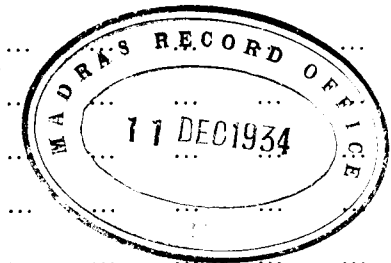


JOURNAL OF THE PARLIAMENTS OF THE EMPIRE

Vol. XV.—No. 1. January, 1934. 278

	PAGE
CONTENTS	ii
INTRODUCTION	vii
UNITED KINGDOM	1
CANADA (Dominion and Provinces)	84
AUSTRALIA (Commonwealth and States)	101
NEW ZEALAND	142
UNION OF SOUTH AFRICA	172
IRISH FREE STATE	185
NEWFOUNDLAND	196
INDIA	211
SOUTHERN RHODESIA	236
MALTA	237
CEYLON	237
BERMUDA	244



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305

CONTENTS.

INTRODUCTION

94001

UNITED KINGDOM.

(Great Britain and Northern Ireland.)

THE ADDRESS: GENERAL DISCUSSION (GOVERNMENT AND INTERNATIONAL AFFAIRS; CONTINUED EFFORTS TO SOLVE DISARMAMENT QUESTIONS; INTERNATIONAL CO-OPERATION THROUGH LEAGUE OF NATIONS; INDIAN CONSTITUTIONAL REFORM; TRADE AND INDUSTRY; LABOUR CRITICISM OF GOVERNMENT'S PEACE POLICY; TRADE WITH RUSSIA; NEGOTIATIONS FOR NEW AGREEMENT; FUTURE OF WORLD ECONOMIC CONFERENCE; DISARMAMENT CONFERENCE: DIPLOMATIC EXCHANGES BETWEEN EUROPEAN POWERS; WHITE PAPER ON INDIA; COTTON TRADE: JAPANESE COMPETITION; OTTAWA AGREEMENTS)	1
DISARMAMENT PROBLEM (POSITION OF GERMANY; BRITISH DRAFT CONVENTION; ECONOMIC AND FINANCIAL PROBLEMS; REVISION OF TREATIES; COMMON POLICY FOR THE EMPIRE; RE-ARMING OF GERMANY; VOTE OF CENSURE; AIR POLICY; POSITION OF LEAGUE OF NATIONS; ETC.)	9
INTERNATIONAL POLICE FORCE (LEAGUE OF NATIONS AND ENFORCEMENT OF PEACE; MAINTENANCE OF WORLD ORDER; INTERNATIONAL AIR FORCE AS A FIRST STEP; BRITISH GOVERNMENT AND CONTROL OF CIVIL AVIATION; STATEMENT BY UNDER-SECRETARY FOR FOREIGN AFFAIRS)	19
BRITISH NAVAL STRENGTH (GREAT BRITAIN TO BUILD BIGGER CRUISERS; 1933 PROGRAMME REVISED; UNITED STATES AND JAPANESE INITIATIVE; LONDON NAVAL TREATY; BRITISH DISARMAMENT POLICY)	22
INTERNATIONAL, IMPERIAL AND DOMESTIC AFFAIRS (OPPOSITION AMENDMENT TO THE ADDRESS; GOVERNMENT'S POLICY CHALLENGED; DISARMAMENT AND ECONOMIC PROBLEMS; GREAT BRITAIN AND GERMANY; CONCILIATION EFFORTS; RESTRICTING IMPORTS OF FOODSTUFFS; QUESTION OF INTER-ALLIED DEBTS)	23
WORLD ECONOMIC CONFERENCE (TARIFF TRUCE: BRITISH GOVERNMENT'S NOTICE OF WITHDRAWAL)	28
INTERNATIONAL WHEAT AGREEMENT (EXPORT ALLOCATIONS FOR CHIEF COUNTRIES; DOMINION PROPORTIONS; EXPORTS FROM RUSSIA)	29
BRITISH GOVERNMENT AND WORLD TRADE (LIBERAL PARTY AND TARIFFS: PLEA FOR LOWERING OF BARRIERS; POSITION OF WORLD ECONOMIC CONFERENCE: MINISTERIAL STATEMENT)	30
JAPAN AND BRITISH TRADE (COMPETITION IN HOME AND EMPIRE MARKETS; BRITISH GOVERNMENT URGED TO TAKE ACTION; NEGOTIATIONS BETWEEN INDUSTRIALISTS: THE MISSION TO INDIA; ANGLO-JAPANESE TREATY: PLEA FOR DENUNCIATION; VIEWS OF THE GOVERNMENT)	32
BRITISH DEBT TO UNITED STATES (THE DECEMBER INSTALMENT; FINAL SETTLEMENT DEFERRED OWING TO COMMERCIAL AND MONETARY SITUATION)	36
SHIPPING INDUSTRY AND SHIPBUILDING (DEPRESSION IN INDUSTRY; COMPETITION OF FOREIGN SUBSIDISED SHIPPING; REQUEST FOR SUBSIDY; PROPOSALS OF CHAMBER OF SHIPPING; LABOUR AND NATIONAL CONTROL; CONSULTATION WITH DOMINIONS; GOVERNMENT AND NEGOTIATIONS WITH FOREIGN COUNTRIES; CONSIDERATION OF EMERGENCY MEASURES; ETC.)	37
INTER-IMPERIAL TRADE (WORK OF TARIFF BOARD IN CANADA AND AUSTRALIA; VALUE OF OTTAWA AGREEMENTS; FOOD IMPORTS FROM DOMINIONS; NEWFOUNDLAND IRON ORE; IMPERIAL TRADE UNITY)	43

CONTENTS.

iii

EMPIRE SETTLEMENT (MIGRATION POLICY; EASTERN PROVINCES OF CANADA)	45
UNITED KINGDOM SETTLERS IN VICTORIA (CASE OF BRITISH MIGRANTS TO VICTORIA; PROPOSALS OF COMMONWEALTH AND STATE GOVERNMENTS; STATEMENT BY DOMINIONS SECRETARY: CRITICISM OF PROPOSED COMPENSATION)	46
UNITED KINGDOM AND IRISH FREE STATE (STATEMENT BY SECRETARY FOR THE DOMINIONS; BILLS TO AMEND THE FREE STATE CONSTITUTION; BRITISH GOVERNMENT'S VIEW OF THE NEW LEGISLATION: FURTHER REPUDIATION OF TREATY OBLIGATIONS; ELIMINATING THE CROWN FROM THE CONSTITUTION; FREE STATE AND THE BRITISH COMMONWEALTH; DISPATCH FROM MR. DE VALERA AND BRITISH REPLY: QUESTION OF CONSULTATION WITH OTHER DOMINIONS)	48
NEWFOUNDLAND ACT (SUSPENSION OF RESPONSIBLE GOVERNMENT: COMMISSION OF GOVERNMENT; ACCEPTANCE OF FINANCIAL RESPONSIBILITY BY UNITED KINGDOM: ROYAL COMMISSION'S RECOMMENDATIONS; LABOUR PARTY'S CRITICISM; STATUTE OF WESTMINSTER; TAXATION WITHOUT REPRESENTATION; POLICY OF NEW GOVERNMENT; ETC.)	53
SOUTH AFRICAN PROTECTORATES (CONDITIONS IN BECHUANALAND, SWAZILAND AND BASUTOLAND; PLEA FOR BETTER GOVERNMENT AND ECONOMIC DEVELOPMENT; EFFECTS OF LABOUR MIGRATION; NATIVE FAITH IN BRITISH RULE; QUESTION OF TRANSFER OF THE TERRITORIES: BRITISH GOVERNMENT'S PLEDGES)	60
MALTA CONSTITUTION (DISMISSAL OF MINISTERS AND DISSOLUTION OF THE LEGISLATURE; GOVERNOR RESUMES ADMINISTRATION OF THE ISLAND; LANGUAGE QUESTION; UNSATISFACTORY FINANCIAL POSITION; LABOUR CRITICISM REGARDING WITHDRAWAL OF SELF-GOVERNMENT: QUESTION OF SEDITION PROPAGANDA IN MALTA; MINISTERIAL STATEMENT REGARDING POLITICAL CONTROVERSIES AND POLICY OF THE BRITISH GOVERNMENT; ETC.)	64
COLONIAL SUGAR INDUSTRY (POLICY OF BRITISH GOVERNMENT: QUESTION OF A WORLD AGREEMENT; NO EXTENSION OF IMPERIAL PREFERENCE; REGULATING THE FLOW OF SUGAR ON THE MARKET; ATTITUDE OF COLONIAL PRODUCERS)	70
BRITISH NATIONALITY AND STATUS OF ALIENS ACT (THE HAGUE CONVENTION; REMEDYING THE POSITION OF STATELESS WOMEN; POSITION IN THE BRITISH COMMONWEALTH: CANADIAN ACTION; AGREEMENT BETWEEN ALL EMPIRE GOVERNMENTS AT PRESENT IMPRACTICABLE; PLEA FOR A UNITED KINGDOM LEAD)	71
AGRICULTURE IN THE UNITED KINGDOM (RESTRICTION OF CATTLE IMPORTS FROM CANADA AND IRISH FREE STATE; CHILLED AND FROZEN BEEF IMPORTS: GOVERNMENT'S ARRANGEMENTS)	74
FIREARMS AND IMITATION FIREARMS (CRIMINAL USES) ACT (USE OF WEAPONS TO AVOID ARREST; HEAVY PUNISHMENT FOR INTIMIDATION)	76
Northern Ireland.	
GENERAL ELECTION; NEW GOVERNMENT (Note)	77
THE ADDRESS: GENERAL DISCUSSION (KING'S SPEECH: INCREASE IN EMPLOYMENT, TRADE, DEVELOPMENT OF RESOURCES, UNEMPLOYMENT INSURANCE, AGRICULTURAL MARKETING, ETC.; LINEN AND SHIPBUILDING INDUSTRIES; UNEMPLOYMENT INSURANCE; CANADIAN CATTLE; MARKETING SCHEMES; ETC.)	78
CANADA.	
Dominion.	
CANADIAN NATIONAL-CANADIAN PACIFIC ACT (TRUSTEES: CO-OPERATION BETWEEN SYSTEMS; INTEREST CHARGES; AMALGAMATION; STATE-OWNED RAILWAYS; CONTROL BY PARLIAMENT; ETC.)	84

iv.		CONTENTS.	
	Provinces.		PAGE
	<i>Ontario.</i>		
GOVERNMENT CHANGES (<i>Note</i>)	...	...	89
	<i>Nova Scotia.</i>		
GENERAL ELECTION; NEW GOVERNMENT (<i>Note</i>)	...	...	89
THE ADDRESS: GENERAL DISCUSSION (UNEMPLOYMENT RELIEF; IMPERIAL ECONOMIC CONFERENCE; APPLE INDUSTRY; OLD AGE PENSIONS; LUMBER INDUSTRY AND COMPETITION IN BRITISH MARKET; UNEMPLOYMENT INSURANCE; COAL: TRADE WITH RUSSIA; ETC.)	...	...	90
RECIPROCITY WITH THE UNITED STATES	...	...	93
THE BUDGET (REVENUE AND EXPENDITURE; ESTIMATES; INCREASED DEBT; TAXATION STATISTICS; ETC.)	...	...	95
EXCHANGE STABILISATION (RESOLUTION REGARDING DISCRIMINATION AGAINST NOVA SCOTIAN LUMBER AND APPLES)	...	...	97
MARKETING BOARD ACT	...	...	98
LAND SETTLEMENT ACT	...	...	98
RELIEF OF MORTGAGORS AND PURCHASERS ACT	...	...	99
	<i>British Columbia.</i>		
GENERAL ELECTION; NEW GOVERNMENT (<i>Note</i>)	...	...	100
AUSTRALIA.			
Commonwealth.			
LEAGUE OF NATIONS (ELECTION OF AUSTRALIA TO THE COUNCIL; COST OF MEMBERSHIP)	...	...	101
INTERNATIONAL WHEAT CONFERENCE (RESTRICTION OF PRODUCTION; ORIGINAL PROPOSAL; THE AGREEMENT; OPPOSITION VIEWS; CONTROL OF EXPORTS)	...	...	101
STATUTE OF WESTMINSTER	...	...	106
MIGRANT SETTLEMENT AGREEMENT ACT (COMPENSATION FOR BRITISH MIGRANT SETTLERS)	...	...	106
CUSTOMS TARIFF (NEW ZEALAND PREFERENCE) AGREEMENT ACT (REMOVAL OF RESTRICTIONS; RECIPROCAL TARIFF CONCESSIONS; EXCHANGE ADJUSTMENT)	...	...	109
TARIFF PROPOSALS (1933) (OTTAWA AGREEMENT; PRIMAGE DUTY REMISSIONS; EXCHANGE ADJUSTMENT; INCREASED BRITISH PRE- FERENCE; LABOUR PARTY'S OBJECTIONS; COUNTRY PARTY'S AMENDMENT)	...	...	113
CUSTOMS TARIFF (INDUSTRIES PRESERVATION) ACT (DEPRECIATED CURRENCIES; PREVENTION OF DUMPING)	...	...	118
THE BUDGET (GENERAL DEBATE; ACCUMULATED DEFICIT; PUBLIC WORKS; ASSISTANCE TO WHEAT-GROWERS; LABOUR AMENDMENT; COUNTRY PARTY'S ATTITUDE; FURTHER REMISSIONS URGED; DEBT TO GREAT BRITAIN; LOAN CONVERSIONS; ETC.)	...	...	119
States.			
<i>New South Wales.</i>			
ELECTION OF MEMBERS TO LEGISLATIVE COUNCIL (<i>Note</i>)	...	...	125
THE BUDGET (REVENUE AND EXPENDITURE; TAXATION REMISSIONS; UNEMPLOYMENT RELIEF; FAMILY ENDOWMENT; RAILWAYS; PUBLIC DEBT)	...	...	125
<i>Victoria.</i>			
BRITISH MIGRANTS AGREEMENT ACT (MIGRANT LAND SETTLERS' GRIEVANCES; GOVERNMENT'S COMPENSATION SCHEME)	...	...	129
THE BUDGET (REVENUE AND EXPENDITURE; ESTIMATES; NO NEW TAXATION; UNEMPLOYMENT; RAILWAYS; LAND SETTLEMENT; ETC.)	...	...	132

v		CONTENTS.	
			PAGE
	<i>Queensland.</i>		
THE BUDGET (RECEIPTS AND EXPENDITURE; DEFICITS: PUBLIC DEBT; OVERSEAS LOANS; ESTIMATES)	...	...	134
	<i>South Australia.</i>		
THE BUDGET (REVENUE AND EXPENDITURE; PUBLIC DEBT: OVERSEAS LOANS; FEDERAL DISABILITIES; ESTIMATES; LOAN EXPENDITURE; PRIMARY INDUSTRIES)	...	...	136
CONSTITUTIONAL (QUINQUENNIAL PARLIAMENTS) ACT	...	...	139
	<i>Western Australia.</i>		
THE BUDGET (REVENUE AND EXPENDITURE; ESTIMATES; OVERSEAS LOANS; FEDERAL GRANT; PUBLIC DEBT)	...	...	139
NEW ZEALAND.			
THE ADDRESS: GENERAL DISCUSSION (TRADE AGREEMENTS WITH AUSTRALIA, CANADA AND BELGIUM; QUOTAS FOR DAIRY PRODUCE; RESERVE BANK; EXCHANGE DEPRECIATION; NO CONFIDENCE MOTION; LABOUR PARTY POLICY; MONETARY REFORM AND GUARANTEED PRICES; JAPANESE COMPETITION)	...	...	142
MONETARY AND ECONOMIC CONFERENCE (PRICE LEVELS AND PURCHASING POWER; QUOTAS; CENTRAL RESERVE BANKS; DOUGLAS CREDIT SYSTEM)	...	...	156
TRADE AGREEMENT (NEW ZEALAND AND AUSTRALIA) RATIFICATION ACT (REMISSION OF AUSTRALIAN PRIMAGE DUTY AND SALES TAX ON NEW ZEALAND PRODUCE; CONDITIONS OF PREFERENCE; SAFE- GUARDS AGAINST DIVERSION OF TRADE FROM UNITED KINGDOM; BRITAIN'S "QUOTA" SYSTEM; ECONOMIC NATIONALISM)	...	...	161
DAIRY PRODUCE CONTROL	...	...	170
MARRIAGE AMENDMENT ACT (RAISING OF MARRIAGE AGE; WOMEN OFFICIATING MINISTERS)	...	...	170
SIZE OF LEGISLATIVE COUNCIL	...	...	171
JUDGES' SALARIES	...	...	171
SOUTH AFRICA.			
FARM MORTGAGE INTEREST ACT (FARMERS' MORTGAGE BONDS; PAYMENT OF SUBSIDY TOWARDS INTEREST; TAXATION OF INTEREST; ADDITION OF INTEREST TO CAPITAL; STAY OF PROCEEDINGS; ETC.)	...	...	172
CO-OPERATIVE SOCIETIES (FURTHER AMENDMENT) ACT (JOINT AND SEVERAL LIABILITY; PRODUCE PLEDGED TO THE SOCIETIES; ETC.)	...	...	179
GAMBLING AMENDMENT ACT (SUPPRESSION OF GAMBLING CLUBS)	...	...	182
IRISH FREE STATE.			
INTERNATIONAL CONVENTIONS (TAXATION OF FOREIGN MOTOR VEHICLES, INTERNATIONAL LOADLINE, SAFETY OF LIFE AT SEA: MOTIONS FOR APPROVAL AND RATIFICATION OF CONVENTIONS)	...	...	185
MERCHANT SHIPPING (SAFETY AND LOADLINE CONVENTIONS) ACT	...	...	186
IMPERIAL ECONOMIC CONSULTATION (SUBSIDIES TO IMPERIAL ECONOMIC BODIES; VALUE OF SCIENTIFIC BUREAUX; CO-OPERATION ON A BASIS OF EQUALITY)	...	...	187
CONSTITUTION AMENDMENT (Nos. 20, 21 AND 22) ACTS (FUNCTION OF THE CROWN'S REPRESENTATIVE IN RECOMMENDING MONEY BILLS; RIGHT OF CROWN'S REPRESENTATIVE TO WITHHOLD OR RESERVE CONSENT TO BILLS; RIGHT OF APPEAL TO HIS MAJESTY-IN-COUNCIL)	...	...	189
GOVERNOR-GENERAL (DISPOSAL OF BALANCE OF SALARY REFUNDED BY GOVERNOR-GENERAL)	...	...	192
LEGISLATION GOVERNING CITIZENSHIP (NATIONALITY BILL IN PREPARA- TION)	...	...	192
EXTERNAL TRADE (TRADE WITH FOREIGN COUNTRIES: DETAILS OF PRINCIPAL IMPORTS; BACON EXPORTS QUOTA; EXPORT BOUNTIES AND SUBSIDIES)	...	...	192

SEA FISHERIES PROTECTION ACT (EXCLUSION FROM TERRITORIAL WATERS ; NEW OFFENCES AND SEVERE PENALTIES ; POWERS OF ARREST AND CONFISCATION ; DIFFICULTIES OF ENFORCEMENT)	193
APPROVED INVESTMENTS ACT	195

NEWFOUNDLAND.

THE ADDRESS : GENERAL DISCUSSION (REPORT OF ROYAL COMMISSION ; OFFER OF UNITED KINGDOM GOVERNMENT ; ETC.)	196
APPOINTMENT OF COMMISSION OF GOVERNMENT (SUSPENSION OF RESPONSIBLE GOVERNMENT AND APPOINTMENT OF A COMMISSION OF GOVERNMENT ; RECONSTRUCTION : CO-OPERATION OF UNITED KINGDOM GOVERNMENT)	200
LOAN ACT	209
PROROGATION OF THE LEGISLATURE	210

INDIA.

INTERNATIONAL LABOUR CONVENTIONS (AGE OF CHILDREN IN NON- INDUSTRIAL EMPLOYMENT : GOVERNMENT MOTION FOR NON-RATI- FICATION CARRIED ; NON-RATIFICATION OF DRAFT CONVENTIONS AND RECOMMENDATION RELATING TO INVALIDITY, OLD-AGE AND WIDOWS' AND ORPHANS' INSURANCE, AND FEE-CHARGING EMPLOY- MENT AGENCIES)	211
INTERNATIONAL SILVER AGREEMENT (RATIFICATION OF AGREEMENT BETWEEN COUNTRIES HOLDING AND PRODUCING SILVER PROPOSED ; ACTION OF BRITISH GOVERNMENT IN CONNECTION WITH SILVER PAYMENT TO UNITED STATES CRITICISED ; AGREEMENT APPROVED)	215
FUTURE ADMINISTRATION OF ADEN (TRANSFER OF CIVIL ADMINISTRATION OPPOSED ; INJUSTICE TO INDIA ALLEGED ; FINANCIAL ASPECT OF QUESTION ; RESOLUTION OF PROTEST ADOPTED)	219
INDIAN STATES (PROTECTION) BILL (MEASURE TO PROTECT INDIAN STATES AGAINST SUBVERSIVE ACTIVITIES DIRECTED FROM BRITISH INDIA ; ADMINISTRATION OF STATES CRITICISED ; BILL CIRCULATED TO ELICIT OPINIONS)	224
RESERVE BANK BILL (MEASURE TO CONSTITUTE A RESERVE BANK TO REGULATE ISSUE OF BANK NOTES AND KEEPING OF RESERVES, WITH A VIEW TO SECURING MONETARY STABILITY IN BRITISH INDIA) ...	231
INDIAN MEDICAL COUNCIL ACT (MEASURE TO ESTABLISH A MEDICAL COUNCIL IN INDIA ; QUESTION OF RECIPROCITY WITH UNITED KINGDOM ; BILL AS AMENDED IN SELECT COMMITTEE PASSED) ...	233

SOUTHERN RHODESIA.

ENTERTAINMENTS CONTROL AND CENSORSHIP AMENDMENT ACT ...	236
---	-----

MALTA.

Note	237
-------------	-----

CEYLON.

REFORM OF THE CONSTITUTION (PROPOSALS FOR THE REFORM OF THE CONSTITUTION ; REMOVAL OF OFFICERS OF STATE ; POSITION OF BOARD OF MINISTERS ; ELECTION OF MINISTERS ; PUBLIC SERVICES ; POWERS OF THE GOVERNOR ; ETC.)	237
---	-----

BERMUDA.

GOVERNOR'S SPEECH (TOURIST TRADE : SHIPPING AGREEMENT ; FINAN- CIAL POSITION ; CONSIDERATION OF ADDITIONAL TAXATION ; BULK SALES BILL ; ETC.)	244
INTERPRETATION ACT, 1907, AMENDMENT ACT (DEFINITION OF THE WORDS "BRITISH EMPIRE")	245
ALIEN ACT, 1926, AMENDMENT BILL	245
ALIEN ACT, 1926, AMENDMENT ACT	247
Corrigendum	248

The present number of the JOURNAL contains several summaries of proceedings in the Parliaments of the Empire concerning international matters of importance, particularly in the United Kingdom section which considers the Disarmament problem, the League of Nations, British naval strength in relation to other Powers, an International police force, etc. The League of Nations is also referred to under the "Australian Commonwealth" in connection with the election of Australia to the Council and the cost of the League.

The United Kingdom, Australian Commonwealth, and New Zealand summaries contain references to world trade, matters arising out of the Monetary and Economic Conference, and the International Wheat Conference ; and the United Kingdom section also contains references to Japanese competition, the debt to the United States, and the measures to be taken to meet the competition of foreign subsidised shipping. The Indian section outlines the attitude of the Government to certain International Conventions, etc.

In regard to inter-Empire problems, the United Kingdom summary deals with various matters arising out of the Ottawa Agreements, including the work of the Tariff Boards in Canada and Australia ; while the Australian Commonwealth and New Zealand sections both consider the Trade Agreements between the two countries, and also various matters concerning tariffs, exchange, British preference, and monetary questions.

As regards migration, the United Kingdom summary refers to policy in this connection, and this section, the Australian Commonwealth, and the Victoria sections contain discussions upon the position of the British settlers in Victoria and the proposals for compensation.

One of the most outstanding matters of inter-Empire importance which have been dealt with in this JOURNAL is the decision to suspend, temporarily, the privilege of Responsible Government in the Dominion of Newfoundland. The proceedings at the last meeting of that Parliament are summarised in the Newfoundland section, and the steps taken by the British Parliament towards establishing a Commission of Government in the country and providing the money to meet the financial difficulties are summarised, under the heading of "Newfoundland Act," in the United Kingdom section.

Another suspension of Responsible Government is recorded in this number, and the events surrounding the decision of the British Government to assume the administration of Malta are explained in the United Kingdom summary.

The relations of the United Kingdom and the Irish Free State are again dealt with in the sections devoted to the two Parliaments. In the former summary, the terms of the Dispatches between the United Kingdom and the Irish Free State, in the course of which occurs an important statement of the views of the British Government upon the relations of members of the British Commonwealth,

are given in some detail ; while the Irish Free State section contains summaries of the Constitution Amendment Act, dealing with the position of the Crown in relation to legislation and the right of appeal to the Privy Council, and a discussion upon the provision of subsidies to Imperial economic bodies.

References occur to the Statute of Westminster both in the Australian Commonwealth section, where a statement is recorded to the effect that there is no intention of introducing legislation to deal with the matter at present ; and in the United Kingdom section, where it is pointed out that the terms of the Statute have never applied to Newfoundland.

The United Kingdom section also further considers in this number the position of the South African Protectorates and the Colonial sugar industry.

Amongst the subjects of more local but still of general interest is the agricultural position in the United Kingdom section ; in the Canadian section, the debate on the measure to establish co-operation between the railway systems of the Dominion ; in the Australian Commonwealth and States of New South Wales, Victoria, Queensland, South Australia, and Western Australian sections, the financial and budgetary position ; in the New Zealand section, dairy produce control, and the raising of the marriage age ; in the Union of South Africa section, the assistance to farmers in connection with mortgage bonds, the position of members of Co-operative Societies, and the suppression of gambling clubs ; and in the Irish Free State section, the figures of external trade.

Amongst other subjects may be mentioned the future administration of Aden, the Reserve Bank, and relations with the Indian States in the Central Legislature of India ; legislation affecting the British films quota in the Southern Rhodesian Parliament ; the reform of the Constitution in the Ceylon State Council ; agricultural marketing and competition from Canadian cattle in the Northern Ireland Parliament ; and the legislative definition of the term " British Empire " and the holding of land by aliens in the Bermudian Legislature.

It should be noted that the summary of proceedings of the Parliament of Nova Scotia relate to the Session of last year when the previous Government was in power, it not having been possible to publish this summary before owing to delay in the receipt of the Parliamentary proceedings. The summary, however, deals in several cases with the views put forward by those who have now assumed office.

THE EDITOR.

EMPIRE PARLIAMENTARY ASSOCIATION
(United Kingdom Branch),
WESTMINSTER HALL,
HOUSES OF PARLIAMENT, LONDON, S.W.1.
25th January, 1934.

UNITED KINGDOM. 278

(Great Britain and Northern Ireland.)

Parliament reassembled on 7th November, 1933, to continue the work of the Session which began on 28th November, 1932.

The Session was brought to a close with the Prorogation of Parliament on 17th November. A new Session—the third of the present Parliament—was opened by the King in person on 21st November, 1933.

A summary of the debates in the two Houses, up to the date of the adjournment for the Christmas Recess, is contained in the following pages.

THE ADDRESS : GENERAL DISCUSSION.

(Government and international affairs ; Continued efforts to solve disarmament questions ; International co-operation through League of Nations ; Indian constitutional reform ; Trade and Industry ; Labour criticism of Government's peace policy ; Trade with Russia : negotiations for new Agreement ; Future of World Economic Conference ; Disarmament Conference : Diplomatic exchanges between European Powers ; White Paper on India ; Cotton trade : Japanese competition ; Ottawa Agreements.)

The Speech delivered by the King from the Throne in the House of Lords on the occasion of the opening of the new Session on 21st November, 1933, included the following passages :—

" The central purpose of My Government in international affairs is to promote and to sustain, by every means in their power, peace in the world. With this object in view, My Government will continue to co-operate with other Governments in endeavouring to reach a satisfactory solution of the complicated questions of disarmament in order to achieve a settlement acceptable to all and to attain fruitful results from the prolonged labours of the Disarmament Conference.

" My Government remain determined to uphold the work of international co-operation by collective action through the machinery of the League of Nations and in all other ways calculated to further good relations between all States and peoples.

" During the past Session a Joint Committee of both your Houses considered, in conference with delegates from India, proposals for Indian constitutional reform. You will be invited to re-constitute the Committee, and My Ministers hope that the Committee may find it possible to complete their arduous task in time to enable definite proposals, in legislative form, to be laid before you during the coming Session.

" I am deeply conscious of the burden of responsibility which lies upon all those whose duty it is to guide or to take decisions as to the

form of the future government of My Indian Empire, and I pray that wisdom may inform their judgment.

TRADE AND INDUSTRY.

"The past year has been marked by a steady growth of confidence in the future prospects of British trade and industry. In the opinion of My Government it is of the first importance that this confidence should be maintained and increased, since it lies at the root of any lasting improvement in the condition of the country.

"By careful attention to sound principles both in the control of expenditure and in measures calculated to encourage enterprise My Ministers will endeavour to promote the return of the nation, step by step, to conditions which will permit the easing of its present burdens.

"My Ministers will continue their efforts to create favourable conditions for the export trade, especially by the negotiation of trade agreements. In this way it is hoped that opportunities will be afforded for the development of the cotton, coal and other exporting trades."

The Speech concluded with a reference to various legislative measures to be introduced by the Government during the Session.

The general debate in the House of Commons on the Address-in-Reply to the Speech from the Throne was begun on 21st and concluded on 23rd November. The Address was moved by **Mr. R. H. Cross** (Unionist, *Rossendale*) and seconded by **Mr. K. Lindsay** (National Labour, *Kilmarnock*).

DEBATE IN HOUSE OF COMMONS.

Rt. Hon. G. Lansbury (Leader of the Opposition) challenged the assumption that the policy of the Government during the last two years had been for the ultimate good of the nation. The great basic industries of the country were, if anything, in a worse plight than two years ago. As regarded foreign affairs, the Labour Party considered that the Government's policy in pursuit of permanent peace had really broken down and was not the right policy. They could not have real peace in the world without economic peace, and the Government's policy had not been based on the attainment of that. Their whole policy and performance must lead to economic war, which ultimately led to the other kind of war.

A great omission in the Speech was that there was no mention of the Russian trade negotiations. President Roosevelt took about ten days to complete a treaty with Russia. Great Britain had been two years without a proper arrangement and it was many months since they gave notice to terminate the Trade Agreement. The Labour Party would give the Government every scrap of support in regard to their statement that they wished to help to preserve the League of Nations and co-operation between nations. If the League went to pieces,

all the rest of the world would form into groups and possibly prepare for war.

Need for economic co-operation.

The Labour Party did not think that a League of Governments at variance with one another as to their ultimate economic end could preserve the peace of the world. It was a disaster that the World Economic Conference failed. It was a most colossal blunder that the statesmen of the world could not sit round and discuss how they could find that economic co-operation without which there was no salvation. The Labour Party stood for economic co-operation, which meant that when there was abundance in the world or in their own country it should be shared by the people who had produced it.

The Prime Minister (**Rt. Hon. J. Ramsay MacDonald**) said that the present situation in Europe was a continuation of stage after stage of the aftermath of the War and of the Peace Treaties. Difficult as the time had been, the Government could well have advised His Majesty to say :

"My Government remain determined to uphold the work of international co-operation by collective action through the machinery of the League of Nations and in all other ways calculated to further good relations between all States and peoples."

That was the inspiration of the Government in its foreign policy, whatever phase of that policy it might have to face. Peace in the world was the greatest issue that any Government, British or otherwise, could place before itself, registering its determination to keep that issue before it until it was successfully accomplished. With respect to disarmament,* the British Government said that the plan it proposed in March was a substantial one, and, if carried out, would have been a great contribution to evolving the complete disarmament of the nations of the world.

Disarmament work to go on.

After referring to the new situation created by the German policy of not merely withdrawing for a second time from the Disarmament Conference, but of striking at the League of Nations itself, the Prime Minister said that the Foreign Secretary had just returned from Geneva.

He had reported that there was a very good and determined spirit of co-operation in Geneva, that there was no intention of allowing the work for disarmament to die, or to fail, or to stop, but that there was a widespread feeling that parallel and supplementary efforts by the use of diplomatic machinery should now be made. It was hoped that Germany might join in those diplomatic exchanges, and that France and Italy would continue the effort Great Britain was making with

* For previous debates on this subject *vide* pp. 9 and 17.

them to bring good results out of the Conference. The British Government certainly had the will to make the Conference succeed and would lose no opportunity of discovering the way to do so.

Turning to India, the Prime Minister said that the Government stood by the White Paper with all its safeguards. They expected a Report from the Joint Select Committee which would do justice both to the expectations that had been raised in India in the past and to the problems which political evolution had presented to them in the case of Indian government. The Soviet negotiations were proceeding quite favourably and the delay was certainly not owing to any obstacles created by Great Britain. There were other trade agreements also on hand.

Liberal Party and the Government.

Rt. Hon. Sir. H. Samuel (*Liberal, Darwen*) explained the reason why the Liberal Party had crossed over from the Ministerial side to the Opposition side of the House. He said that they did not separate from the Government at the time of the General Election on account of the extreme gravity of the national crisis. But at no time were they willing to sink their independence, and during the last Session they had found themselves in frequent divergence from the Government. There must have been a growing feeling that criticisms ought properly to have been addressed to the House from the seats opposite the Government and not from the Government benches.

Turning to the King's Speech, Sir Herbert said that as Liberals they were glad to see the emphasis laid upon export trade. Their exports to Europe in the last year showed a slight decline and to foreign countries outside Europe a slight increase, while to the Empire, excluding Ireland, they showed an increase of £2,000,000. While their imports from Canada had increased by 10 per cent., their exports to Canada had shown no appreciable increase since Ottawa. That was largely owing to the influence of the crushing tariffs upon British goods which had been imposed in Canada by the Bennett Administration. It was also through the pressure of the Prime Minister of Canada that Great Britain was most wrongly induced to denounce the Trade Agreement with Russia.

Lost trade.

Already last year their export trade with Russia was half what it was pre-War and this year it had been halved again. Since the denunciation of the Trade Agreement they had lost millions of trade with Russia: in fact the export trade with Russia which they had lost this year compared with last year was twice as great as the increase of trade that had proceeded to various countries of the Empire since the Ottawa Agreements.

Rt. Hon. Winston Churchill (*Unionist, Epping*) said that the Disarmament Conference had been a danger to the peace of Europe. It had not only made the relations of different countries much worse, but it had undoubtedly had the effect of gravely endangering the League of Nations itself. The Four-Power Pact, which the Prime Minister had been concerned in making, was a rival to the League: it could not help being so. One of the gravest issues which arose at the present time was a weakening of the League, first, by trying to do things which it could not do, and, secondly, by the great Powers endeavouring to break away and conduct the vital matters of Europe through another agency.

The prudent course was to associate themselves with the League, to defend safety and honour by working not with three or four nations, but with 12 or 14 Powers, and doing their part and no more in conjunction with those Powers.

Dominions and Ottawa.

Mr. C. G. Gibson (*Unionist, Pudsey and Otley*) expressed some sense of disappointment that on their part the Dominions had not answered the call given to them at Ottawa. Only one industry had yet been heard before the Canadian Tariff Board, and the decision had not yet been reached. When the second industry would have its hearing he did not know: perhaps before the end of the year. The Dominions had not set about the task with expedition nor interpreted the spirit of the Ottawa Agreements as they should. In her recent Budget, Australia had given them many Preferences, but nothing had been done even there in connection with the Australian Tariff Board. "We in this country," Mr. Gibson added, "have received only very few concessions from the Dominions compared with the enormous concessions we have given them under the Ottawa Agreements."

Lt.-Comdr. F. W. Astbury (*Unionist, Salford, W.*) referred to the perilous state of the Lancashire cotton trade and pointed out that the Japanese were producing at 75 per cent. below the actual cost of production in Great Britain. In the opinion of cotton manufacturers they could only deal with the question by putting on a tariff that would bring the standard of living in the East up to the standard of living in Great Britain. If Lancashire could compete on equal terms they would be able to get back a great part of the cotton trade they had lost on account of that unfair competition. The Japanese had instructed their representatives in Australia to say that whatever price British manufacturers were quoting they would go below it, so that by whatever means they had to employ they would get the trade.

The Indian market.

The President of the Board of Trade (Rt. Hon. W. Runciman) spoke of the good which had been done by sending industrialists to India to discuss the trade position. The Agreement with the Bombay millowners, under which a Preference to United Kingdom goods was accepted as a fair and desirable principle, undertook not to object to a reduction of duties on Lancashire goods from 25 per cent. to 20 per cent. when the finances of India would allow of it.

The next main result which had been achieved by the deputation to India was that they had secured an expression of willingness by the Government of India to enter into discussions for a new trade agreement relating to British cotton and artificial silk goods as soon as the negotiations with the Japanese Government were concluded. It was not possible to deal in a precise way with these commodities in the United Kingdom-India Agreement concluded at Ottawa because they were then under discussion by the Indian Tariff Board. The whole situation had since been profoundly modified by the development of Japanese competition in the Indian market. That had led to denunciation by the Government of India of the Indo-Japanese Commercial Agreement and negotiations for a new agreement were proceeding in India between the two Governments.

Referring to the trade position generally, Mr. Runciman pointed out that for the first nine months of 1933, as compared with 1932, their total exports to all foreign countries rose from £147,500,000 to £150,000,000. In times of falling prices that meant that they were going in the right direction.

In the period January to September, 1932, there was an export of £123,000,000 to Empire countries and for the same period of 1933 it was down by about £5,000,000. That was due to the fact that there was a drop of £7,000,000 in the exports to the Irish Free State, purely an abnormal thing and not depending on the general prosperity of industry as a whole. But for that reduction their Empire exports would have been increased by over £2,000,000. For every month in 1933, from January to October, there had been a steady rise in their exports. As regarded trade and commerce as a whole, compared not merely with two years ago, but even with twelve months ago, they were now reaping some of the fruits of their policies.

After further debate, the general discussion on the Address was concluded.

DEBATE IN HOUSE OF LORDS.

On 21st November, in the House of Lords, the Address was moved by the **Earl of Dudley** and seconded by **Viscount Galway**.

Lord Ponsonby of Shulbrede referred to the omission from the King's Speech of any reference to Ireland. The incredible bungling of the initial stages of the negotiations, he said, had led to a very serious impasse, and it was difficult to understand how the Government were going to extricate themselves from it. He was not sure that the Secretary for the Dominions might not go down to history as the man who lost Ireland, unless they could see some real move in another direction, and not the Government's policy of masterly inactivity. They might have expected that after Ottawa the Dominions would have regained such prosperity that their doors would be open to new projects of migration which had been talked about from time to time. But he quite understood that they might not be in a position to make any suggestion of that sort, in which case the rapid prosperity which was promised to the British Empire as a consequence of Ottawa did not seem to have been realised.

He asked what hope there was of coming to a conclusion in the direction of a trade agreement with Soviet Russia. The restoration of full trade intercourse between the United Kingdom and Soviet Russia would open out a very large field in the United Kingdom for enterprise, for manufactures, and would draw an enormous number of people into employment. There was that vast country in need of the very things the United Kingdom could give them—machinery—and because of the bungling of the negotiations by the British Government they could not get a move on. After touching upon various subjects mentioned in the Speech, Lord Ponsonby said that on the question of disarmament the country was feeling that there was need for leadership and for something to be done.

Trade improvement.

The Marquess of Reading said there was ground for satisfaction in the present situation at home, especially in relation to trade and the advantage they had of reduced unemployment or increased employment. He could not find himself quite in agreement, however, with the view that everything was proceeding well in their home trade or otherwise. Certainly trade had improved—their home trade undoubtedly. But no one who was interested in the export trade and in the shipping industry of the country could look with complacency upon the present situation. The changes in exchange and currency values abroad must have an effect on their trade.

It was all to the good that those engaged in industrial enterprises had realised how necessary it was to make themselves much more efficient. As regarded foreign affairs, there

was every reason to congratulate themselves that the Government were determined to seek, as far as possible, international co-operation, and by means of the League of Nations. He expressed the hope that as the Government proceeded day by day on their course some result might ensue which would give the country satisfaction, and enable them to say that by constant pressure they had been able to do something to bring about a little more tranquillity or a little less unrest in international affairs.

Anxious situation.

Viscount Cecil of Chelwood said there was no doubt that the situation in regard to disarmament was extremely anxious. He felt very strongly that what Europe was really waiting for was a declaration of policy from the British Government. Further adjournments of the General Commission were almost the worst thing that could happen: a breakdown of the Conference would be the worst thing. The Government had nothing to lose, but everything to gain, by taking the people into their confidence to the extreme limit possible. People were passionately anxious for peace and deeply convinced that peace was bound up with the success of the Disarmament Conference.

Reply for the Government.

The Secretary of State for War (Viscount Hailsham) doubted whether Lord Ponsonby was voicing the opinion of anything more than the most insignificant part of the country if he suggested that any of the difficulties that had arisen between the United Kingdom and the Irish Free State were due to anybody except the Government of the Irish Free State. He shared the disappointment of Lord Ponsonby that migration had not taken a more active course, but he would have been surprised if, in the world condition of trade, and the conditions in the Dominions themselves, it would have been exactly the policy the Dominions would have welcomed at present. But it was true to say that the policy of encouraging trade relations between the United Kingdom and the Dominions was likely to result, when more prosperous times arrived, in the development of migration. The view of Lord Ponsonby as to the benefits the Ottawa Agreements had conferred upon the Dominions did not seem to be shared by the Dominions themselves, and, after all, they were, perhaps, the better judges. As regarded the negotiations for a trade agreement with Soviet Russia, it was true that there were many things that the United Kingdom could give to that country, but when it came to a commercial transaction in which they had to be paid for such things, difficulties arose which were not easy of solution. Negotiations were

going on, and the President of the Board of Trade had hopes that he might quite soon reach a satisfactory conclusion. Continuing, Lord Hailsham referred to the trade agreements which had been concluded with foreign countries during 1933. Some of them, he said, had been in effect for only a month or two, but so far as the Government could estimate the benefits which were likely to result to British trade they were likely to be very substantial.

Geneva disarmament results.

Turning to the disarmament problem, Lord Hailsham said the Government were anxious that in any agreement which might be reached they should embody the results which had already emerged from the discussions that had taken place at Geneva. The Government were convinced that, whatever agreement was reached, they must remain within the framework of the League of Nations.

"Since we desire above all things to reach agreement," Lord Hailsham continued, "we are not going to exclude conversations merely because a particular Power with whom it is desired—with whom it is necessary perhaps—that an agreement should be reached ceases, as we may think unfortunately, to be a member of the League of Nations or declares its intention, not to remain a member of the League of Nations. We propose, therefore, not to be shut out from conversations through diplomatic channels, through meetings of statesmen, through any means which may hold out any hope of success merely by reason of the fact that a particular Power says it is unable to take part in discussions at Geneva."

Regarding the future, Lord Hailsham said he was confident that the national emergency which called into being the National Government was far from being completely overcome and that it was not true there was no danger of recurrence. World conditions were very far from being what they would wish them to be and it would be a disaster if they were to relapse into the old spirit of Party warfare which in other times no doubt was congenial to the traditions of their people.

After further debate the Motion for the Address was agreed to.

DISARMAMENT PROBLEM.

(Position of Germany; British Draft Convention; Economic and financial problems; Revision of Treaties; Common policy for the Empire; Re-arming of Germany; Vote of Censure; Air policy; Position of League of Nations; etc.)

On 7th November, in the House of Commons, on a formal Motion for adjournment, a debate took place on disarmament.

DEBATE IN HOUSE OF COMMONS.

The Secretary of State for Foreign Affairs (Rt. Hon. Sir John Simon) reminded the House that just over three weeks previously Germany, for the second time, withdrew from the Disarmament Conference, and had given notice of her intention, which could not be carried out for at least two years, to leave the League of Nations. In a survey of the proceedings at Geneva from the time the Conference first assembled in February, 1932, Sir John stated that the Conference was given a new and definite direction in March, 1933, by the production of a British draft Convention. The special merits of the plan were :—

(1) It presented the picture of a complete settlement, though in some places gaps naturally had to be filled in.

(2) It suggested numerical limits on such matters as military effectives and aeroplanes for the principal countries of Europe.

Although the British draft was adopted without dissent on what at Geneva was called its First Reading the discussion produced a crop of reservations and qualifications, most of them in general terms, from a large number of other Powers which was very disappointing.

Conversations between Governments.

No progress was made in the essential matter of agreeing numbers and by the end of June, 1933, it was so clear that it would be impossible to enter upon the Second Reading of the draft in the General Commission that it was decided to adjourn the Conference until October in order to give an opportunity for conversations between various interested Governments. This consumption of time without achieved result was not only deeply distressing to all who were working sincerely for agreed disarmament, but it must have made Germany increasingly impatient.

While it was untrue to say that Germany's disarmament under the Peace Treaties was conditional upon the prompt achievement of general disarmament by others at a given date, it was clear on the face of the Treaties, it was clear in the Clemenceau letter, that German disarmament was contemplated as a first step towards general disarmament. "Britain has set the example, has led the way," Sir John observed. "No reasonable or instructed person can possibly suggest that we have not reduced our own armaments to the lowest point to which we could go by unilateral action."

Difficulties increased.

Continuing, he said that undoubtedly the last events had created a special difficulty. Germany had not only withdrawn, but some of the declarations made in recent months

with authority in Germany had made the task of international disarmament more difficult. It was with the object of trying to get agreement that the exchanges of views took place between some of the principal Governments concerned during the summer of 1933. From 23rd September onwards there followed a period of intensive discussion, largely at Geneva, to try to arrive at a method for carrying into practical effect the principle which had been acknowledged on all hands, namely, that of equality for Germany in a system which would provide security for all nations.

In those negotiations they had something in their favour; there was an agreement, which was universally accepted, that disarmament must be reached by stages. Secondly, there was the suggestion of the establishment of a system of international supervision of armaments by a permanent Disarmament Commission. To that proposal Germany said she would raise no objection provided that the system was generally applied. The idea was a programme, which was modified in point of time, under which the first three, or it might be four, years would be occupied in the transformation of the Continental armies and in the setting up of a system of international inspection.

The central political issue.

International inspection from beginning to end was to be applied to everybody. One of the things it was thought might be included in the first period was the provision that no Power, however heavily armed, should provide itself henceforward with any form of weapons which under the scheme of the Treaty were to be scrapped and abandoned. For that purpose inspection of each country was obviously necessary. The central political issue was how to reconcile Germany's demand for equality with France's desire about security.

Regarded as a direct issue that was a question between these two Powers and their respective peoples. It had been the whole effort of British policy to promote reconciliation between them: to meet the supreme need of the world for peace by turning the minds of both from the past and inviting their co-operation in the future. "We stand," Sir John said, "as we believe the vast mass of our fellow-countrymen stand, for international co-operation with a view to firmly establishing peace, and, at a time like this, when the international system set up since the War is in jeopardy, we declare ourselves, without any qualification, believers in and upholders of the League of Nations as the best available instrument for international co-operation."

The Locarno Treaty.

Concluding with a statement regarding the Locarno Treaty, the Foreign Secretary remarked that no British

Government was blindly fettered by that Treaty. Locarno was entered into as a contribution to the stabilising forces of Europe and he submitted that it had not exhausted its influence in that respect. The view of the British Government, after consulting the Law Officers of the Crown, was that the withdrawal of any party to the Treaty of Locarno from the League did not by itself involve the release of all parties from their obligations under the Treaty. But the withdrawal of Germany, if it ever were to become effective, would raise issues of so far-reaching a character that it would be impossible to make any public statement upon them without careful consideration in consultation with the other parties to the Treaty. "Our own influence in the cause of disarmament would not be increased—it would be fatally prejudiced—if the existence and effect of the Locarno Treaty were not fully borne in mind," Sir John added.

Economic and financial problems.

Rt. Hon. G. Lansbury (Leader of the Opposition) said that the Labour Party had never accepted the British Draft Convention. Twelve months ago when the House discussed the question it was agreed that the settlement of the economic conditions of the world was a condition precedent to any settlement of the disarmament question. It was a terrible mistake that the World Economic Conference should have faded out as it did, and that apparently no immediate effort was to be made to reconstitute it. They could not settle the question of the peace of the world until they had settled the economic and financial warfare that went on day by day between nations.

The Labour Party also thought that until there was international control of raw materials and markets by some authority set up by the nations by which they could have equitable distribution of the raw materials of the world they would never be certain that peace would be secured, no matter to what agreements they might come. The Foreign Secretary had never been able to get over the fact that Japan acted like an international pirate, was still in possession of her neighbour's territory, and was threatening war against the Russian Soviet Republic. They could not have respect for Treaties if they sat down and accepted that situation merely by getting a Resolution through the League of Nations Assembly condemning what had taken place. Japan had smashed the Kellogg Pact and, so far, the League of Nations appeared to be absolutely powerless.

Revision of Treaties.

They were facing a European situation which had been brought about mainly because the Peace Treaties that were

forced upon the conquered nations contained within them the seeds of future wars. Until those Treaties were all brought up for revision they could not expect, even within Capitalism, any sort of settlement in Europe. The Labour Party would never vote for placing any more people under the control of any Fascist rulers in Europe. As they understood the British Government's proposals they meant re-armament by Germany and if Germany started re-arming it ought to be stopped quite definitely. The only proper line to take was to bring the whole of the armaments of Europe down and not allow Germany to re-arm in any way whatsoever.

Rt. Hon. Sir A. Sinclair (Liberal, Caithness and Sutherland) said that the House of Commons and the people of Britain were united in their will for peace. But when they came to discuss the means whereby they were to secure peace there were honest differences of opinion. There were four main schools of thought in the House on the question:—

- (1) Those who believed in disarmament by example.
- (2) Those who believed in a Continental alliance, which would be a fatal policy for Great Britain to pursue.
- (3) Those who believed in the policy of an Empire in isolation.
- (4) Those who believed in the constructive policy of peace and disarmament through the League of Nations.

The last named was the only way in which they could reach the objective. The main features of such a policy should be, first, collective guarantees of peace and the assurance of help against aggression. Therefore, they welcomed the declaration that Great Britain was determined to stand by her obligations under the Locarno Treaty.

Germany's position.

Secondly, there must be a real, substantial, and immediate reduction of armaments. Thirdly, no re-armament of Germany; but, fourthly, Germany must be treated fairly and justly. Great Britain helped Germany into the League, but the fact remained that the Allied countries had declared their intention of disarming and had not, in fact, disarmed. The Nazi movement in Germany had thriven on the refusal of the Allies to implement that intention. Now was the time when it must be fulfilled. It was abundantly clear that if the nations insisted, as they ought to insist, on Germany remaining without certain weapons, then all nations must equally accept the abandonment of those weapons.

Rt. Hon. Sir A. Chamberlain (Unionist, Birmingham, W.) said that previous speakers appeared to demand not that they should denounce Locarno, but that they should assert that they would maintain it.

Referring to the Disarmament Conference, he said it was important to ascertain why Germany left the Conference and why she left it at that particular moment. She must have left it in the hope that she would bring it to an end. Were Germany present or were she not, it was hoped that the Disarmament Conference would go on until it had framed a Convention, which would then be open to signature by Germany. If acceptance and ratification were refused by Germany all the world would know which country had disappointed its hopes. It was fatal to allow the German Government to suppose that by mere withdrawal it could extort terms which were not yielded to reason. If Germany withdrew from the League of Nations, if she withdrew from the Conference, she could not withdraw from the Treaty of Locarno.

Germany's case.

Rt. Hon. D. Lloyd George (*Independent Liberal, Carnarvon Boroughs*) asked whether Sir A. Chamberlain said that the signatories to the Treaty of Versailles or the Treaty of Locarno had carried out their obligations in respect of disarmament? If he did, then he had not taken the trouble to ascertain the facts before he made his attack upon Germany. The victors had broken the Treaty: they had not honoured their signatures. Germany had, therefore, undoubtedly a case. Germany had said, "We stand by the British Draft Convention." Why not get back to it? After all the nations had accepted the British Government's practical proposal it was suddenly said, "We must have a period of probation for one party and that the party which has disarmed." He begged the British Government to go back and stand by the position it held a few weeks previously.

Rt. Hon. L. S. Amery (*Unionist, Birmingham, Sparkbrook*) said that the Disarmament Conference was dead and no one was going to be able to galvanise it into life. Was there not an alternative policy more worth following than one which was leading to nothing but irritation and failure? He believed that if only they would stop the wild-goose chase after mechanical reach-me-down schemes of world disarmament and peace, and leave Europe to settle her own affairs, the profound desire of the people of Europe for peace, the economic forces which were bringing them together, would themselves, through the ordinary flexible adjustments of international intercourse, bring about a much more lasting and real solution.

Common policy for the Empire.

He would be told that he was advocating a policy of isolation. Clearly they could not stand alone. "In the first place," he continued, "we have got to stand close to our own

Dominions. The unity of the Empire is infinitely more important than any association with any other Power. Secondly, it is vital to us to stand close to the United States of America, akin to us in race and position and bordering us along 4,000 miles of an open frontier. My strongest objection to a policy of continuous meddling in Europe is that it isolates us from the Dominions. The more our policy commits us to intervention in European affairs, to the probability or even the possibility of another European war, the more determinedly will the Dominions avoid sharing our responsibilities and stand aloof from any attempt at a closer and more effective organisation of the Empire for a common policy. I believe that the same is in large measure true of the United States. . . . The key to Anglo-American co-operation lies in teaching the Americans to dissociate us in their minds from the affairs of Europe and to associate us more closely with the affairs of the Dominions, whose policy and mentality they understand and appreciate."

Germany re-arming.

Rt. Hon. Winston Churchill (*Unionist, Epping*) believed that the Treaty of Versailles had been maintained in the letter and also in the spirit. The great dominant fact was that Germany had already begun to re-arm. Isolation was utterly impossible for Great Britain, but they should nevertheless practise a certain degree of sober detachment from the European scene. They should not try to weaken those great Powers which felt themselves in great danger and thereby expose themselves to a demand that Britain should come to their aid. The least risk and the greatest help would be found in re-creating the Concert of Europe through the League of Nations, not for the purpose of fiercely quarrelling about the details of disarmament, but in an attempt to address Germany collectively, so that there might be some redress of the grievances of the German nation before the peril of re-armament reached a point which might endanger the peace of the world.

The Nazi régime.

Mr. C. R. Attlee (*Labour, Limehouse*) did not believe that they would do very much by outlawing the Nazi régime. They had to look to the future of the world, and whether they liked it or not, to live in the same world as Germany under its present rulers. The failure of the Disarmament Conference hitherto, and the apparent failure of the League of Nations, was due to the fact that if they wanted full security they had to surrender sovereignty. They had to make the League of Nations a real League and put loyalty to the League above loyalty to their country. That cut against all kinds of old

instincts. They might get a mood which might bring Germany back into the League if they could work for all-round disarmament: but he would not have Germany brought back into the League if the price were re-armament. The Disarmament Conference had to continue its work despite Germany having gone out of it.

The Under-Secretary of State for Foreign Affairs (Mr. A. Eden*) maintained that had all the nations accepted the British Draft Convention they would have realised by far the greatest measure of agreed disarmament that the world had ever attempted. The British Government had not thrown over that Convention and still stood by it. In the Convention itself there was a proposal that no actual destruction of material took place until a year had elapsed. That was in order to allow machinery to get to work. If that period were extended to three or four years it would certainly be a debatable point. It was a matter as to which a disarmed country might wish to state her own point of view or even to disagree. It was a matter for negotiation and not for walking out of the Conference.

Period of probation.

Mr. Lloyd George asked if Mr. Eden meant that the British Government were not committed to the period of probation, but were simply in process of negotiation and discussion?

The Under-Secretary of State for Foreign Affairs replied that the British Government were prepared to support the proposal if it found support in the Conference. Since the negotiations had failed, of course, the Draft Convention still stood. They had now to consider the situation as it confronted them and were entitled to just the same liberty as any other Government must enjoy in like circumstances.

Continuing, Mr. Eden said it was intended that the supervision should be applicable not only to Germany, but to every other signatory to the Convention. Their efforts had in a measure been spent in vain, but they had to try again, if only because an agreement was the only alternative to an armaments race. He believed that the League of Nations would survive the trial, but it was an indispensable condition that they should assist in ensuring that the League and its future were not dragged into the Party arena in Great Britain.

The Motion for the adjournment of the House was afterwards withdrawn.

* Mr. Eden has now been appointed Lord Privy Seal and will take charge, especially, of League of Nations questions, acting under Sir John Simon.

Motion of Censure.

On 13th November, an Opposition Motion of Censure was moved in the following terms:—

“That this House regrets that the strong desire of the country for international agreement on disarmament has not been reflected in the policy pursued by His Majesty’s Government at the Disarmament Conference and, realising the growing opinion in favour of the total disarmament of all nations throughout the world, this House calls upon the Government to submit to the Conference proposals for—

“(A) The complete abandonment of all air bombing;

“(B) The general abolition of all weapons at present forbidden to Germany by the Treaty of Versailles, namely, tanks, heavy artillery, capital ships, aircraft carriers, submarines, and all naval and military aircraft;

“(C) The international control of civil aviation;

“(D) An immediate reduction by all nations in their expenditure upon armaments;

“(E) The suppression of all private manufacture and trade in armaments;

“(F) International inspection and control of armaments in all countries;

“(G) The creation of an international police force; and

“(H) The definition of aggression on the basis of the proposals made by the Conference Committee.”

Mr. Morgan Jones (Labour, Caerphilly), in proposing the Motion, referred to Japan’s action in the Far East. The effect of the policy pursued by the British Government, he said, was to lead ultimately to the development of the belief that strong and important Powers could do what they would without expecting any violent action on the part of the League of Nations against them. Once they had sown the belief that the League was impotent in regard to strong and powerful nations they developed a lack of faith in its efficacy. Dealing with the Disarmament Conference, the hon. Member remarked that, if there was to be equality of treatment, either other nations must disarm as Germany had disarmed, or Germany must re-arm. The Labour Party had put down in the Motion point by point the lines on which they demanded disarmament to be carried on among all nations.

He asked that the British Government should go to the Conference with that programme in mind and invite other nations to accept it as the basis of discussions.

Air policy.

The Prime Minister (Rt. Hon. J. Ramsay MacDonald), referring to air policy, said that in the British Draft Convention there was a declaration in favour of the complete prohibition of bombing from the air, and then an exception was made of its use for police purposes in certain outlying territories. Not

an hour had been wasted by the Disarmament Conference in discussing this reservation, which had never at any time been raised as a serious obstacle to an agreement. How long was the Disarmament Conference to sit to get an international police force created? It was not to be done in a week or a month: it was not to be done by a resolution, or by an instrument of 20 or 30 clauses.

As regarded control of civil aviation, the British Government had made it a condition that it should be controlled internationally, more particularly in so far as it could become an immediate and serious menace to the civil population should war unfortunately break out. The British plan called for a conference on the subject. If they were to have disarmament, there must be an international agreement, including Germany, for that purpose. The Government were in close touch with France and Italy; the United States would be kept informed; and the Government were in touch with other nations, especially the smaller European nations, who had a great stake in the matter.

Loyalty to League of Nations.

"We ask the Germans to come in, not at the end, but now," the Prime Minister continued. "We want Germany to be its own representative and its own spokesman. The exchanges of views and conversations to which I have made reference are not anti-German, but pro-European; they are not to punish, they are to establish peace in Europe. . . . Whatever form those conversations may take will not involve any weakening of our loyalty to the League of Nations, nor any diminution of its status or authority."

As to the Disarmament Conference itself, they could not admit, Mr. MacDonald said, that because Germany had withdrawn from it the work ought not to go on. He desired to make it clear that in the deliberations between Governments, no Government could compel any other Government to accept risks which it believed were too great. In any event Great Britain could not extend her international commitments as the price of what might be asked for in an ultimate agreement. The British Draft Convention remained the basis of Geneva deliberations: it had not been abandoned.

Inadequate Government action.

Rt. Hon. Sir H. Samuel (Liberal, *Darwen*) said that so far as the conduct of the Disarmament Conference was concerned the action of the British Government throughout had been inadequate to the need. Although certain members of the Government had worked zealously at Geneva, in the main there was not that earnest urge on the part of the Cabinet as a whole which was really essential to secure success. It had

been said that they ought to subordinate international co-operation to Commonwealth co-operation. He had lately returned from an inter-Imperial Conference at Toronto which discussed precisely those points. The conclusion arrived at was that the Dominions' representatives attached supreme importance to the maintenance of a collective system of management of international affairs and to the loyal co-operation of all parts of the British Commonwealth in the League of Nations.

Every step away from the League was not a step towards the Dominions. It was a step away from them also, for they were in the League and of it, keen and loyal members. Nothing would be so likely to alienate the Dominions as for Great Britain in any degree to abandon the League. He believed that the country was not satisfied with the action taken in the matter of disarmament. It was essential that a proposal should be made to Germany which enlightened opinion would regard as just and which Germany could reasonably be expected to accept. The withdrawal of Germany from the League was unjustified and should be reversed, if it could be. British policy should be directed to securing the return of Japan, and possibly the entry of Russia and ultimately, maybe, of the United States. Not until then could the collective system in which they believed be fully established.

After further debate, the Motion was negatived by 409 votes against 54.

INTERNATIONAL POLICE FORCE.

(League of Nations and enforcement of peace; Maintenance of world order; International Air Force as a first step; British Government and control of civil aviation; Statement by Under-Secretary for Foreign Affairs.)

On 13th December, in the House of Commons, a debate took place on the following Resolution:—

"That this House would welcome a declaration by His Majesty's Government of their willingness to consider the formation of an international police force under the control of the League of Nations with a view to increased security and the better maintenance of world order."

DEBATE IN HOUSE OF COMMONS.

Mr. G. Mander (Liberal, *Wolverhampton, E.*), in moving the Resolution, said there was a measure of support in all three Parties for an international police force. It was clear that for many generations to come force would rule in the world to some extent. Was it not better that that force should be at the disposal of the judge of some independent authority,

rather than at the disposal of the parties to the dispute, as had been the case in the past? People were compelled now to give consideration to the question whether the League of Nations ought not to be supplied in some way with the necessary teeth in order to see that its decisions were carried out.

Many persons were coming round to the view that, if they were to prevent chaos in the world, they must have an international authority with certain of the attributes of sovereignty, with the power to decide, not with unanimity, but by a majority, possibly of two-thirds or three-quarters. It should be a tribunal that had the right to settle disputes. If they were justiciable, they would go to the International Court of Justice; if not, they would be referred to some impartial body of which the Lytton Commission was a good illustration. It would be the duty of this international authority to bring the parties before the Court and to see that the findings were carried out.

Surrender of sovereignty.

No doubt the authority would first of all apply the most lenient possible means. There would be diplomatic, financial and economic pressure; finally, if these were no good, they would have to have a reserve of pressure, such as the police had to use inside a country. Under such a scheme they would have to have all the ordinary forces—Army, Navy and Air Force. It would be said that such a thing was entirely Utopian and could not take place for the reason that no such surrender of sovereignty, even to the limited degree required, would be contemplated or allowed. Surrender of sovereignty had happened, however, and he thought that, on a larger scale, it was bound to happen again in the history of mankind. It was suggested that the international authority should be armed with all those weapons which were forbidden to Germany by the Treaty of Versailles—that was, all the post-War weapons.

The nations themselves, for carrying out their own police purposes either at home or abroad, would have the same weapons as in 1914. There would also be quotas of armed forces kept in each State to come to the support of the international force when called upon. The British Government's own disarmament policy included the internationalisation of civil aviation and the abolition of military aviation. The logical consequence of the Government's policy was the formation of a small force of fighting machines for the purpose of dealing with the real danger of the conversion of civil aircraft to bombing purposes by a traitor nation. An international police force, small or large, would be the fundamental issue in world politics in the years to come.

An international air force.

Brigadier-Gen. E. L. Spears (Unionist, *Carlisle*), in seconding the Resolution, described it as an attempt to find a bridge between the British policy of using the League of Nations merely as a debating chamber and the Continental thesis that it could never be effective if it had not the sanction of force behind its decisions. He argued that an international police force was technically feasible provided that they confined the idea to the creation of an international air force. It would be necessary, in order to make such a force effective, to restrict its activities for present purposes to Europe. If they had succeeded in doing something towards solving the European problems they would have done a very great deal.

Mr. C. R. Attlee (Labour, *Limehouse*) regarded the present suggestion as an essential beginning for a world State. The Labour Party thought that they must come to a super-State. He did not believe much in the limited idea of an international police force which was to be merely a sort of super-force over a large number of national armies, navies and air forces. It was necessary to get rid of all such forces and to substitute for them an international police force. He would like to see the beginning of a proved security made by specific States deliberately trying to create a force with a non-nationalist outlook and with an internationalist *esprit de corps* which would form the basis for something much greater.

Rt. Hon. Lord Eustace Percy (Unionist, *Hastings*) said that they had been considering international police forces and armed guarantees of peace for 12 or 14 years. It had rubbed thin as an idea and was as old as Methuselah. Did they think that by trotting out the idea again they would focus the moral sense of Europe upon a new policy which would save the League and ensure peace? Surely not.

The Government and the League.

The Under-Secretary of State for Foreign Affairs (Mr. **Anthony Eden**), remarked that successive Governments in the United Kingdom had founded their foreign policy on support of the League of Nations and he hoped that future Governments would continue to do so. It was just because they were sincere believers in the League that a special responsibility rested upon them to ensure that they did not overstrain the structure, especially at a time when it was having extra burdens placed upon it from various causes.

"For my part," Mr. Eden continued, "I am not personally opposed to the ideal of an international police force. It may be that the day will come when such a force will be not only an ideal, but a useful actuality. It may be that it will ultimately become the normal accompaniment of world

peace, but that time is not to-day, nor, so far as I can judge, is it likely to be in the near future."

They were now engaged upon an attempt to secure world agreement upon a limitation of armaments, desiring thereby to strengthen the structure of peace. That in itself was an immensely formidable task. Let them not confuse it by the introduction of other issues which they might be able to face later, but which only complicated their present task.

Conversion of civil aircraft.

Mr. Mander asked Mr. Eden to reply to a point about the use of a force under the League of Nations for dealing with civil aircraft which had been converted and were used as bombers.

The Under-Secretary of State for Foreign Affairs replied that the purpose of the British Draft Convention was to work out, if they could, a scheme for the control of civil aviation. "If that scheme were successful and were made watertight," Mr. Eden added, "the abolition of naval and military air forces would follow. Therefore, the question of what I think might be called a sanction force, which Mr. Mander has in mind, would not arise at all. Pending the working out of such a scheme, our proposal is for reduction in numbers, which I think myself is perhaps more practical than the idea which the hon. Member has at the moment."

The Motion was afterwards withdrawn.

BRITISH NAVAL STRENGTH.

(Great Britain to build bigger cruisers; 1933 programme revised; United States and Japanese initiative; London Naval Treaty; British disarmament policy.)

On 14th November, in the House of Commons, replying to Lt.-Comdr. P. G. Agnew (Unionist, *Camborne*),

The First Lord of the Admiralty (Rt. Hon. Sir B. Eyres Monsell) said the 1933 naval programme included one "Leander" class cruiser of 7,250 tons and three "Arethusas" of 5,400 tons each, armed with eight and six 6-inch guns respectively. The policy of building cruisers of comparatively small tonnage had been adopted in the hope that other nations would follow the British lead. In July, 1932, the United Kingdom Delegation at Geneva put forward proposals for the reduction of future cruisers to 7,000 tons with a maximum gun calibre of 6.1 inch in the hope that these would be generally accepted. Unfortunately, neither of these hopes had been realised.

In 1931 Japan laid down two cruisers of 8,500 tons reported to mount 15 6-inch guns. It was learnt that she was now laying down two more of the same dimensions, and that the construction of yet another two, making six in all, was projected. The United States also had already announced the intention of building four cruisers of 10,000 tons, each with 15 6-inch guns. If, therefore, the British programme already approved were to be carried out, the new cruisers would be definitely inferior to those being developed by other Powers.

London Naval Treaty.

"As the House is aware, however, our total cruiser tonnage is limited by the London Naval Treaty," the First Lord continued. "The result is that we have been on the horns of a very serious dilemma. If we proceeded with our original programme, all the cruisers that we should be building would be definitely inferior to certain of the cruisers which are being built by other Powers. If, on the other hand, we are to build any cruisers comparable with those vessels, we must reduce our number from four to three.

"The first alternative could not be accepted, and accordingly, after the most anxious consideration, and with much regret, we propose to revise the 1933 programme so as to include two cruisers of a new type of about 9,000 tons with increased armament, and one cruiser of the "Arethusa" type (about 5,200 tons). This alteration will not involve any increase in the cost of the 1933 programme. Indeed, some small reduction in the cost of this programme is expected to result.

"I should explain that the United States and Japan, under the terms of the London Naval Treaty, are fully entitled to build ships of the size they contemplate. Nevertheless, it will be the continued policy of the Government to endeavour by common agreement both to restrict the number of vessels of the larger size as much as possible, and also to reduce the maximum size of cruisers to be constructed in the future."

INTERNATIONAL, IMPERIAL AND DOMESTIC AFFAIRS.

(Opposition Amendment to the Address; Government's policy challenged; Disarmament and economic problems; Great Britain and Germany; Conciliation efforts; Restricting imports of foodstuffs; Question of Inter-Allied Debts.)

On 24th November, in the House of Commons, the Opposition moved an Amendment to the Address, which challenged the record of the Government and the policy outlined in the King's Speech.

DEBATE IN HOUSE OF COMMONS.

Mr. C. R. Attlee (*Labour, Limehouse*), in moving the Amendment, held that the policy of the Government had gone far to destroy the possibility of collective action and that their failure in that respect was the reason why they had to give such an extremely gloomy account of the Disarmament Conference. The World Economic Conference had dropped out altogether. Although it was nominally in existence it was not even worth mentioning in the King's Speech. Another omission was that there was no mention of inter-Allied debts. It would be interesting to know whether the view of the Government was that it was impossible to pay these foreign debts, and, therefore, it was sound financial policy to pay a little bit on account. He congratulated the Government on the adoption of the principle, because it was one of the grave facts of the world situation that, owing to the fall in prices, it was impossible that the moneylenders should get their full pound of flesh.

The Opposition challenged the whole foundation of the Government policy. It was based on a principle of scarcity and of so-called economy, which was really parsimony. They had been told during the last two years that it was not the fault of the Government that they had to struggle with adversity in the midst of a world economic blizzard, and that only world action would set it right. The world action had disappeared entirely now from the King's Speech: there was nothing but tariffs and trade agreements of one sort or another. It was the policy of the Government to raise the prices to the consumer of both home and imported food. The argument they were always given was that if only they could do that then the people in Australia, New Zealand and the Argentine would be able to buy British goods. That seemed to make Great Britain the philanthropist of the rest of the world.

Unemployed, housing, etc.

There was clear evidence that the unemployed were not getting enough food, and at the same time the whole policy of the Government was directed towards restricting the entrance of food into the country. No adequate proposals had been put forward with regard to housing: the Minister of Health was going to trust to private enterprise. The slum clearance proposals of the Government were utterly and hopelessly inadequate. He did not believe there was any intention of taking in hand the question of reconditioning England: they could not expect any public works programme or any great housing programme. The Government were not facing in the least the national problem or the world problem, which was essentially a problem of abundance.

The Secretary of State for Foreign Affairs (*Rt. Hon. Sir John Simon*), dealing with disarmament, referred to the procedure which had been agreed upon a few days previously by the Bureau of the Conference. The President announced, he said, that the suggestion had been adopted that :—

“The work of the Disarmament Conference would at this stage best be assisted by parallel and supplementary efforts between various States and the full use of diplomatic machinery.

“These efforts shall be at once undertaken with energy, with a view to advancing in every way possible the work which lies before the General Commission.”

The Governments were to keep the President informed of their efforts and report to him on the final results. It was a real satisfaction to know that, whereas there might have been a most bitter controversy, owing to Germany's withdrawal, as to what was to happen next, there had been that unanimity on procedure which was an essential preliminary to agreement on substance.

France and Germany.

The British Government had already made it plain to the French Government that if they saw their way to enter into closer communication with the German Government they had Britain's complete good-will in so doing.

“We are indicating directly to the German Government and to Herr Hitler himself,” Sir John Simon continued, “that we have taken a most attentive note of the declaration that he and other representatives of Germany have recently been making that the whole of our influence will be used for the purpose of trying to bring about again a spirit of negotiation and of co-operative action instead of keeping Germany at a distance. We have communicated with Italy to say how well satisfied we are to learn that she is agreed with us as to the importance of keeping the Disarmament Conference in being, and how satisfied we are that the present procedure, which Italy has been urging upon us, is the correct procedure.”

Stating the view the Government took of British policy in this connection, Sir John said the adjournment of the Conference did not mean the adjournment of work for disarmament: it meant the very opposite. The British Government intended that this period of suspension should be devoted without delay and without intermission to exchanging views between the different Governments.

Bilateral conversations.

How those exchanges could best be carried on must depend on circumstances: in the first instance at any rate they

should be conducted through diplomatic channels in the form of bilateral conversations. The British Government welcomed the assurances of Herr Hitler that Germany's one desire was for peace and that she had no aggressive designs. They hoped that as an outcome of the exchanges of views it would be found possible to translate those assurances into such concrete shape as would help to build up that international security which was an indispensable condition of disarmament. The whole world saw that the choice was going to be between regulated armament on the one hand and unregulated armament on the other. The whole of British public opinion would be thrown unreservedly into the scale on the side of securing regulated armament.

Slum clearance.

Mr. E. G. Hicks (*Labour, Woolwich, E.*) criticised as inadequate the Government's proposals on housing and slum clearance. He stated that during 150 years working people in Great Britain had never been properly housed. Over 50 per cent. of the houses in the country had only two bedrooms. It was not an exaggeration to say that every other house ought to be pulled down. The Minister of Health had stated recently that estimates based upon the programmes received for slum clearance indicated that, on the average, 44,000 houses a year would be provided by local authorities under a five-year slum clearance scheme. There was failure to recognise the size of the problem, and a deliberate waste of housing organisation and skill. The terrible conditions under which many of their people had to live were a definite indictment of their modern civilisation.

The Minister of Health (*Rt. Hon. Sir Hilton Young*) denied that there was any policy on the part of the Government to prohibit or hinder the normal development of useful public works. In the course of the past two years the total loans sanctioned for public works, excluding houses, amounted to £46,000,000. A good deal had been done since the War to improve the water supply in rural areas, and loans had been sanctioned amounting to many millions, but many more schemes were needed. The Chancellor of the Exchequer had agreed to put at his disposal £1,000,000. That sum would be used to make grants towards the capital cost of water schemes in rural areas prepared and initiated within the next few years.

Housing problem.

Dealing with the housing question, **Sir Hilton** claimed that since the abolition of the State subsidy in 1932 they were

overtaking the shortage faster than before, and had broken all previous records for the construction of houses by private enterprise. That enterprise at the present time had a great opportunity of stepping into the field and providing the nation with the essential service of the small house to let. As regarded slum clearance, out of 1,717 local authorities all but 45 had now either submitted to him their programmes or had satisfied him that they were taking action. The programmes were for the clearance of some 200,000 houses and more. It was also the intention of the Government to strengthen the hands of the local authorities to deal with the reconditioning of houses in their areas and to promote that reconditioning by ordered programmes. Further, the Government would promote the improvement of management conditions.

Sir H. Cayzer (*Unionist, Portsmouth, S.*) congratulated the Government on the great revival in trade and industry, but pointed out the difficulty arising from Japanese competition. South Africa, Australia and India were being flooded with Japanese goods. Not only were the Japanese taking orders which used to come to the United Kingdom, but Britain was also losing the carrying trade which used to be occupied in shipping British goods to the Dominions. The shipping industry appeared to be a forgotten industry and was unable to compete against foreign subsidies. British shipping required some weapon, some form of Protection, to be able to counter foreign subsidies and unfair conditions. The first step to take was to call the Governments of the Empire together as was provided for in a Resolution of the Imperial Economic Conference of 1923.

Trade with Russia.

The Lord President of the Council (*Rt. Hon. Stanley Baldwin*) said there was no trade agreement with Russia, nor had any credit been granted. There had been an agreement by which the United States and Russia entered into the normal diplomatic relationships which Great Britain enjoyed. Trade was going on without a trade agreement, just as at the moment it was going on between Russia and Great Britain. What Great Britain was trying to do in making a new agreement with Russia was to see that there should be more of an equality between the trade of the two countries.

Speaking of the general trade situation, **Mr. Baldwin** remarked that the result of the various things the Government had done had been a return of confidence through the whole business community which no one two years ago would have believed to have been possible. The effects of the change of the fiscal system and of the Agreements made at Ottawa had

been seen from the Spring of 1933. There had been a steady rise in recent months in the export trade and a real improvement in purchasing power, due to the increased numbers at work. The Government had tried to prove that they were doing all in their power to fulfil the mandate which was entrusted to them. They would be prepared when the time came, and not before, to render an account for that mandate.

On a division, the Amendment was negatived by 424 votes against 53.

WORLD ECONOMIC CONFERENCE.

(Tariff Truce : British Government's notice of withdrawal.)

On 7th November, in the House of Commons, replying to **Mr. P. J. Hannon** (Unionist, *Birmingham, Moseley*),

The President of the Board of Trade (Rt. Hon. **W. Runciman**) said that since the adjournment of the Monetary and Economic Conference notices of withdrawal from the Tariff Truce had been given by the Netherlands, the Irish Free State, Sweden and Switzerland, while reservations had been made by France and Denmark. The British Government had carefully considered the whole matter, and had come to the conclusion in all the circumstances that the Truce was no longer of practical value. Notice had accordingly been given of the withdrawal of the United Kingdom to take effect as from 7th December.

Mr. Hannon asked what were the industries in respect of which a duty had been refused because of the Truce?

The Chancellor of the Exchequer (Rt. Hon. **N. Chamberlain**) said that the Import Duties Advisory Committee had been continuing to carry out their statutory obligations, including the receipt and examination of applications for new or altered duties, but the Government announced that during the operation of the Truce they would refrain from making Orders for increases of Customs duties in respect of any applications which had not been received by the Committee before 12th May.

No recommendation had, in fact, been received from the Committee for an increased duty arising out of such an application.

Position of the Conference.

In answer to a question by **Mr. G. Mander** (Liberal, *Wolverhampton, E.*),

The Chancellor of the Exchequer said: "Since the Conference adjourned on 27th July, the development of the

monetary and financial situation has not been such as to make it possible to resume the work on the questions which the Monetary and Financial Commission had before it, nor to make any substantial progress on the questions of tariffs, quotas and commercial policy in general which were dealt with by the Economic Commission. There remained a number of questions on which the Conference felt that their work could and should be pursued. These included the international organisation of production in relation to various commodities (such as coal and copper), veterinary questions, and matters of Customs administration.

"The date of the re-assembly of the Conference and the organisation of the work to be carried out in preparation therefor is a matter for the Bureau of the Conference, which appointed an executive committee for this purpose. The position is being kept under review, but I am not in a position to make any definite statement on the matter at the present time."

INTERNATIONAL WHEAT AGREEMENT.

(Export allocations for chief countries ; Dominion proportions ; Exports from Russia.)

On 7th November, in the House of Commons, in answer to **Mr. M. Petherick** (Unionist, *Penryn and Falmouth*),

The Minister of Agriculture (Rt. Hon. **W. Elliot**) said that under the recent International Wheat Agreement* export allocations between the chief exporting countries had been made as follows, based on the assumption of a total world's import demand of 560 million bushels for the year 1933-34 :—

<i>Wheat, including flour.</i>							<i>Million Bushels.</i>
Canada ...	...	...	...	...	...	...	200
United States ...	...	...	...	...	...	...	47
Australia...	...	...	...	...	...	...	105
Argentine ...	...	...	...	...	...	...	110
Danubian countries ...	...	...	...	...	...	...	50 to 54

This left a balance of 44 to 48 million bushels to be provided by Russia or other unspecified exporting countries.

* The Agreement was concluded on 25th August, 1933, at a Conference in London of representatives of the wheat-exporting and wheat-importing countries, presided over by Mr. R. B. Bennett, Prime Minister of Canada.

Exports from the main wheat-growing countries for the years 1931-32 and 1932-33 were as follows :—

WHEAT, INCLUDING FLOUR—MILLION BUSHEL.

	1932-33. (August to July.)	1931-32. (August to July.)
Canada	261	206
United States of America	29	109
The Argentine	131	140
Australia... ..	148	154
Russia	16 (a)	66 (a)
Bulgaria	3	11
Hungary	7	18
Rumania... ..	(b)	37
Jugoslavia	1	15
Total	596	756

(a) Wheat only. Date up to 31st May. For 1931-32 this is evidently a revised figure, as previously exports for the whole year were estimated at 63 million bushels.

(b) Less than 500,000 bushels (up to the end of June).

BRITISH GOVERNMENT AND WORLD TRADE.

(Liberal Party and tariffs : plea for lowering of barriers ; Position of World Economic Conference : Ministerial statement.)

On 28th November, in the House of Commons, a Liberal Amendment to the Address was moved. It regretted that the King's Speech indicated no effective policy on the part of the Government to promote either the restoration of world trade or the development of the resources and the equipment of the nation.

DEBATE IN HOUSE OF COMMONS.

Rt. Hon. Sir F. Acland (Liberal, Cornwall, N.) said that though the death blow to the World Economic Conference came owing to the action of the United States on currency, from the time of the Chancellor of the Exchequer's speech on 14th June the Conference was doomed to sterility so far as the main work was concerned—the mutual lowering of tariffs and quotas. The absence of any mention of the Conference in the King's Speech showed that the Government knew that it was now dead. The Conference was the most potent for good, if it had been prepared for thoroughly and handled wisely, of any of the Conferences held in Europe since the Peace Conference at Versailles.

He wished to know whether or not the Government had any practical policy for effecting a world-wide lowering of tariff barriers and restrictions ? They had had everywhere an unprecedented slump in trade, but now things were slightly tending to improve again ; and he was informed that countries would be inclined to modify the height of their tariff walls and the severity of their quotas. Were the British Government going to stand aside instead of giving the lead which in view of British traditions and influence in the world they could so usefully give ? If they were merely going to stumble along with bilateral agreements, without modification of the “most-favoured-nation” Clause, he asked in the name of sanity and consistency, why ?

Labour Party and the means test.

Sir Stafford Cripps (Labour, Bristol, E.) dealt with the attitude of the Labour Party towards the means test for the unemployed, and declared that its complete abolition was the policy of the Party. Experience had shown that the hardships and privations connected with the administration of such a test were so great that they could not be borne. If the cost of its abolition was that some few people might draw transitional benefit who ought not to do so it was a cost well worth paying. They would far rather that happened than that hundreds and perhaps thousands of people who genuinely needed the benefit should be kept below the starvation level.

The Parliamentary Secretary to the Board of Trade (Dr. L. Burgin) pointed out that in the King's Speech on the occasion of the Prorogation of Parliament in the previous week it was stated that the World Economic Conference had “left in being suitable organisations charged with the task of fixing the date of reassembly and of making the preliminary arrangements necessary for the purpose.”

Sir F. Acland : “Do you intend to use that machinery ?”

The Parliamentary Secretary to the Board of Trade replied that it was available for use on the earliest occasion on which circumstances permitted. It was entirely false to deduce that the Government had in some way put the World Economic Conference out of their thoughts.

Tariff bargains.

In his speech to the World Economic Conference, the Chancellor of the Exchequer laid down the conditions upon which Great Britain would be prepared to enter into tariff bargains with other countries. They were :—

That any multilateral agreement had to show that really tangible reductions of tariffs could be secured with a sufficiently general measure of support and over a sufficiently wide area ;

That it must not impose on low tariff countries dispro-

portionate sacrifices ; and

That it must not have injurious repercussions or lead to tariff wars.

Some hon. Members continued to flirt with the idea of the Ouchy type of tariff agreement. They suggested that some group of low-tariff countries might be conceived and that then Great Britain might try to throw in her lot with that group. He had carefully examined all the low-tariff groups and regional agreement proposals. They involved the exclusion from the benefits of those countries who would not come within the group. That, in fact, meant tariffs against those who did not come in. Whatever else that might be, it was not Free Trade or anything approaching it. It was a system of differential tariffs.

No group of low-tariff countries that had been suggested amounted to anything but a small fraction of the trade of Great Britain. Was it suggested that, for the purpose of improving the 5 or 10 per cent. of their trade, they should load the dice against themselves for the remaining 90 or 95 per cent.? It was quite an impracticable proposition.

Loss in export markets.

Maj. G. Lloyd George (Independent Liberal, *Pembroke*) said that whatever system of Protection they had in Great Britain, with the peculiar circumstances of the country and its market as it was to-day, they could not make up for the loss they had suffered in export markets. It was said that there was little hope of employment for 1,000,000 or 1,500,000 people in the country who had been referred to as the "hard core" of the unemployed. He urged that 500,000 people should be settled on family farms. The marketable surplus of a family farm was not a large one, and the result would be not that they would upset the exchange trade of the country, but that they would give an enormously increased standard of life to many of those people. Let it not be forgotten also that it had been calculated that for every person put on the land another person was employed elsewhere.

After further debate, the Amendment was negatived by 434 votes against 58.

JAPAN AND BRITISH TRADE.

(Competition in Home and Empire markets ; British Government urged to take action ; Negotiations between industrialists : the mission to India ; Anglo-Japanese Treaty : plea for denunciation ; Views of the Government.)

On 29th November, in the House of Commons, a debate took place on the subject of Japanese competition with British trade both in Home and Empire markets.

DEBATE IN HOUSE OF COMMONS.

Mr. A. E. G. Fuller (Unionist, *Manchester, Ardwick*) moved a Resolution which urged the Government to state their intention, in the event of satisfactory quota arrangements not being made by agreement with Japan, to take immediately all steps within their power to minimise the competition of Japanese imports, freeing themselves, if necessary, from engagements which would prevent effective steps being taken.

The competition of which they complained, he said, was becoming more and more intensified in an ever-widening range of manufactured goods. After quoting figures to show the increasing ascendancy of Japanese imports in markets where they were formerly negligible, Mr. Fuller contended that State subsidies and currency depreciation, such as were continuing in Japan, were not legitimate factors in trade competition. He referred also to the longer hours worked and lower wages paid in Japan as compared with Great Britain, as well as to the operation of the "most-favoured nation" Clause.

It seemed to him that every concession they gained through the efficacy of their tariffs as a bargaining factor was passed on to Japan, and they were not in a position even to ask for a *quid pro quo*. He asked the Government to grapple with that aspect of the problem at once and free themselves from every engagement which might prevent them dealing with the matter. He recognised the desirability of coming, if possible, to some agreement with Japan and of an endeavour being made for an arrangement, first with the Empire and then in the markets outside.

Lowered standard of life.

Maj. H. A. Procter (Unionist, *Accrington*), in seconding the Resolution, said that serious alarm was felt, not only in Lancashire and the Empire, but throughout the Western World, lest the standards of life of the white people, or the amenities they so much valued, should be lowered or destroyed because of Japanese competition. He asked whether the Government would appoint a Minister, or at least a director of cotton, who would be responsible to the House of Commons. He suggested the setting up of an *ad hoc* committee of experts to hammer out a scheme to enable the cotton trade to reorganise itself. Such a committee could lay before them a scheme for the utilisation of Indian raw cotton and thereby remove the moral claim which India had to a share in the Indian market. If they expected the Government of India to continue their benevolent attitude towards Lancashire they must take more Indian cotton.

Mr. R. J. Davies (*Labour, Westhoughton*) remarked that there was no difference of opinion between Members of all Parties as to the alarm caused by the keen competition from cheap Japanese goods. Did the Government intend to use the machinery of the International Labour Organisation to deal with what was agreed on all hands to be the low standard of life of the operatives in the textile industry of Japan? The Lancashire textile industry was packed with petty jealousies. Had not the time arrived when the Government should undertake, in conjunction with the owners, to unify the industry? The Bulletin of the International Cotton Spinners' Association stated that practically all the 8,000,000 spindles in Japan were under one control. Two or three things must be done. Negotiations must continue; the Government must make the best bargains they could for trade purposes; and the Home market must be developed. **Lancashire and Indian cotton.**

Rt. Hon. Sir H. Samuel (*Liberal, Darwen*) said that at the recent Conference in Canada under the auspices of the Institute of Pacific Relations a great part of the time was spent on the question of the competition of Japanese trade with other countries. In Japan the use of Indian cotton, which was much cheaper than American, and the skilful blending they had succeeded in securing in the Japanese mills, were important factors in the success of the Japanese industry. There was every reason why the Lancashire trade would be well advised to make every effort to consume larger and larger proportions of cotton from the Indian Empire. The first thing to be done was to strengthen the trade associations in Lancashire and, to a greater extent, to unify the industry. The elements in which there was unfair competition affected all European countries engaged in the cotton trade. He wished to know whether the British Government contemplated any form of common action?

Mr. S. S. Hammersley (*Unionist, Stockport*) said that while they were strengthening the bonds of Empire at Ottawa, they were being weakened and destroyed at Tokio. Japanese policy was a policy of capturing their Empire markets. The present industrial policy of Japan and the economic security of the British Empire were incompatible. Japanese goods were driving British goods out of Empire markets and driving their men on to the streets. There should be a fundamental change in the conditions under which Japanese goods were admitted to the Empire markets. The main obstacle to any rapid method of dealing with the problem was the Anglo-Japanese Treaty. His view was that the Treaty would have to be denounced sooner or later. If that were done they would certainly cut the Gordian Knot.

Attitude of the Government.

The President of the Board of Trade (*Rt. Hon. W. Runciman*) said that when they last debated this question he stated that he favoured the attempt being made by the industries themselves in the first place to provide solutions of these very difficult and complex subjects. He thought they had been justified by what had happened in India. Very fortunately, the reception of the industrialists who went out to India was so generous and sympathetic that they were able to arrive at an agreement with the Indian representatives. There were other parts of the world, however, where it was not so easy to deal with the situation. Even in India they had not disposed of the whole problem by making arrangements as between British and Indian producers.

He had been asked whether more could not be done through the International Labour Office. "It was on the initiative of the British Government," Mr. Runciman continued, "that the necessity of providing protection for wages was coupled with the question of reducing working hours at the last International Labour Conference. It was also indicated that the Government would do everything in their power to co-operate with the International Labour Office with regard to wage standards throughout the world. That is still our policy, and we shall certainly be ready to cement what was done in the past and to repeat it in the future. Do not let us run away with the idea that it is possible to go to the International Labour Office and to get them to solve the Japanese wage question. . . I am all for using the International Labour Office to the full, but we cannot expect it to bring about a revolution in the attitude of the Japanese towards the great economic problems of the world."

The Anglo-Japanese Treaty.

There appeared to be a fairly general view, Mr. Runciman said, that they would gain a good deal if they abrogated the Anglo-Japanese Treaty. They would gain a freedom of action which at the present moment was limited by the undertakings into which they had entered. Let them not forget, however, that the Treaty affected not only the United Kingdom, but some 28 or 30 other countries within the British Empire. If they were to abrogate the Treaty, they would have none of the advantages which came from a commercial treaty between two great countries which still had a large trade conducted between them. He could not feel that, balancing the present advantages, they would gain very much on behalf of the textile trade of Lancashire if they began by abrogating the Treaty. They should first exhaust all other means before they embarked on the denunciation of the Treaty.

"Do not let us give the impression in the world," Mr. Runciman added, "that Japan has beaten us. We have troubles with her as a competitor, and it may be that the whole of the Western countries are going to have trouble. It may be necessary that we shall all have to stand together in a common economic cause. That is one of the reasons why we are trying to impress on the Japanese mind the fact that it is well for them to be on a friendly footing with the rest of the world rather than to carry their movements so far that they arouse, not only in this country, but elsewhere, feelings of enmity. Those of us in particular who believe in the cause of peace ought to aim at bringing home the necessity for getting on the best terms, not only with her Government, but with her industrialists and with the people themselves."

The Resolution was afterwards agreed to without a division.

BRITISH DEBT TO UNITED STATES.

(The December instalment ; Final settlement deferred owing to commercial and monetary situation.)

On 7th November, in the House of Commons, in reply to Lt.-Col. Sir V. Henderson (Unionist, *Chelmsford*),

The Chancellor of the Exchequer (Rt. Hon. N. Chamberlain) said that the discussions in the United States of America in regard to the War Debt had now been concluded. It had unfortunately not been proved possible to reach agreement for a final settlement. The British Government recognised, however, the difficulties which existed in the way of reaching such an agreement at the present time, by reason of the unsettled economic and financial situation, and they had accordingly informed the United States Government that they were prepared to make, on 15th December, a further payment of 7,500,000 dollars in United States currency, in acknowledgment of the Debt, pending a final settlement. The British Government had stated that they were ready to resume negotiations on the general questions whenever, after consultation with the President, it might appear that this could usefully be done.

President Roosevelt's statement.

President Roosevelt was making a statement in Washington in regard to the discussions. After briefly referring to the origin and result of the conversations, the statement continued as follows :—

"It has, therefore, been concluded to adjourn the discussions until certain facts in the world situation—commercial and monetary—become

more clarified. In the meantime I have, as Executive, noted the representations of the British Government. I am also assured by that Government that it continues to acknowledge the Debt without, of course, prejudicing its right again to present the matter of its readjustment. . . . In view of these representations, of the payment and of the impossibility, at this time, of passing an opinion, finally and justly, upon the request for a readjustment of the Debt, I have no personal hesitation in saying that I shall not regard the British Government as in default."

Rt. Hon. Sir Austen Chamberlain (Unionist, *Birmingham, W.*) asked whether the payment would be made in all respects on the same conditions as that which was made on the last due date ? *

The Chancellor of the Exchequer replied that that was so.

SHIPPING INDUSTRY AND SHIPBUILDING.

(Depression in industry ; Competition of foreign subsidised shipping ; Request for subsidy ; Proposals of Chamber of Shipping ; Labour and national control ; Consultation with Dominions ; Government and negotiations with foreign countries ; Consideration of emergency Measures ; etc.)

On 13th December, in the House of Commons, a debate took place on the position of the shipping industry and shipbuilding.

The Motion, which was proposed by Dr. J. W. Leech (Unionist, *Newcastle-upon-Tyne*), was in these terms :—

That this House views with grave concern the present depression in the shipping and shipbuilding industries due largely to uneconomic State-assisted foreign competition, and urges the Government to take immediate steps to assist and defend these vital and important industries.

DEBATE IN HOUSE OF COMMONS.

Col. L. Ropner (Unionist, *Barkston Ash*), in seconding the Motion, said that the problems that faced the shipping industry were threefold, arising from the low level of world trade, the excess of world tonnage and the British share of trade growing less in proportion to other nations. Available cargoes had fallen, since 1913, 10 per cent. in volume and 50 per cent. in value and many of the difficulties arose from the gigantic growth of the mercantile marines of other nations, out of all proportion to the economic demand. The mercantile marine of the United States had, since 1914, increased by 267 per cent., being subsidised during that period by £1,000,000,000 ; that

* *Vide* JOURNAL, Vol. XIV. No. 3, p. 457.

of Italy had more than doubled; Japan had increased by 149 per cent. and France was half as big again, while Great Britain's marine had remained almost constant, and the number of tramp ships had been halved. Foreign nations, in many cases, reserved their trade for their own ships and discriminated against other nations.

Competition with foreign shipping : request for subsidy.

Referring to the sale of British ships to foreigners, Col. Ropner pointed out that small firms on the verge of bankruptcy had to sell in the best market, to foreigners, and the way to remedy this was to enable British owners to compete upon equal terms with foreigners. British shipping fighting alone could not hope to compete with foreign State-assisted shipping. Some of the steps taken by the Government to protect manufacturing industries and agriculture had harmed the shipping industry which should be entitled to special consideration, and he asked the Government for a temporary subsidy of £3,000,000 a year for tramp shipping only, to enable it to struggle on.

Proposals of Chamber of Shipping.

Col. Ropner also referred to other proposals submitted by the Chamber of Shipping—firstly, that the Government should denounce and then revise existing treaties and negotiate new agreements stipulating for the employment of a minimum number of British ships; secondly, that a trade group of nations be formed for free access on equal terms to each other's freight markets; thirdly, that discriminating dues be imposed on ships or cargoes under subsidised flags; and fourthly, discriminating Customs duties should be levied on cargo imported into the United Kingdom in foreign ships, and exemption under the Import Duties Act, 1933, should be granted only to cargoes carried in British ships; and lastly, that preference on Empire goods should only apply when so carried.

Labour and national control.

Mr. Neil Maclean (Labour, Govan) moved to leave out the words from "industries" to the end of the question, and to add the following instead:—

"and declares that immediate steps should be taken to secure a code of international shipping regulations; and further, is of opinion that the reorganisation of the shipping and shipbuilding industries under public ownership and control, the building of efficient vessels with modern equipment, and the establishment of fair conditions for the seamen are essential if the British Mercantile Marine is to be reduced to its former pre-eminence."

Mr. Maclean observed that Col. Ropner wanted the Government to grant a subsidy; but he thought that that was not

a solution of the problem. The last Labour Government had set up a Committee to consider the disposal of obsolete tonnage, but the industry could not agree as to their requirements—and even to-day they did not speak with one voice on the problems before them. Many ships were not scrapped, but were sold and used in direct competition at cheaper rates and thus shipowners were subsidising foreign shipping. He advocated that the shipping of this country should be taken under National control and was sure that the President of the Board of Trade would see to it that the nation did not lose in taking over the industry if compensation had to be paid.

International co-operation ; Consultation with Dominions.

Rt. Hon. Sir H. Samuel (Liberal, Darwen) agreed that the present depression was due largely to uneconomic State-assisted foreign competition, but did not consider that the remedy proposed by Mr. Maclean was the right remedy. The right course was suggested in the Resolution of the Chamber of Shipping in their second recommendation:—

"That the Government be asked to intensify its efforts to promote a trade group of nations willing to trade on a reciprocal basis of equality of treatment."

Sir H. Samuel went on to say that there were three possible courses to take. One, to revert to the 18th century policy of the Navigation Laws; the second, that of a temporary subsidy limited to tramp shipping—both of which limitations would prove illusory as, once granted, it would be difficult to withdraw, and to aid tramp shipping to compete more effectively with liners was an impossible proposition. He did not believe in commercial subsidies of any kind and if a subsidy was granted it would be followed by Scandinavian and other countries which did not now give a subsidy.

Rt. Hon. Sir Robert Horne (Unionist, Hillhead): "A subsidy may be the necessary oxygen to save the patient at the last moment."

Sir H. Samuel, quoting Mr. Shaw, a leader of the shipping industry, said that he hoped it would never come to that. He (**Sir H. Samuel**) submitted that the right course was to decrease and abolish the evil by direct action, by securing a measure of international co-operation and enlisting the support of the Dominions, which so far had not been forthcoming.

At the World Economic Conference, France and the United States recognised the evil and might join in suppressing it. The only course that appeared to him that might be practicable would be a system of imposing countervailing penalties on unfairly subsidised ships bringing cargoes into the countries who are willing to co-operate in suppressing subsidies, thus

making subsidies unprofitable. He agreed with those who moved the Motion that the House could not sit quietly by and see a vital industry slowly destroyed.

Sir R. Horne said that it was because international co-operation had proved entirely impossible that, as a last resort, the British shipping industry was asking for support for the first time in its history.

Referring to Mr. Maclean's Amendment, Sir R. Horne enumerated the discouraging results of the Governments of other countries which had endeavoured to conduct the industry. He agreed with Sir H. Samuel that subsidies were things which ordinarily are bad in themselves; but noted that Mr. Shaw (P. & O. Company) had said that upon occasion a subsidy may be needed to keep your shipping alive. Other nations had been defending their shipping while they had been neglecting theirs. The Prime Minister of Italy had granted subsidies to shipping, among other industries, and if he was prepared to pit the Italian taxpayer against the British, then we must take up the challenge.

In conclusion, Sir R. Horne said: "We should call together the representatives of the British Dominions and put to them the proposition that the Empire would be seriously injured if competition ran British boats off the sea . . . and that we had better adopt the earliest possible remedy that we can find in order to deal with the matter. . . . We have to make foreign nations aware that the British people are aroused upon this subject and that they do not mean to surrender the place which they have had through all the centuries on the seas."

Lack of international trade.

Sir Charles Barrie (*Liberal-National, Southampton*) emphasised that the shipping industry was in a parlous condition and one of which it could not rid itself. It suffered from one thing alone and that was lack of international trade, and no subsidies could ever take the place of that. But if other Governments were to subsidise their tonnage, so as to jeopardise the British position, surely it was the business of the Government to try to help the industry to tide over until international trade recovered and the industry was on its legs again.

It was with the greatest difficulty that the Tramp Shipping Committee decided to ask for a subsidy at all. They would prefer the Government to put into operation other means to meet the present difficult position.

Sir C. Barrie emphasised the importance of the Merchant Fleet in the event of war and felt that the country would say that, no matter what the cost, it must be maintained at a high level of efficiency.

Disposal of obsolete vessels.

Difficulties as to selling tonnage abroad could be got rid of, if the Government would help shipbuilders and owners by scrapping all vessels rotting in port and utilising the steel to produce new steel for new vessels. It was not a shipowners' matter, but one for the Government to deal with nationally, and he hoped they would be able to assist this vital industry through the present crisis.

Competition under the British flag; Shrinkage of world trade.

The President of the Board of Trade (Rt. Hon. W. Runciman) pointed out that competition was being conducted between various classes of shipping under the British flag, just as keenly as between vessels under different flags. He dismissed the proposal made from the Front Opposition Bench. The experiences of America and Australia were sufficient to dispose of the idea that they could get out of their troubles by handing over the Merchant fleet to the Government. They could not by that method manage a great industry such as shipping, especially when fighting for its existence.

He agreed with Sir H. Samuel that the reason why profits had gone down was undoubtedly the shrinkage of world trade. There was less grain carried now and that hit the tramp far harder than the liner; there had been a great drop in the export of coal to foreign countries, which used to be the staple outward cargo of the tramp, and nothing but the restoration of that coal trade would restore British shipping to its palmy days. There was a difference between the liners and the tramps. The liners had been aided by "conference" agreements, but there was nothing like that in the tramp industry. There may have been a lost opportunity there. He thought it might be a good thing if the influence and power of the White Sea Conference could be extended, though they could not hope by one and the same cure to deal with the problems of the two branches, liners and tramps.

Anti-subsidy policy: experience at Economic Conference.

Continuing, Mr. Runciman said that to help them to negotiate with foreign countries they would have to have something to give away. The experience gained at the World Economic Conference was that, with the exception of Norway, Sweden, Denmark and Holland, and—rather grudgingly—France, no country would support the British anti-subsidy policy, and he had been surprised to find that some countries would have nothing to do with even the diminution of subsidies.

The proposal before them from the Chamber of Shipping was being considered as a practical proposal with regard to a subsidy for tramp ships.

He wanted to make it clear that the temper of the country had been aroused on the subject. The Government were conscious of that. "Unless," said Mr. Runciman, "we can bring home to the aggressive countries who are fighting us with finance, as well as with ships and men, the fact that we can hit, and hit hard, that our resources can be put at the disposal of this great and essential industry, I do not believe we shall make any progress at all."

He felt that even if they were to adopt a subsidy of 10s. and 5s., it would be easy for the 10s. to slip through the fingers of the shipowner and might eventually benefit a foreign merchant. "It is really up to the shipping community as a whole," said Mr. Runciman, "to find means which they recommend to us with certainty, and that we can accept, by which any financial aid that we give shall not be dissipated in that way."

Emergency measure : safeguarding shipping.

The subsidy for which they had asked was to be temporary, and to be applied to safeguarding an industry which was passing through a great crisis. It was frankly an emergency measure, not to bolster up inefficient ships or managers, but to preserve something of vital value to the country. Tramp shipping was absolutely essential not only for well-being and peace, but for organisation in war. The Admiralty was almost as much interested as the Chamber of Shipping.

Mr. Runciman added: "I do not know that the House has thoroughly appreciated these very remarkable figures. Depleted as our shipping undoubtedly is, of the world's international trade 15 per cent. is British inter-Imperial trade, 39 per cent. is between the British Empire and foreign countries, and 46 per cent. is between foreign countries alone. British shipping carries, of this, 90 per cent. of the inter-Imperial trade, 60 per cent. of the trade between the Empire and foreign countries, and 25 per cent. of the trade between foreign countries alone."

Referring to the vessels engaged in foreign trade alone which only came home once in four years to be re-surveyed, they had to be very careful not to do anything by way of retaliation or fiscal war or discrimination which would do more harm than good, but that was an additional reason for examining the problems with care and rapidity.

They were taking into account the disabilities under which those interested in the liner service were labouring, "and," said Mr. Runciman, "we shall, if necessary, take steps to see that they get fair play, at all events within our inter-Imperial Trade. . . We have been forced to the use of tariffs to protect certain other industries and we may be forced, reluctantly, to take measures to safeguard our shipping. It

would mean a change in the policy which we have tried for so long to maintain, and we should only do it under the stress of necessity, but if we do it we shall do it unflinchingly."

On a division the Amendment was negatived and the Motion was agreed to by 221 votes to 34.

INTER-IMPERIAL TRADE.

(Work of Tariff Board in Canada and Australia ; Value of Ottawa Agreements ; Food imports from Dominions ; Newfoundland iron ore ; Imperial trade unity.)

On 7th November, in the House of Commons, replying to Mr. H. G. Williams (Unionist, *Croydon, S.*),

The Secretary of State for Dominion Affairs (Rt. Hon. J. H. Thomas) said he understood that the Canadian Tariff Board had heard and were considering evidence in support of an application for a reduction of the duties on woollen and worsted goods, and were making arrangements to hear evidence in respect of several other applications.

As regarded Australia, he understood that, in accordance with recommendations made by the Commonwealth Tariff Board since the date of the Ottawa Conference, the duties on United Kingdom goods had been reduced in 67 items or sub-items of the Tariff and increased in five items. In addition, reductions ranging up to 12½ per cent. *ad valorem* were to be made in the protective duties applicable to British goods, in partial relief of the depreciation of Australian currency in terms of sterling, in relation to approximately 850 items and sub-items in the Tariff. The primage duties on United Kingdom goods had also been reduced or abolished in many cases.

Mr. P. J. Hannon (Unionist, *Birmingham, Moseley*): "Has there not been, since the Ottawa Conference, a general disposition on the part of the Dominions to meet the conclusions arrived at at the Conference, and to help us as far as possible in the development of inter-Imperial trade?"

The Secretary of State for Dominion Affairs: "The figures clearly demonstrate the value of the Ottawa Conference and the Agreements, not only to ourselves, but to the Dominions and Colonies."

Imports of foodstuffs from Dominions.

On 27th November, in answer to Rt. Hon. G. Lambert (Liberal National, *South Molton*),

The Minister of Agriculture (Rt. Hon. W. Elliot) said that the provisions of the Ottawa Agreements securing free entry into the United Kingdom of butter and cheese from Australia and New Zealand are due to expire on 19th August, 1935.

while the undertaking that no restriction will be placed on imports of meat from those Dominions is due to terminate on 30th June, 1934.

Mr. Lambert asked whether **Mr. Elliot** had intimated to the Dominion Governments that this unrestricted competition, fostered by depreciated currency, could not go on without ruining British farmers?

The Minister of Agriculture replied that it was on account of exactly that sort of difficulty that the Chairman of the Milk Marketing Board made a special visit to New Zealand, and the visit had good effects in removing misunderstanding.

Newfoundland iron ore.

On 28th November,

Sir Percy Hurd (*Unionist, Devizes*) asked whether, in view of the testimony of the Newfoundland Royal Commission that the economic stability of Newfoundland would be increased if more of the ore imported into the United Kingdom by steel-makers were taken from Newfoundland, the Secretary for the Dominions would say by what means he proposed to encourage this inter-Empire trade?

The Secretary of State for Dominion Affairs said he understood that negotiations had taken place between the various commercial interests concerned in the matter which it was hoped would result in an increased use in future of Newfoundland ore in the United Kingdom. He understood that imports of this ore had recently been resumed after a considerable lapse of time.

Sir P. Hurd asked whether the House might take it that **Mr. Thomas** himself was fully alive to the importance of developing these resources in the interests of Newfoundland and of the whole Empire?

The Secretary of State for Dominion Affairs: "I may say that I promised **Mr. Alderdice** two years ago to do my best. I personally called the steel interests together and even went to the extent of negotiating prices. This is the first result, and I hope it will be followed up."

Imperial trade unity.

On 12th December,

Dr. A. B. Howitt (*Unionist, Reading*) asked the Prime Minister whether he would consider establishing an independent trade body, under the chairmanship of a British Minister, to undertake the development of Imperial trade unity?

The Prime Minister (*Rt. Hon. J. Ramsay MacDonald*): "The Government are always ready, in consultation with the other members of the British Commonwealth, to consider means for the development of inter-Imperial trade relations

They have noted in this connection the suggestion recently made by the High Commissioner for the Commonwealth of Australia, to which my hon. Friend perhaps refers."

EMPIRE SETTLEMENT.

(Migration policy; Eastern Provinces of Canada.)

On 14th November, in the House of Commons, in answer to **Mr. P. J. Hannon** (*Unionist, Birmingham, Moseley*),

The Secretary of State for Dominion Affairs (*Rt. Hon. J. H. Thomas*) said that the question of the policy to be adopted by the British Government when opportunities for any considerable migration arose again was at present under consideration.

Brig.-Gen. Sir H. Croft (*Unionist, Bournemouth*) asked if it was not a fact that if any great scheme of migration was worked out it would take at least two years to prepare the plans? Would **Mr. Thomas** give them some encouragement to believe that the Government were now thinking two years ahead in the matter?

The Secretary of State for Dominion Affairs: "I unhesitatingly say that the Government are now considering it, but I emphasise the harm that would result from an announcement that there was likely to be migration now. . . . Plans will be considered on a much broader and wider basis than any that have been considered before."

Brig.-Gen. J. J. Nation (*Unionist, Hull, E.*) inquired whether, as a result of communications concerning the Hornby scheme settlers were likely to proceed to Canada in the near future?

The Secretary of State for Dominion Affairs replied that in the papers he had circulated regarding his scheme, General Hornby made it clear that he did not advocate any immediate migration to Canada from the United Kingdom.

Eastern provinces of Canada.

On 12th December, in answer to a question as to whether any measures had been taken to establish British community settlements on farms in the eastern provinces of Canada,

The Secretary of State for Dominion Affairs said that so far as the United Kingdom Government were concerned no measures had been taken and no money grants had been made in connection with the establishment of community settlements in Canada.

Brig.-Gen. J. J. Nation (*Unionist, Hull, E.*): "Is the right hon. Gentleman's Department contemplating any land settlement at all in that part of Canada?"

The Secretary of State for Dominion Affairs: "The Department has the whole problem under review at this moment . . . but it depends upon the economic changes that are likely to take place in the Dominion. It would be bad policy to send people unless they were sure of a job."

UNITED KINGDOM SETTLERS IN VICTORIA.

(Case of British migrants to Victoria ; Proposals of Commonwealth and State Governments ; Statement by Dominions Secretary ; Criticism of proposed compensation.)

On 9th November, in the House of Commons,

Sir R. Hamilton (*Liberal, Orkney and Shetland*) asked for information regarding the sum proposed to be allocated by the Victorian Government for the relief of British migrants settled in that State.

The Under-Secretary of State for Dominion Affairs (Mr. M. MacDonald) replied that the proposals adopted by the Commonwealth and Victoria Governments* covered the cases of 271 United Kingdom migrants. They included provision for effective settlement on the land where that was possible, and where that was not possible, or where the migrant did not desire to remain on the land, for remission of debts due to the Crown and cash compensation not exceeding £500 a family. It was estimated that the total sum involved would be about £400,000.

He realised that the proposals were not acceptable to certain of the migrants, but the Secretary for the Dominions, after the most careful consideration, reached the conclusion that the arrangements proposed constituted, in all the circumstances, a reasonable adjustment of a very difficult matter. The Secretary for the Dominions was pressing for an early settlement of the matter and the necessary legislation was under discussion in the Victorian Legislature.

DEBATE IN HOUSE OF COMMONS.

On 14th November, on the motion for the adjournment of the House of Commons, the question of British settlers in Victoria was discussed.

Mr. W. Lunn (*Labour, Rothwell*) urged that the proposals of the Victorian Government did not meet the situation. He had received a note from the Agent-General of Victoria in which he said that more than 200 of these people would

* *Vide pp. 106 & 129.*

remain on their blocks. At the same time he received a telegram from the settlers in which they said :—

"It is said by the Attorney-General of Victoria that the Bill does inevitably rough justice.* It is more rough than just. Inadequate compensation forces settlers remain on uneconomic holdings. Settlers compelled to leave must accept compensation at depreciated currency. Urge you exert pressure force. British Government accept share responsibility."

Although in this case they in Great Britain might have no legal responsibility, he was convinced they had a moral responsibility to these settlers and it really ought to be met by the Government.

Sir R. Hamilton said he was satisfied that the flat rate of compensation arranged by the Government of Victoria could not, and did not, fairly meet the individual cases. The Victorian Government had gone a considerable way to try and put right the awful mistakes that had been made, but there was a great deal yet to be done before it could be said that the ills the migrants had suffered had been fairly compensated.

Possible future effects.

Sir J. Birchall (*Unionist, Leeds, N.E.*) felt that the good name of settlement in Australia was at stake, and that if this matter was not dealt with fairly future migration would be an exceedingly difficult problem. Good faith, the keeping of promises, was at the very bottom of successful migration and settlement. If it once became the general opinion that a particular Government or a particular country was unreliable, then they might say good-bye to any successful scheme of settlement.

The Secretary of State for Dominion Affairs (Rt. Hon. J. H. Thomas) said he would not join issue with any speech condemning in the strongest possible terms the inadequate arrangements made and the failure of the Victorian Government to provide what they had promised in the original arrangements. Also he did not join issue with any Member who deprecated the treatment which many of these people had received. At first sight the flat rate compensation might appear unfair, but the investigation showed that there were people who lost more money than others because they were not so efficient.

He admitted the moral responsibility of bringing pressure and influence to bear on the Australian Government. But if for one moment it were assumed that the British Government were to hold themselves responsible for migrants who went to Australia with capital, what right would they have to say that the same responsibility did not rest upon them for those who went to Australia, or Canada, or anywhere else, without capital, and who were prepared to fight their own battle?

After further debate, the subject dropped.

* *Vide p. 129.*

UNITED KINGDOM AND IRISH FREE STATE.

(Statement by Secretary for the Dominions ; Bills to amend the Free State Constitution ; British Government's view of the new legislation : further repudiation of Treaty obligations ; Eliminating the Crown from the Constitution ; Free State and the British Commonwealth ; Dispatch from Mr. de Valera and British reply ; Question of consultation with other Dominions.)

On 14th November, in the House of Commons, replying to Mr. P. J. Hannon (Unionist, *Birmingham, Moseley*),

The Secretary of State for Dominion Affairs (Rt. Hon. J. H. Thomas) said he thought it would be convenient to state the position of the United Kingdom Government with regard to the most recent developments in the Irish Free State, and in particular to the three Bills, now before the Free State Parliament, for the amendment of the Free State Constitution.*

"We are advised," he continued, "that the legislation conflicts in important respects with the Treaty of 1921, and its passage therefore involves a further repudiation of the obligations entered into by the Irish Free State under that Treaty. We have already made perfectly clear the view which we take of action of this kind. Quite apart from any question of legality, we look upon it as a repudiation of an honourable settlement. No modification of the Treaty can properly be made except by agreement between the two countries. But that is not the only aspect of the matter.

Position of the Crown.

"The real significance of the Bills is that they clearly indicate an intention gradually to eliminate the Crown from the Constitution of the Irish Free State. Mr. de Valera has told us (as I said in the House of Commons on the 17th June, 1932)† that his ultimate aim is the recognition of a United Ireland as a Republic with some form of association with the British Commonwealth in some circumstances and for some reasons and the recognition of the King as the head of the association. Any such proposals would be totally unacceptable to His Majesty's Government in the United Kingdom.

"Our view can be clearly stated. The Declaration of the Imperial Conference of 1926 as to the relationship of Great Britain and the Dominions under the Crown must be accepted as the basis of the constitutional position of the Irish Free State within the Empire. That Declaration is clearly inconsistent

* *Vide* JOURNAL, Vol. XIV., No. 4, pp. 826-827 ; *vide* also this issue pp. 189-191.

† *Vide* JOURNAL, Vol. XIII, No. 3, p. 611.

with a state of things under which the Irish Free State would be a member of the British Commonwealth of Nations for some purposes and not for all, and would cease to be united with Great Britain and the Dominions by a common allegiance to the Crown.

Membership of the Commonwealth.

"Our conception of membership of the British Commonwealth is something entirely different. The Irish Free State as a member of that Commonwealth is, as Mr. de Valera himself must now have learned, completely free to order her own affairs. Membership of the Commonwealth confers great advantages, which by her own action the Irish Free State is tending to lose : the privileges of common citizenship, economic advantages in trading with the rest of the Empire, and the opportunity of powerful influence in international affairs, in concert with the other members of the Commonwealth, in the cause of world peace.

"Those privileges carry with them responsibilities : respect for the Crown, loyal observance of engagements, the spirit of friendship and co-operation with the other members of the British Commonwealth. It is our desire to see the Irish Free State taking her full part as a member of the Commonwealth, not grudgingly, but of her own free will, accepting the responsibilities and enjoying the privileges. If she renounce the one, she cannot hope to enjoy the other.

"The dispute between the Irish Free State and ourselves is a dispute which affects the two countries only. We have never dragged, and do not intend to drag, any one of the Dominions into the internal dispute between ourselves and the Irish Free State. The other issues involved in my answer are matters which are separate and apart from that."

No provocative action.

Rt. Hon. Sir H. Samuel (*Liberal, Darwen*) asked whether the statement indicated any action by the United Kingdom Government ?

The Secretary of State for Dominion Affairs : "It clearly indicates, and was intended to indicate, not only to the people of this country but to the Irish Free State as well, the unanimous decision of His Majesty's Government. No provocative action of any kind is being taken by us, but, although the original dispute on the annuities was an issue between us prior to the Recess, the three Bills introduced by the Irish Free State Government, the purpose of which I have indicated in my answer, show clearly the determination of the Irish Free State Government in this matter.

"It is unfair and unwise not to indicate clearly to them and

to the country the serious view which His Majesty's Government take of the matter."

Question of a Republic.

On 5th December,

Major-General Sir A. Knox (Unionist, *Wycombe*) asked whether Mr. Thomas would take immediate steps to bring to the notice of the natives of the Irish Free State, both in the United Kingdom and the Free State, the disadvantages they would suffer in status and in the way of entering the United Kingdom from the declaration of the Irish Free State as a Republic?

The Secretary of State for Dominion Affairs replied that he did not feel that any such steps were necessary. The contingency had not arisen, and he hoped never would arise. Further, the advantages enjoyed by British subjects as compared with aliens in the United Kingdom were sufficiently well known and appreciated to need no emphasis from him.

Sir A. Knox asked if it was not a fact that in the event of the declaration of a Republic, immigrants from the Irish Free State would no longer be allowed to compete in the labour market of the United Kingdom and take advantage of schemes of social insurance? He also inquired whether it was not a fact that domiciled natives of the Irish Free State would be liable to be returned to Southern Ireland if they did not accept British nationality?

The Secretary of State for Dominion Affairs: "There can be no doubt whatever as to the disadvantages of aliens in this country compared with British citizens."

Exchange of Dispatches.

Replying to a question by the **Rt. Hon. G. Lansbury** (Leader of the Opposition),

The Secretary of State for Dominion Affairs said that on 30th November he received the following Dispatch from Mr. de Valera:

"I have the honour to refer to the statement made by you in the House of Commons on the 14th instant in reply to a question relating to the dispute between the British Government and the Government of the Irish Free State.

"(2) On that occasion, having stated that the British Government were advised that the Bills to amend the Constitution of the Irish Free State, then before the Oireachtas, conflicted in important respects with the Treaty of 1921, you declared that the Irish Free State as a member of the Commonwealth was completely free to order her own affairs. You also said that it was the desire of the British Government to see the Irish Free State taking her full share as a member of the Commonwealth, not grudgingly, but of her own free will, accepting the responsibilities and enjoying the privileges. You added that if the Irish Free

State renounced the responsibilities she could not hope to enjoy the privileges of membership.

"(3) Following this statement the Government of the Irish Free State feel obliged to make clear beyond any possibility of doubt the attitude of the Irish people towards the British Commonwealth. The Irish people have never sought membership of the Commonwealth. Their association with Great Britain and the Commonwealth has never on their side been a voluntary association. In every generation they have striven with such means as were at their disposal to maintain their right to exist as a distinct and independent nation, and whenever they yielded to British rule in any form they did so only under the pressure of overwhelming material force."

NOT A FINAL SETTLEMENT.

"(4) The Treaty of 1921 involved no fundamental change in their attitude. They submitted to the Treaty because they were presented with the alternative of immediate war. They did not accept it as a final settlement of their relations with Great Britain. Still less did they regard the Treaty in the sense in which the British Government seek to interpret it—as giving Great Britain a permanent right to interfere in their constitutional development.

"(5) The experience of the last 12 years has made it abundantly evident that lasting friendship cannot be attained on the basis of the present relationship. The Government of the Irish Free State infer from your statement on the 14th instant that the British Government also now realise the evils of a forced association and have decided not to treat as a cause of war or other aggressive action a decision of the Irish people to sever their connection with the Commonwealth. This attitude of the British Government appears to the Government of the Irish Free State to be of such fundamental importance that it should be formulated in a direct and unequivocal statement. The Government of the Irish Free State would sincerely welcome such a statement. They believe that it would be the first step towards that free and friendly co-operation in matters of agreed common concern between Great Britain and Ireland which ought to exist between them."

British Government's reply.

Continuing, Mr. Thomas said he had that day sent the following reply:—

"I have the honour to state that your Dispatch, No. 142 of November 29, has received our careful consideration.

"(2) His Majesty's Government in the United Kingdom cannot accept the description of the relations between the two countries set out in paragraphs 3 and 4 of your Dispatch. They have stated their view as to the 1921 settlement in my Dispatch of April 9, 1932, in the following words:—

"His Majesty's Government in the United Kingdom entered into the 1921 Settlement with the single desire that it should end the long period of bitterness between the two countries and it is their belief that the Settlement has brought a measure of peace and contentment which could not have been reached by any other means. Further, as the direct result of that Settlement the Irish Free State has participated in and contributed to the notable

constitutional developments of the last few years, whereby the position of the Dominions as equal members with the United Kingdom of the British Commonwealth of Nations under the Crown, has been defined and made clear to the world.'

"(3) His Majesty's Government in the United Kingdom would point out that the Treaty Settlement was duly accepted by the elected representatives of the people of the Irish Free State, and that its acceptance was subsequently confirmed at succeeding General Elections in the Irish Free State. The period which elapsed between 1921 and 1932 was marked by the progressive development of friendly relations and co-operation between the two countries."

HYPOTHETICAL CIRCUMSTANCES.

"(4) Since His Majesty's Government in the United Kingdom are thus unable to accept the assumption in paragraph 5 of your Dispatch—namely, that lasting friendship cannot be attained on the basis of the present relationship—they do not see any grounds for answering a question which is founded on that assumption. They cannot believe that the Irish Free State Government contemplate the final repudiation of their Treaty obligations in the manner suggested, and consequently they do not feel called upon to say what attitude they would adopt in circumstances which they regard as purely hypothetical.

"(5) In conclusion, I would state that His Majesty's Government in the United Kingdom feel that the free intercourse on equal terms with the other members of the British Commonwealth which the Irish Free State have enjoyed under the Treaty Settlement, culminating in the Statute of Westminster, is the surest proof of their freedom to work out their own destiny within the Commonwealth. We believe that the natural associations between the two countries are such that a close and friendly relationship between them is essential to their full prosperity, and I would once again emphasise what I have previously stated on many occasions—namely, that His Majesty's Government in the United Kingdom are, and always have been, most sincerely anxious to work in friendly co-operation with the Irish Free State as a member of the British Commonwealth."

Consultation with Dominions.

Mr. Lansbury asked whether it was intended to allow the House of Commons an opportunity of discussing the matter before anything final was decided as between the two Governments? Also, was it intended before any final decision was made to call the other members of the British Commonwealth of Nations into consultation, seeing it was a matter that, if carried to the projected end, would affect conditions in the other nations as well as in the United Kingdom?

The Secretary of State for Dominion Affairs pointed out that in the reply to Mr. de Valera the desire and intention was expressed, so far as the British Government were concerned, not to close the door to an honourable settlement.

"With regard to bringing in the other Dominions," Mr. Thomas continued, "I would emphasise what I have frequently stated. . . We have never endeavoured, and do not

desire now, to drag in any Dominion. The dispute between Ireland and ourselves originated because they repudiated some Treaty obligations. We took our stand by saying simply that we could not enter into further negotiations with people who repudiate their existing obligations."

Mr. Lansbury said that before the matter was carried to a decision the House of Commons should be informed and have an opportunity of recording its opinion. He could not imagine Mr. Thomas wished the Dominions to understand that, in the view of the British Government, the dispute was one in which they had no concern.

The Secretary of State for Dominion Affairs said he had better make the position clear. "When I replied on the question of the Dominions," he continued, "it was obvious that no one could talk about any member leaving the British Commonwealth and not realise that the Dominions would be affected. What I desired to make clear was that the original dispute between Ireland and ourselves was a dispute between us, and did not affect any other country. On the second point, the House of Commons naturally and obviously—I have already said that I hope that the contingency will not arise, but if it does arise—would be the first to be informed of the whole situation."

NEWFOUNDLAND ACT.

(Suspension of Responsible Government; Commission of Government; Acceptance of financial responsibility by United Kingdom; Royal Commission's recommendations; Labour Party's criticism; Statute of Westminster; Taxation without representation; Policy of new Government; etc.)

On 21st December the Royal Assent was given to the Newfoundland Act, the object of which is to make provision for the administration of Newfoundland on the lines recommended by the Royal Commission.

After reciting that an Address had been presented to His Majesty by the Legislative Council and House of Assembly of Newfoundland,* asking for the suspension of the Letters Patent of 28th March, 1876, and 17th July, 1905, and for the issue of new Letters Patent providing for the administration of the Island on the basis of the recommendations of the Royal Commission, the Act empowers the King to revoke the Letters Patent referred to and to issue Letters Patent providing for the administration of Newfoundland by the Governor acting on the advice of a Commission of Government.

* For summary of the Address *vide* "Appointment of Commission of Government," p. 200.

The Commission is to be composed of six members (exclusive of the Governor), of whom three are to be drawn from Newfoundland and three from the United Kingdom.

Authority is given to the Secretary of State for the Dominions, with the approval of the Treasury, so long as the affairs of Newfoundland are thus administered, to make advances for any of the purposes of the administration.

The Treasury may guarantee payment of the principal and interest of loans issued by the Government of Newfoundland.

DEBATE IN HOUSE OF COMMONS.

On 7th December, the House of Commons considered in Committee a Financial Resolution relating to the Bill.

The Chancellor of the Exchequer (Rt. Hon. Neville Chamberlain) stated the circumstances under which a Royal Commission was appointed to investigate on the spot the affairs of Newfoundland after it had become apparent that the Dominion could not meet its obligations. The Commission made recommendations of a twofold character and of far-reaching importance. They involved a step which was unprecedented—the suspension for a time of the present status of the Dominion and the substitution for its present form of government of a Government in Commission. In return for that, the recommendations involved the acceptance by the United Kingdom Government of financial responsibility for the affairs of the Dominion until such time as it became self-supporting again.

The Royal Commission had been extremely plain spoken in their account of the circumstances which had brought about the present condition of Newfoundland. It showed that the country had been the victim of a vicious and corrupt political system, and that in their view it was absolutely essential, if the financial position of the island was to be restored, that it should for a time have a rest from Party politics. It was only right to add that the present Government of Newfoundland had made most strenuous and praiseworthy efforts to bring about a better state of affairs. That Government had endorsed the recommendations of the Royal Commission and had entirely approved of the proposals they made.

The Government in Commission.

Continuing, Mr. Chamberlain explained that the Government Departments in Newfoundland would be gathered together into six groups, and one of the six Commissioners would take charge of each group. It was provided that the higher appointments in the public service would be subject to approval by the United Kingdom Government. Any new loan approved by the Governor would be subject to disallowance by the King on the advice of British Ministers.

The present public debt of Newfoundland, including certain temporary advances, amounted to £17,500,000, plus 9,000,000 Canadian dollars. The yearly interest amounted to nearly £1,000,000 and that was no less than 65 per cent. of the total revenue of the Dominion. There had been a Budget deficit every year since the War and a loan to meet the deficiencies in every one of the 12 years from 1920 to 1932.

There were very strong objections of a sentimental character to the idea that Newfoundland should default. It was their proud boast that up to the present time no Empire Government, indeed he believed no Empire municipality even, had ever defaulted. In addition, they could not forget that they had in Newfoundland not only their oldest Colony, but that during the Great War the contribution Newfoundland made to the Empire was in proportion to its population very high. There were also very powerful reasons on the economic side why, in the interests of the Empire as a whole, they should endeavour to preserve Newfoundland's financial credit. Default would have considerable repercussions all over the Empire and would at once begin to tarnish the name of trustee securities under the Colonial Stock Acts.

Financial proposals.

Dealing in detail with the financial proposals, including the issue of a new Guaranteed Loan, Mr. Chamberlain estimated that the annual interest on the Newfoundland Loans would be reduced by £350,000 a year. The debt, apart from the Governmental debt, would amount to £2,000,000 of trustee securities and about £17,000,000 of new stock, which would carry a Sinking Fund of 1 per cent. to start not more than five years hence.

In all probability they would have to increase the expenditure of Newfoundland to some extent and they might suffer some loss of revenue. It would be rather absurd to go on adding to the debt of Newfoundland. Therefore for three years, until 1936, they proposed that whatever advances were necessary to make good the deficiencies in the Newfoundland Budget should be in the nature of a free gift from Great Britain. Including the £550,000 which they had already found in the last 12 months, and which they proposed should be a free gift, he imagined that up to December, 1936, the total liability of Great Britain would be from £1,500,000 to £2,000,000. In addition, since the new stock would be guaranteed, they had a contingent liability so long as they were responsible for the Newfoundland Government.

There was no reason why Newfoundland should not in time become self-supporting. Her misfortunes were due to misgovernment and also to the fall in prices. With efficient

administration and with a prospect of better times generally in world trade, her future was not at all unhopeful.

Labour Party's opposition.

Mr. W. Lunn (*Labour, Rothwell*) said the Labour Party would oppose the Resolution. They did not object to helping people who were prepared to help themselves, but they objected to the British taxpayer being called upon to make good bankruptcy brought about by wrong doing.

There were less than 260,000 people in Newfoundland and the British taxpayer was to be asked to contribute more than £3 per head. It was not the duty of the British taxpayer to make good maladministration over a long period of years. The Labour Party believed that they should not bolster up private enterprise in this way after it had failed. Encouragement of this kind of action in Newfoundland was a policy that would smash the Empire. Where was it going to end? Were any other Dominions to come and ask for similar considerations?

Sir R. Hamilton (*Liberal, Orkney and Shetland*) said that while in the case of Newfoundland they in Great Britain had no legal responsibility, having regard to the consequences that would follow if the Dominion were allowed to default on her obligations, there was on them a very great responsibility. They might take it as a test of the dire straits to which the Dominion had been reduced that the people were willing and ready to give up the prized possession of Responsible Government in order to obtain the assistance of the Old Country.

Rebuilding the country.

Rt. Hon. L. S. Amery (*Unionist, Birmingham, Sparkbrook*) said they should deliberately set before themselves the task which the Royal Commission talked of as a constructive forward policy—the task of rebuilding Newfoundland from the foundation, of lifting that little country with its splendid stock of people and its great resources on to a new plane of economic life. That was a task which the people of Newfoundland alone could never carry out, but which they could achieve with the capital, the ability and the directing power of Great Britain.

It was not only on fisheries that Newfoundland must rely in future. Here was a country probably rich in materials. One of the first tasks before the Commissioners was to provide an effective geological survey, and next an effective soil survey, so that they might know the agricultural possibilities. The existing political system had never yet envisaged agriculture, except as a small allotment business in the spare time of men whose only idea was fishing. They wanted to bring into Newfoundland new blood with a new outlook: if

they did so, the development of the country in the next few years might be something far greater than any of them had hitherto imagined.

Rt. Hon. Earl Winterton (*Unionist, Horsham and Worthing*) remarked that the Government should be very clear in their own minds that what they were doing might be taken as a precedent by future Governments in similar circumstances.

Basis of economic development.

If it were true that there was room for considerable economic development in Newfoundland, it should be carried out on the basis of, firstly, the interests of the people of Newfoundland, and secondly, the interests of the people of Great Britain. Two things should be made clear from the outset: that they were entitled to be repaid out of the revenues of Newfoundland the money they actually loaned as soon as those revenues were in a position to repay it without placing an undue burden on the hard-pressed people of Newfoundland, and that the money would be loaned on a long-term policy of economic development.

Mr. Morgan Jones (*Labour, Caerphilly*) suggested that it was a set-back to the principle of democratic government within the Commonwealth to put forward a proposition of this sort. Underlying it was the assertion that self-government as they had known it in Newfoundland had completely broken down. The Labour Party had come to the conclusion that the time had come to cry a halt to the habit of lending or giving money from time to time to various parts of the Dominions.

The Financial Secretary to the Treasury (**Mr. L. Hore-Belisha**) said it was not private enterprise but public enterprise that had brought Newfoundland to its present pass.

Referring to the British responsibility for the loan, the Financial Secretary explained that the British Government were guaranteeing the new loan until it matured. But they were making certain grants of money which were upon a voluntary basis and were not to be added to the debt: these sums would be voluntary until the year 1936.

After further debate the Resolution was carried by 227 votes against 38.

Statute of Westminster; Government and bondholders.

On 12th December the Bill was debated in the House of Commons on the Order for Second Reading.

The Secretary of State for Dominion Affairs (**Rt. Hon. J. H. Thomas**) said that a question had been raised with regard to the Statute of Westminster and its application to the Bill. When the Statute of Westminster was introduced it was Newfoundland's own request that it should not apply to them unless they so desired. They had not desired it, and the

present procedure was strictly in accord with the position prior to the Statute of Westminster being introduced.

Mr. C. R. Attlee (*Labour, Limehouse*) moved a reasoned Amendment for the rejection of the Bill. The Labour Party, he said, were not opposing the Bill from any lack of desire to help the people of Newfoundland. They were opposed to giving money to bondholders and moneylenders who, having made a bad bargain, were to be placed in a favoured position by having their interest provided by the masses of the people of Great Britain.

Taxation without representation.

Sir E. Grigg (*Unionist, Altrincham*) said the absence of any measure of constitutional representation of Newfoundland opinion in this emergency Constitution was a very doubtful experiment and against their long experience in forms of oversea government. He asked whether there was not a case for the representation of that Dominion in the United Kingdom Parliament during the period of transition. They in that House were taking power to tax the people of Newfoundland and to allocate the proceeds of taxation, and they should follow the old principle and, while the system endured, give them representation. He was convinced that no system of autocratic control would work long without creating the most grievous conflict in a country so long accustomed to complete self-government.

Capt. Peter Macdonald (*Unionist, Isle of Wight*) attributed the present position of Newfoundland to the absence of a permanent Civil Service. That every time the Government changed, every holder of office should be swept out by the incoming Government and his position filled by Party hangers-on and job-seekers of the other Party was bound to lead to the corruption which had been going on in Newfoundland.

The Under-Secretary of State for Dominion Affairs (Mr. Malcolm MacDonald), in reply, said if the bondholders were the only people interested in their saving Newfoundland from default, the Government would not be going into the intricate and comprehensive policy which was contemplated. The poor fishermen, the poor agriculturists and the small number of industrial workers would all have heaped upon them even worse distress if Newfoundland were allowed to default.

Taking away self-government ; Policy of new Government.

As to taking away self-government, they had no right to do it against the wishes of the people of Newfoundland, but in this case they were doing it at their request. The Government of Newfoundland agreed that the Commission should be appointed, their own representative on it signed the

Report, the Government itself agreed to the Report, and finally the Parliament of Newfoundland asked that the findings of the Commission should be implemented. The recommendations of the Commission regarding the improvement in catching and selling of fish, agricultural development, promoting the sale of iron ore, raising of fur-bearing animals and so on would be carefully considered by the new Government, whose purpose would be to push ahead with the policy of development in the interest of the whole population. This development would be political as well as economic. It should be possible, for instance, to develop municipal government which might help in political training. In conclusion, **Mr. MacDonald** reminded the House that the great Imperial reputation of the country would not suffer through coming generously to the aid of the oldest British Colony.

On a division the Amendment was negatived by 250 votes against 42, and the Bill was then read a second time. It was subsequently passed through its remaining stages.

DEBATE IN HOUSE OF LORDS.

Lord Strathcona and Mount Royal,* in moving the Second Reading of the Bill, said they must deplore the circumstances which necessitated the passing of the Bill. He said the Royal Commission was unique because it had been appointed at the joint request of three of His Majesty's Governments, in the United Kingdom, Canada, and Newfoundland, and the Report made a very notable contribution to the history of inter-Imperial relations.

Lord Amulree† said that apart from the general world-wide depression, and from what the Report said about mal-administration, Newfoundland had particularly suffered in the loss of its mercantile fleet. Before the War, all its products were sent in its own sailing vessels to Europe and South America and hundreds of craftsmen and sailors were employed. During the War the bulk of those vessels were lost or worn out and not replaced. Meanwhile, the competitors in fish—Norway and Iceland—adopted a new system of sending their fish to market, *i.e.*, by steamer, with the advantage that they could more or less fix the date of arrival of the cargo. One way and another, the whole of the mercantile fleet had disappeared and all the fish cargoes were carried in foreign bottoms. That meant a large number of men being thrown out of employment and a drain on the country for freight and carriage of goods.

* On 25th January, 1934, Lord Strathcona was appointed Under-Secretary of State for War.

† Chairman of the Newfoundland Royal Commission.

Another difficulty confronted the country when Great Britain went off the gold standard. There was a depreciation of sterling compared with the Canadian dollar, which was the currency in Newfoundland, and the latter country was badly hit in its fish trade, iron ore, newsprint and in all the trade it was doing with England. For a considerable period the loss on Exchange was 20 per cent., while Iceland and Norway had a favourable exchange of sterling of about 10 per cent.

Schemes for the future.

After referring to the question of timber licences as "another grievous matter" which came before the Commission, Lord Amulree said he hoped when the new Government got started it would go fully into the question of the fishery. The Commission gave an outline of a new fishery scheme, taking full advantage of the scientific work that was being done by a biological marine station; and he hoped there might be a soil survey of the island so as to ascertain what parts were suitable for agriculture; a geological survey regarding mines; and care taken with regard to fur-bearing wild animals. The territory of Labrador ought to be a great source of revenue to the Colony if properly dealt with. Newfoundland had been described as a sportsman's Paradise; and it might become a very important aviation centre. What was needed was a well thought out policy in all the trading facilities of the island, rebuilding Newfoundland anew, and lifting the island to a new plane of economic life. The proposals of the Bill gave the people a rest from Party politics and strife for which they wished.

The Bill was subsequently read a second time without a division and was afterwards passed through its remaining stages.

SOUTH AFRICAN PROTECTORATES.

(Conditions in Bechuanaland, Swaziland and Basutoland;
Plea for better government and economic development;
Effects of labour migration; Native faith in British rule;
Question of transfer of the territories: British Government's
pledges.)

On 13th December, in the House of Lords, a debate took place on the position of the native Protectorates of Bechuanaland, Swaziland and Basutoland.

DEBATE IN HOUSE OF LORDS.

Lord Snell, who raised the subject, asked the Government whether they had any proposals for the better government and the economic and social development of these areas.

There was widespread anxiety, he said, concerning the welfare of the areas, arising chiefly out of recent events in Bechuanaland. He expressed to the Dominions Secretary his personal gratification at the sensible and prompt way in which he dealt with the suspension of the Bechuanaland Chief. The present position of the protected territories seemed to be altogether unsatisfactory and even alarming. Bechuanaland was plunged into what looked like hopeless bankruptcy, Swaziland was in a condition nearly as bad, and Basutoland was drifting in the same direction. What the British Government had done was to be so passive in regard to their responsibilities that the prestige of the Empire was actually reduced and cause was given to the Union of South Africa to think that they could do these things better for themselves.

The really great social evil in these areas was the constant migration of labour. About 50 per cent. of the adult males had to go away in order to earn the money with which to pay their hut tax, and the effects on the tribal system were altogether bad. His general complaint against the present system was that no attempt had been made to find other methods of raising the revenue or even to mitigate the social consequences of the present system. The excessive migration of labour into Union territory depressed the labour market and injured the position of the natives within the Union itself. Moreover, the land which was rightfully reserved for the use of the natives in these areas was really used as an indirect subsidy for European employers in Union territory. The general health of the natives also was far from satisfactory.

Lack of productive capacity.

There was a lack of productive capacity in the areas themselves. How could an area produce the necessary internal wealth when half of its male population was exiled? The policy of maintaining the tribal system by indirect rule was really incompatible with the regular migration of 50 per cent. of the adult manhood of the tribe. The aim of the British Government in these territories should be to export goods rather than to export men. The economic position in regard to the cattle trade might be met in some way by a canning industry. Recruiting of native labour should be stopped at once. If a man desired to go and labour in other parts of Africa it should be of his own free will: no pressure should be put upon him either by the Chiefs, or by official or unofficial recruiting agents. The time had come when tribal Treasuries on the Tanganyika model might be applied to the High Commission territories.

The question of how taxation was raised and how it was applied should receive the closest possible attention. The areas ought to have the advantage of the highly trained

officials of the Colonial Office rather than the present system. He also felt that it was altogether inadvisable that the High Commissioner of these territories should be at one and the same time His Majesty's representative to the Union Government. The time had come when the political and administrative problems of all these areas should be examined by a competent Commission of Inquiry. The native peoples had a pathetic trust in the rule of the British nation and lived in a state of constant fear lest, against their will, they should be handed over to the rule of another Government. The British Government had promised that before anything was done Parliament would be consulted. Unless the policy of the Union in regard to native races had undergone drastic moderation the proposals would be met with the most resolute opposition.

Transfer of the Protectorates.

Earl Buxton thought that Lord Snell drew a much too gloomy picture of the position in these Protectorates and of their future outlook. As regarded their possible transfer at some time to the Union, he wanted an undertaking from the Government that if and when that took place the interests of the natives would be fully protected. In Basutoland probably the question would not arise at all, because the whole of the land was already in occupation by the natives, they would be protected, and there would be no gain to the Union except, perhaps, prestige from taking over the territory. But in Bechuanaland and Swaziland the matter was somewhat different. The difficulty which he hoped would prevent any question of transfer of Bechuanaland for some time to come was that the land there had not been delimited and if it were handed over now they would be in a position to allow the incursion of whites into native parts of the territory.

The claim of the Union to Swaziland was far greater than it was to the other Protectorates. The land there had been delimited, and therefore, if the transfer ever took place, the natives would really be protected in their land. They had heard a good many rumours of these transfers, and he was afraid of some agreement being come to without due notice to the natives, and its being carried through without their knowledge and assent. The Union Government, he took it, would wish to have these many thousands of natives added to their territories as willing subjects, instead of going there sulky, disloyal and discontented. He was anxious that the British Government should give an undertaking that before any initial step was taken the natives would be fully informed and would have a full opportunity of expressing their views. No time was mentioned in the Act of Union and, if the Union Government asked for a transfer, the British Government

would be fully justified in present circumstances in asking for delay. The British Government did not know at present what was the labour policy of the Union Government.

Loans and grants.

Lord Stratheona and Mount Royal, replying for the Government, described the financial assistance which had been provided for the territories in recent years by way of loans or grants from the Treasury or the Colonial Development Fund. Economically the position might be summed up by saying that the territories, with the rest of the world, were suffering from the general economic depression, accentuated in the case of two of them by severe natural calamities. Financially, the whole situation was governed by the fact that no immediate increase in expenditure was possible, except at the cost of the United Kingdom taxpayer. When the economic position of the world in general, and the absorptive capacity of the United Kingdom market in particular, revived, the prospects in the territories would undoubtedly improve.

Meanwhile, the British Government would not lose sight of the possibility of such developments, on the lines laid down in the case of Swaziland and Bechuanaland by the valuable Reports of the Commissioners appointed to inquire into their position, as might place them in a position to take advantage of a return of world prosperity. As regarded taxation, in general the facts were that the fiscal systems of the territories were inevitably largely determined by that of their larger neighbour, to which they were linked for Customs purposes by a Customs Agreement providing for free interchange of goods, and the adoption by the territories of the Union tariff. Similarly, the rates of income tax followed those of the Union, and in the opinion of Sir Alan Pim it would be undesirable to depart appreciably from them. The Native Tax, though it had admittedly many defects, was a recognised and established mode of obtaining revenue in all African territories.

Migration.

As to migration of labour, the governing factor was that possibilities of economic development within the territories depended largely on the requirements of the Union market, which had hitherto shown a steady demand for the services of the natives of the territories, but was less disposed to accept their goods. With respect to methods of recruitment of natives, there was a series of Proclamations in all three territories regulating the subject, and designed *inter alia* to prevent recruitment by misrepresentation. There appeared to be no ground for supposing that natives were enticed to go to the mines by undesirable methods.

Continuing, Lord Stratheona referred to two draft Proclamations relating to the Bechuanaland Protectorate.

One dealt with the appointment, powers and functions of the Native Chiefs, Sub-Chiefs and headmen : the other with the jurisdiction of Chiefs and native tribunals, and the administration of justice generally in cases in which natives only were concerned. These draft Proclamations had been fully explained to and discussed with the Chiefs and the Native Advisory Council, but representations had been received from two of the Chiefs, including the Acting Chief Tshekedi, to the effect that the Proclamations impaired the rights of the Chiefs and thus raised serious constitutional issues which should be inquired into by a Royal Commission. The British Government were unable to agree that there was any real substance in these representations or any grounds on which they could recommend the appointment of a Royal Commission.

Question of transfer : Government's pledges.

On the question of transfer, Lord Strathcona repeated a statement he made on 26th July.* After pointing out that the first pledge was that Parliament would be consulted before any question of transfer would be considered, he then said :

" Secondly, there is the pledge, which was repeated in this House in 1925, when the matter was last discussed here, that if His Majesty's Government should be asked to come to any decision in regard to any such transfer they will not make any decision until the native population and the white population have had a full opportunity of expressing their views. Thirdly, there is the assurance which has in the past been given to the natives, that His Majesty's Government would not support any proposal of transfer if it involved any impairment of such safeguards for native rights and interests as the Schedule of the South Africa Act was designed to secure."

Further than that he could not go that day, but he had authority to say that by that declaration the British Government still stood.

A Motion for Papers by Lord Snell was afterwards withdrawn.

MALTA CONSTITUTION.

(Dismissal of Ministers and Dissolution of the Legislature ; Governor resumes administration of the Island ; Language question ; Unsatisfactory financial position ; Labour criticism regarding withdrawal of self-government : question of seditious propaganda in Malta ; Ministerial statement regarding political controversies and policy of the British Government ; etc.)

On 7th November, in the House of Commons, replying to Mr. T. Williams (Labour, Don Valley),

* *Vide* JOURNAL, Vol. XIV., No. 4, p. 719.

The Secretary of State for the Colonies (Rt. Hon. Sir P. Cunliffe-Lister) said that the British Government had found it necessary to take action with regard to Malta. With their full approval the Governor, on 2nd November, discharged the Ministry, dissolved the Legislature, and again assumed the administration of the Island in virtue of a provision inherent in the Constitution by which, in the event of a local emergency, he is entitled to invoke his reserved powers.

When responsible Government was restored in 1932 it was made subject to certain stipulations regarding the languages to be taught in the Elementary Schools. It was laid down that in these schools the children should be instructed in Maltese and English only, adequate provision being made for the teaching of Italian in the Secondary Schools. Both on the grounds of educational efficiency and of the practical interests of the children themselves these provisions were held to be amply justified.

The policy of the British Government on this matter was confirmed by an Act which was passed unanimously through both Houses of Parliament, and hon. Members would recollect the importance rightly attached to the language question.

Grave concern occasioned.

" The Maltese Ministers," Sir Philip continued, " were well aware of the conditions upon which Responsible Government was restored. Unfortunately, by a series of actions of which the cumulative effect is unmistakable, they have made it clear that the main object of their policy has been to frustrate the effective operation of these conditions. In addition to this, the general administration of the Island has presented features which His Majesty's Government were bound to view with grave concern. The Estimates for the current year contemplated an expenditure of £151,000 in excess of the revenue estimate of some £900,000, and further supplementary expenditure was proposed which threatened the Island with a virtual depletion of the Reserve Fund which stood to its credit when the Imperial authorities transferred the administration in 1932.

" The financial administration in other respects presented unsatisfactory features. Ministers were warned by the Governor of the inevitable consequences which must follow unless their policy were radically altered. They have disregarded these warnings and have persisted in a policy which is at variance with the spirit of the Constitution, which had undermined the finances of the Island, and which is clearly prejudicial to Maltese and British interests. In these circumstances His Majesty's Government were bound to act as they have done."

Mr. Williams asked whether a further election in the early or distant future was contemplated in Malta?

The Secretary of State for the Colonies replied that it was perfectly plain, in the circumstances of Malta, that Great Britain must administer the Government for the time being.

Ex-Minister's appointment.

On 29th November, answering **Mr. G. Mander** (*Liberal, Wolverhampton, E.*),

The Secretary of State for the Colonies said that one of the ex-Ministers, Dr. Micallef, had been selected for appointment as Superintendent of Agriculture.

Mr. Isaac Foot (*Liberal, Bodmin*) asked whether the Secretary of State was aware that the appointment had given rise to very grave apprehension in the island?

The Secretary of State for the Colonies said he was not aware that it had. In making the appointment the Governor informed him that he was absolutely satisfied of Dr. Micallef's loyalty to the policy of the British Government and with his qualifications for the post.

Replying to a question by **Lt.-Comdr. R. T. Bower** (*Unionist, Cleveland*),

The Secretary of State for the Colonies said that Dr. Micallef's appointment was probationary in the first instance. He was selected because the Governor considered him to be the most suitable person for the post.

"In a matter of this kind," Sir Philip added, "I am not prepared to overrule the considered judgment of the Governor in making an appointment."

DEBATE IN HOUSE OF LORDS.

On 29th November, in the House of Lords, there was a debate on the subject.

Lord Strickland asked the Government a series of questions regarding their policy in Malta.

Amongst these, he asked whether the Government would explain their attitude towards former Members of the Maltese Parliament and others loyal to the British Empire who had built up the pro-British Party, when the Governor stopped orderly and patriotic meetings, and thus gave a chance to pro-Italian Ministers to wreck the Constitution, etc.; and whether, under the Colonial Regulations, the Secretary of State would disallow (for reasons of age or absence of medical or other examination) the recent elevation to high permanent appointment over the heads of the Civil Service of one of the ex-Ministers recently dismissed for defying the Imperial Government, etc.; and whether other lucrative posts would be withheld from all Ministers dismissed for disloyalty and misapplication of public funds. **Lord Strickland**, also moved for Papers.

Dismissal of Ministers.

Ministers in Malta had been dismissed for two alleged reasons, **Lord Strickland** said. The first was financial and the second was systematic defiance of the policy of the British Government. It was alleged that the finances of Malta were in a condition calling for Imperial intervention because there was alleged to be a balance on the wrong side of the Consolidated Revenue Account of £150,000. As a matter of fact, at that time there was no adverse balance: there was a surplus of over £30,000. In Malta, to the estimated annual revenue there had always been added savings and other balances carried over from the previous year, and at times there were added other accumulated liquid resources.

Nevertheless he was convinced that the Secretary for the Colonies was amply justified in dismissing Maltese Ministers, because tens of thousands of pounds had been spent on votes concocted to aid pro-Italian propaganda, and to do so by devious ways in direct defiance of His Majesty's Letters Patent and the policy of the British Government. The interference of the Secretary for the Colonies for financial reasons could be justified for the reason that this subvention of Italian propaganda funds was a danger to the defence, and every aspect of defence was a reserved matter, although finance was not a reserved matter. Therefore, when money was spent in a manner which was detrimental to defence and helpful to those who wanted Malta by pacific penetration, intervention by the Imperial authorities was legally and constitutionally justified.

Want of co-operation.

Passing to the second reason for dismissal, **Lord Strickland** referred to systematic disregard of the policy of the British Government on the language question and other questions, such as the Ottawa Agreements.

Pro-Italian propaganda did not mean that there was immediate anticipation that another Mediterranean Power was seeking to obtain possession of Malta by force of arms. The danger of that policy was the steady, systematic, scientific preparation and exercise of influence to create a condition of affairs for the lowering of the flag of England over the fortress of Malta by negotiation. The policy of dismissal for aiding and abetting foreign propaganda had enhanced the authority in Malta of Great Britain. That policy had been reversed by the appointment to a lucrative office in the Civil Service of one of those very Ministers dismissed for undue encouragement of pro-Italian propaganda. He was glad to learn that the Secretary for the Colonies had said that the appointment was provisional.