London
Conferences.

(Previous
Reference:
Cabinet 10
(39), Con-
clusion 5).

FR. 14 (39) 5.

Attitude of
the Jews.

5. THE SECRETARY OF STATE FOR THE COLONIES said that the substance of the final proposals to be communicated orally to the Arab and Jewish Delegations had been considered by the Palestine Committee. Copies of a revise of these final proposals were handed round at the meeting of the Cabinet.

On the constitutional issue the Jews were fairly satisfied, since our proposals left open the possibility of an independent Palestine State on federal lines. What the Jews hoped for was that they would obtain complete control of immigration into the Jewish areas of the federal State.

The Jews objected strongly, however, to our proposals for the transitional period. In particular they objected to the suggestion that Arabs and Jews should be nominated to the ^{Executive and} Advisory Councils in the proportion of two to one. The Jews wanted parity with the Arabs, and feared that the two to one proportion would prejudice their position in the independent Palestine State in its final form. It had, of course, been explained to them that while the Arabs would out-number the Jews on the ^{Executive and} Advisory Councils, the Arabs would not out-number the Jews together with the British members.

It seemed very likely that the Jews would refuse to accept nomination to the ^{Executive and} Advisory Councils, at any rate in the early stages. It might be, however, that after a few months, when the present bitterness had died down, they would be prepared to accept nomination. Generally speaking, the Jewish reception of the constitutional proposals was somewhat mixed.

The Jewish attitude to the immigration proposals was one of bitter opposition. The point to which they took particular exception was, of course, the provision that there should be no continued immigration after a period of five years without the acquiescence of all parties. It was perhaps unnecessary to repeat all the arguments which they used on this point. It would suffice to say that they would probably break on this issue.

The Jews also objected strongly to our proposals in regard to land transfers.

Generally, it seemed that the Jewish representatives as a whole, including such representatives as Lord Reading and Lord Bearsted, would reject the proposals entirely. Dr. Weizmann was in a very bitter mood, thought our proposals a betrayal of the Jews, and said that they would result in worse bloodshed in Palestine than ever before. The responsibility for this, he said, would rest on our shoulders. There was no doubt that our proposals were a bitter disappointment to the Jews as a whole, but it was only fair to point out that if the Jews had devoted some of their energies in the last twenty years to trying to establish good relations with the Arabs, the present position would never have arisen.

The Palestinian Arabs were also likely to reject the Government's proposals. On the constitutional side they appreciated that the Government's proposals would not give them complete power to do what they wished in Palestine. They were also critical of our proposals for the transitional period. They were satisfied with the proportion of Arab to Jewish representatives, but they realised that the British representatives would exercise a preponderating power.

Attitude of the
Palestinian
Arabs.

There was a possibility that the Arabs also would refuse to nominate representatives to the ^{Executive and} Advisory Councils. If this happened, presumably things would continue much as at present on the constitutional side.

As regards immigration, the Arabs were, of course pleased that they would have the power to veto further immigration after five years, but they thought that the figure of 75,000 immigrants in the next five years was much too big. They were thinking in terms of some 20,000 immigrants in this period.

As regards the land proposals, the Arabs were fairly satisfied.

The representatives of the Palestinian Arabs recognised that our proposals represented a great advance in recognition of the rights and position of Arabs in Palestine. Further, these proposals removed two fears which had dominated their minds, namely, first, the creation of a Jewish State in Palestine, and, second, that Jewish immigration would continue until the Jews had established a majority in Palestine. Nevertheless, it seemed likely that the Palestinian Arabs, at a Meeting to be held that afternoon, would make a number of criticisms of our proposals, and in the end would probably reject them.

If this happened, the attitude of the representatives of the neighbouring Arab States became a matter of great importance. Their own judgment was probably in favour of acceptance of these terms, and they realised that on merits the terms had much to commend them. But they were very loth to come to any sort of

Attitude of Arab States.

agreement with us unless the Palestinian Arabs would also reach an agreement on the same terms.

Two suggestions had been put to the representatives of the neighbouring Arab States: one was that all the neighbouring Arab States should enter into an agreement with us on the basis of our proposals. It had been represented to them that if they all took this course they would be unlikely to be subjected to criticism by public opinion in their own countries. Further, if they entered into an agreement with us in this matter, the proposals would be far more binding on us than if we were to make a unilateral declaration of policy which was not accepted by any of the parties represented at the Conferences.

The second proposal put to them was that, if they were not prepared to enter into an agreement with regard to these proposals, we would make a unilateral declaration of policy, and they should issue a statement to the effect that while the Palestinian Arabs had not gained all that they had asked for, they had obtained a great deal; and they would therefore appeal to the Palestinian Arabs to stop their campaign of violence. There was a possibility that the second course would be adopted.

Continuing, the Colonial Secretary said that the position would be a good deal clearer in two or three days time. The form of the White Paper which was to be presented to Parliament would depend on the events of these next few days. The White Paper would of course contain a great deal more than the final

proposals which he had circulated to his colleagues. A good deal would be said as to the history of the matter and the arguments in support of our proposals. A draft of the White Paper dealing with these matters had been prepared so far as was possible at this stage.

In the meantime the Government were in a position of some difficulty since our proposals must now be communicated to the Delegates and it was clear that once this was done they would become known to the Press. As soon as this happened there would probably be pressure in Parliament for a statement and it might therefore be necessary for the White Paper to be laid before the discussions with the Arab and Jewish Delegates had been finally concluded. A draft of the White Paper would, of course, be submitted to the Cabinet Committee on Palestine for examination and approval.

The situation in the United States of America was being watched. A telegram had been sent to our Ambassador at Washington the previous night explaining our proposals. This would be followed by a fuller telegram in a few days time.

The Colonial Secretary concluded by saying that he was afraid that the Government would have a difficult time when the proposals became known but he had no doubts as to their being just, fair and right and he was sure that they could be justified to Parliament and to the League of Nations.

THE PRIME MINISTER proposed a modification of the last sentence of paragraph A (1) to read as follows:-

"In such treaty relations with Great Britain as would provide satisfactorily for the commercial and strategic interests of both countries."

This was agreed to.

In reply to the Secretary of State for War, he said that the General Staff wished the strategic reservations to be more precisely stated.

The Prime Minister said that this point would not arise until the stage of drafting a Treaty was reached.

The Cabinet took note of the statement by the Secretary of State for the Colonies and approved the substance of the final proposals to be communicated orally to the Arab and Jewish Delegations subject to the amendment of paragraph A(1) as suggested by the Prime Minister.

(A copy of the final proposals, including the amendment of paragraph A (1) and certain other minor drafting amendments, is attached as an Annex.)

THE CLUBS
REGISTRATION
BILL.

(Previous
Reference:
Cabinet 9
(39), Con-
clusion 8).

6. The Cabinet again had before them a Memorandum by the Home Secretary (C.P. 51 (39)) drawing attention to the Clubs Registration Bill, introduced in the House of Commons by a Private Member and down for Second Reading on the 17th March. In his Memorandum the Home Secretary stated that, in his present view, the Bill should be supported, and that facilities should be given for ensuring that it passed into law with such amendments as might be found necessary in Committee. The only provision to which the Government need object was the proposal in Clause 5, that in the event of objection to the registration of a Club, the question should be referred for decision to the County Court Judge. The Home Office view was that the appropriate authority would be the Stipendiary Magistrate, or the Justices for the Petty Sessional Division concerned, as the case might be.

THE PRIME MINISTER said that the Home Secretary (who was indisposed and unable to attend the Cabinet that morning) had given further consideration to the matter, and had reached the conclusion that while the Government were bound, in view of their pledges to introduce legislation on this subject to adopt a friendly attitude towards the Clubs Registration Bill, it would probably be a good thing if the Bill were defeated.

The Home Secretary proposed to indicate that this was a matter in which details were all important; that the Bill required extensive amendment which might occupy considerable time in Committee; but that no facilities could be promised for its later stages. He should then leave the matter to the Vote of the House.

The Home Secretary proposed, however, to vote himself for the Second Reading of the Bill.

In the course of a short discussion it was pointed out that there was considerable opposition to this Bill not only from the bogus clubs which the Bill was designed to deal with, but also from the better class clubs and it was felt that the Bill might involve the Government in some political difficulty.

The Cabinet agreed -

To leave the Government attitude in regard to the Bill to be settled by the Prime Minister in consultation with the Home Secretary and the Chief Whip.

THE LOCAL
GOVERNMENT
AMENDMENT
(SCOTLAND)
BILL.

(Previous
Reference:
Cabinet 9
(39), Con-
clusion 6.)

7. The Cabinet had under consideration a Memorandum by the Secretary of State for Scotland (H.A.12 (39)) covering the draft Local Government Amendment (Scotland) Bill, which had been prepared on lines recommended by the Scottish Local Government Consolidation Committee, and was drafted to amend, in certain respects, the law relating to the disqualification of Councillors for membership of County, Town and District Councils in Scotland; together with the following recommendation to the Cabinet thereon by the Committee of Home Affairs:-

"To authorise the introduction forthwith in the House of Commons of the Local Government Amendments (Scotland) Bill in the form of the draft annexed to H.A.12(39), subject to any drafting or other minor alterations that may be found necessary or desirable."

After a short discussion the Cabinet agreed to this course.

ARMY AND
AIR FORCE
COURTS-
MARTIAL
COMMITTEE,
1938.

Publication
of Report
of.

F.R. 15 (39) 7.

8. The Cabinet had under consideration a Joint Memorandum by the Secretary of State for War and the Secretary of State for Air (C.P. 66 (39)), in which they sought authority for the immediate publication of the Report of the Army and Air Force Courts-Martial Committee, 1938, as a White Paper, in advance of any decision as to the action to be taken on the recommendations contained therein. The Committee considered in particular whether there ought not to be a right of appeal against Court-Martial convictions for civil offences. The main recommendations in the Report related to the appointment, constitution and functions of the Judge Advocate General, in connection with which the First Lord of the Admiralty had serious misgivings. The differences between the three Ministers had now been referred to the Lord Chancellor and the Secretary of State for the Dominions. Meanwhile, it was very desirable that the Report should be in the hands of Members of Parliament by the date of the Committee Stage of the Army and Air Force (Annual) Bill at the end of the month.

In discussion the view was expressed that it would be much more satisfactory to defer publication of the Report, if possible, until the Government had reached decisions as to the action to be taken in regard to it.

THE LORD CHANCELLOR stated that he and the Secretary of State for the Dominions hoped to dispose of the points referred to them in the course of a few days. It appeared, therefore, that it should be possible to reach decisions as to the action to be taken on the Report before the end of the month.

In these circumstances, the Cabinet
agreed:

- (1) To defer for a week a decision as to the publication of the Report of the Courts-Martial Committee:
- (2) Subject to (1) above, to authorise the Secretary of State for War to make provisional preparations with a view to the publication of the Report before the end of the month.

ARMY AND AIR
FORCE (ANNUAL)
BILL.

(Previous
Reference:
Cabinet 14
(38), Con-
clusion 10.)

9. The Cabinet had before them a Memorandum by the Secretary of State for War (C.P.62 (39)) circulating the Army and Air Force (Annual) Bill, and with a prefatory memorandum explaining the proposed amendments in the Army Act and the Air Force Act. The only Clauses of the Bill to which the Secretary of State drew special attention were Clauses 4 and 5, which related respectively to the billeting of Army and Air Force vehicles in time of emergency, and to the meals to be supplied to soldiers and airmen when billeted; and Clause 11, which referred primarily to certain offences in connection with the flying of aircraft.

It was necessary that the Bill should receive the Royal Assent by 30th April and, in view of the incidence of Easter, the Secretary of State desired to circulate the Bill immediately after its First Reading, which would follow automatically on the Report Stage of Vote A of the Service Departments' Estimates.

The Cabinet authorised the Secretary of State for War to circulate the Bill immediately after the First Reading.

ANGLO-INDIAN
TRADE TREATY.

Previous
Reference:
Cabinet 36 (38)
Conclusion 4)

10. THE PRESIDENT OF THE BOARD OF TRADE said that, after two years of negotiation, the Anglo-Indian Trade Treaty would probably be signed next week. Looked at purely from the trade point of view, the Treaty was unfavourable to us; as his colleagues were aware, however, the negotiations had been carried out on lines decided by the Cabinet from the wider political point of view. He was afraid that the Treaty would not be popular.

THE SECRETARY OF STATE FOR INDIA said that the Indian Legislature would be involved in considerable difficulties if the Treaty was signed next week. He asked if it was possible to sign the Treaty during the current week. In view, however, of the importance of ensuring adequate preparation in the Press and elsewhere before the Treaty was published, it was felt that the present arrangements for the signature of the Treaty should stand.

The Cabinet took note of the statement by the President of the Board of Trade, and agreed that the present arrangements for the signature of the Treaty should stand.

Richmond Terrace, S.W.1.

15th March, 1939.

ANNEXSECRET

STATEMENT BY THE SECRETARY OF STATE FOR THE COLONIES ON
THE SUBSTANCE OF HIS MAJESTY'S GOVERNMENT'S PROPOSALS.

A. CONSTITUTION.

(1) His Majesty's Government's ultimate objective is the establishment of an independent Palestine State, possibly of a federal nature, in such treaty relations with Great Britain as would provide satisfactorily for the commercial and strategic interests of both countries. This would involve the termination of the Mandate.

(2) It is not the objective of His Majesty's Government that Palestine should become a Jewish State or an Arab State; nor do they regard their pledges to either Jews or Arabs as requiring them to promote either of these alternatives. It should be a State in which Arabs and Jews share in government in such a way as to ensure that the essential interests of each are safeguarded.

(3) The constitution of the independent State would be drafted in due course by a National Assembly of the people of Palestine, either elected or nominated as may be agreed. His Majesty's Government to be represented on the Assembly and to be satisfied as to the provisions of the constitution, and in particular as regards -

- (a) the security of and access to the Holy Places;
- (b) the protection of the different communities in Palestine in accordance with the obligations of His Majesty's Government to both Arabs and Jews, and as regards securing the special position in Palestine of the Jewish National Home.

His Majesty's Government would also require to be satisfied that the interests of certain foreign countries in Palestine, for the preservation of which His Majesty's Government are at present responsible, were adequately safeguarded.

(4) The establishment of the independent State to be preceded by a transitional period throughout which His Majesty's Government, as the Mandatory Power, would retain responsibility for the government of the country.

(5) As soon as peace and order are sufficiently restored, first steps to be taken towards giving the people of Palestine, during the transitional period, an increasing part in the government of the country.

The first stage of this process would be as follows-

In the legislative sphere - The addition of a certain number of Palestinians, by nomination, to the Advisory Council; the numbers of Arab and Jewish representatives being fixed approximately in proportion to their respective populations, and so as to give a majority of Palestinian members.

In the executive sphere - The selection of Palestinian members of the Advisory Council to sit on the Executive Council; the numbers of Arab and Jewish representatives being fixed approximately in proportion to their respective populations, and so that half the members of the Council would be Palestinians.

The next stage would be -

In the legislative sphere - The conversion of the Advisory Council into a Legislative Council with an elected Palestinian element. Certain powers would be reserved to the High Commissioner.

In the executive sphere - Certain Departments would be placed in charge of Palestinian members of the Executive Council.

After these second stages, further advances towards self-government in the transitional period might be in the direction of increasing the powers of the Legislative Council and also of placing more Departments under the charge of Palestinian members of the Executive Council.

(6) His Majesty's Government would be prepared, if conditions in Palestine permit, to hold elections for a Legislative Council (the composition and powers of which would be a matter for consultation between the different parties) within two years. Beyond this no time limit can be fixed now for the advance from stage to stage of constitutional development in the transitional period; nor can a date be fixed for the end of the transitional period and the establishment of the independent State. His Majesty's Government would hope that the whole process could be completed in ten years, but this must depend upon the situation in Palestine and upon the success of the various constitutional changes during the transitional period, and the likelihood of effective co-operation in government by the people of Palestine. They could not contemplate relinquishing all responsibility for the government of Palestine unless they were assured that the measure of agreement between the communities in Palestine was such as to make good government possible.

B. IMMIGRATION.

(1) Immigration during the next five years would be at a rate which, if economic absorptive capacity permits, would bring the Jewish population up to approximately one-third of

of the population. Taking into account the expected natural increase of the Arab and Jewish populations, and the number of illegal Jewish immigrants (estimated at 40,000) now in the country, this would entail the admission of some 75,000 immigrants over the next five years, who would be admitted as follows -

First, 10,000 per year; then, in addition, 25,000 Jewish refugees, (special consideration being given to refugee children and dependants). The refugees would be admitted as soon as the High Commissioner is satisfied that adequate provision is secured for them.

(2) The existing machinery for ascertaining economic absorptive capacity would be retained, and the High Commissioner would have the ultimate responsibility for deciding what the economic capacity allowed. Before a decision was reached, appropriate Jewish and Arab representatives would be consulted.

(3) After the period of five years Jewish immigration would only be permitted subject to the acquiescence of the Arabs as well as of the Jews and the British authorities. This question to be discussed and settled through the medium of the appropriate constitutional organs functioning during the transitional period, or by means of consultation between His Majesty's Government and representatives of the Arabs and the Jews.

(4) His Majesty's Government are determined to check illegal immigration, and further preventive measures are being adopted and will be strictly enforced. The numbers of any Jewish illegal immigrants who, despite these measures, succeed in coming into the country and cannot be deported would be deducted from the yearly quotas.

C. LAND.

The High Commissioner would be given general powers to prohibit and regulate transfers of land. The High Commissioner would be instructed to fix areas in which transfer was to be permitted freely, regulated or prohibited, in the light of the findings of the Peel and Woodhead Reports. He would retain this power throughout the transitional period.

St. James's Palace,

S.W.1.