

# Parliament

## DEFENCE AND INDUSTRY

## INFLUENCE OF LOANS ON CAPITAL MARKET

## "NO INJURIOUS EFFECTS"

## HOUSE OF COMMONS

MONDAY, MARCH 1

The SPEAKER took the Chair at a quarter to 3 o'clock. The Lancashire Electric Power Bill and the Liverpool Exchange Bill were read the third time.

## RADIO MOSCOW

Mr. M. SAMUEL (Putney, U.) asked the Secretary of State for Foreign Affairs whether he was aware that the Russian wireless station known as Radio Moscow was broadcasting messages in English and expressed as being for English listeners, inviting them to send questions upon political matters to which a reply was promised, and asking that such listeners should communicate to Radio Moscow any criticisms they might have of the programmes; and, in view of the fact that when these broadcasts in English were first instituted it was stated that their purpose was solely to instruct Russians in the use of the English language, whether any assurance to this effect was given to His Majesty's Government; and if so, whether he would take up this matter with the Government of the Union of Soviet Socialist Republics.

Mr. EDEN (Warwick and Leamington, U.)—As regards the character of the messages broadcast in English from Radio Moscow, I would refer my hon. friend to the reply returned on November 9 last to a similar question asked by my hon. friend the member for Bilston (Mr. Hannah). According to my information, the Moscow station extends a general invitation to listeners to communicate to the office of the station any criticisms or observations they may have to make on any item in the programmes. These programmes, however, are not specifically political in character.

As regards the second part of the question, I am not aware that, when these broadcasts were instituted, it was definitely stated that their purpose was solely to instruct Soviet citizens in the English language. No assurance to that effect has been given by the Soviet Government. As regards the last part of the question, if my hon. friend can furnish me with evidence showing that any particular broadcast contained a direct attack on the Government or institutions of this country, I will certainly undertake to consider the question of representations.

Mr. THURTELL (Shoreditch, Lab.)—Is it not open to the hon. member himself to send his criticisms to Moscow if he wishes to do so?

SIR W. DAVISON (Kensington, S. U.)—Are there not an excess international agent in agents giving reports from his international broadcasts?

Mr. EDEN.—Yes, Sir; but I must have evi-

to say that the continuance of the broadcasts in their present form does not seem to me to form a suitable subject for complaint.

## CORONATION GUESTS

### MR. EDEN AND ABYSSINIA

Mr. A. HENDERSON (Kingswinford, Lab.) asked the Secretary of State for Foreign Affairs whether any communication had been received from the Italian Government with regard to their being represented at His Majesty's Coronation.

LIEUTENANT FLETCHER (Nuneaton, Lab.) asked the Secretary of State for Foreign Affairs if the Ethiopian representative in London had informed him who would represent Ethiopia at the Coronation ceremonies.

Mr. EDEN.—It is the intention of His Majesty's Government, at the earliest practical moment, to publish a complete list of foreign representatives at the Coronation. Perhaps the hon. members will be good enough to wait this.

Mr. C. WILLIAMS (Torquay, U.) asked why the Abyssinian Government was invited to send a representative.

Mr. EDEN.—The invitation was issued in accordance with the precedent which was based entirely on the *de jure* position. It would be a mistake to attach special political significance to a matter of purely normal procedure.

## THE SPANISH WAR

### FRANCE AND VOLUNTEERS

Mr. DENVILLE (Newcastle, C. U.) asked the Secretary of State for Foreign Affairs if he could give details of the arrangements which had been made to prevent the passing into Spain of volunteers across the Franco-Spanish frontier, and whether he would call for any report on this matter from British diplomatic representatives in the vicinity.

Mr. EDEN.—The French Government, in accordance with the agreement of the Governments concerned to extend their non-intervention undertakings to cover the dispatch of volunteers to Spain, have put into force strict regulations designed to prevent the passage of volunteers over the Franco-Spanish frontier. The Non-Intervention Committee, as my hon. friend is aware, have under active consideration a supervision scheme which will, I understand, cover the Franco-Spanish frontier. I do not, therefore, consider it necessary to call for a special report from His Majesty's representatives on this question.

Mr. DENVILLE asked if Mr. Eden was aware that volunteers for Spain were still being enlisted in Paris.

Mr. EDEN.—I am not aware of anything of the kind. I am aware that the French Government has issued very stringent regulations, and I should deprecate any suggestion that they are not being carried out.

In reply to another supplementary question by SIR N. SANDEMAN (Middleton and Prestwich, U.), Mr. EDEN said that our Consul-General at Marseilles had already informed him that no British subject was now allowed to go into Spain through France.

## SOURCES OF NEWS

CAPTAIN RAMSAY (Peebles, U.) asked the Secretary of State for Foreign Affairs whether, in view of the unreliability of the Spanish news received from news agencies and journals, he would state what reliable sources of information the Foreign Office had on happenings in Spain; and if he would place such information before the public from time to time by means of reports from his Corporation and the Press.

Mr. EDEN.—Such information as is available in the Foreign Office regarding events in Spain is derived from reports from His Majesty's Diplomatic and Consular Officers in that country, and from reports from His Majesty's ships stationed in Spanish waters.

to make available to the Press and to the British Broadcasting Corporation such information derived from these sources as is suitable for publication.

## BRITAIN AND GENERAL FRANCO

CAPTAIN RAMSAY asked the Secretary of State for Foreign Affairs whether, as there were precedents for recognizing the belligerency of both sides in a civil war while according diplomatic recognition to only one, and as General Franco was not yet regarded as a belligerent by this country, he would give the House some guidance as to the conditions under which His Majesty's Government would be prepared to recognize him as a belligerent.

Mr. EDEN.—I regret that I cannot undertake to enter into a discussion of hypothetical circumstances. In view, however, of the existence of the International Committee and the measures resulting from its activities, I would deprecate too close an analogy between the present dispute and other disputes of the kind which my hon. and gallant friend has in mind.

## "STRICT IMPARTIALITY"

CAPTAIN RAMSAY asked the Secretary of State for Foreign Affairs whether, in order to counteract the misleading impression which had been created, not only in Spain but throughout Europe and America, that this country favoured the present Government in Valencia, he would take steps to make it clear that this country maintained its position of neutrality.

Mr. EDEN.—The full support which His Majesty's Government have given to the principle of non-intervention in Spain and the part which they have played in the activities of the Non-Intervention Committee, together with the humanitarian activities which His Majesty's Government have undertaken in many parts of Spain on behalf of Spaniards irrespective of their political opinions, have already made it sufficiently clear that their attitude towards present events in Spain is one of strict impartiality.

## THE CONTROL SCHEME

### "A GREAT ADVANCE"

Mr. KENNEDY (Kirkcaldy, Lab.) asked the Secretary of State for Foreign Affairs if he was satisfied that the policy of non-intervention by European Powers in the Spanish war was now being effectively applied so far as it related to the provision of men, material, and financial support to the rebel forces.

Mr. EDEN.—The right hon. gentleman will be aware of the measures which, as a result of agreement in the International Committee, have recently been taken with this aim in view. I am convinced that since the ban imposed on February 20 on the dispatch of volunteers and the acceptance by the Powers of the control scheme shortly to come into force, a great advance has been made towards the complete cessation of intervention in Spain. The question of financial aid to the two parties in Spain is not at present covered by the non-intervention undertakings of the various powers concerned, but is the subject of examination by the Committee.

## COMMUNIST RECRUITING

SIR W. DAVISON asked the Home Secretary whether his attention had been drawn to the enlistment during many months past of unemployed and other workers in Great Britain in the forces of the Spanish Government by Communist agents, who *inter alia* had displayed recruiting posters in the neighbourhood of labour exchanges; whether he was aware that many of such recruits were being dispatched to Madrid on week-end tickets to Paris, and what steps were being taken in this matter.

Mr. LLOYD (Parliamentary Under-Secretary, Home Office (Birmingham, Ladywood, U.)—Information has been received from time to time to the effect suggested in the first part of

the question, but I have no knowledge of the display of recruiting posters. Any information that is received as to the soliciting of individuals is followed up, but the question what further action can be taken necessarily depends on whether evidence is forthcoming of the commission of an offence.

SIR W. DAVISON.—Is the hon. gentleman aware that members of the movement are receiving letters from numbers of these unfortunate men who have gone into the fighting line in Spain alleging that they were enlisted under false pretences and had been promised a week for work behind the lines?

Mr. LLOYD.—I have no information of that, but if any hon. gentleman has any particulars and forwards them they will receive the closest consideration.

## DAMAGE TO A BRITISH SHIP

### FLOATING MINE IN SPANISH WATERS

COMMANDER O. LOCKER-LAMPSON (Birmingham, Handsworth, U.) asked the Secretary of State for Foreign Affairs whether his attention had been drawn to the explosion of a floating mine near Gibraltar involving injury to a Union-Castle liner; whether he could say who laid the mine; and what steps he intended to take to prevent the possibility of a recurrence.

Mr. EDEN.—Yes, Sir; such information as I have at present leads me to suppose that the mine in question was a moored mine laid by the insurgent authorities in Spanish territorial waters in the vicinity of Cape Creus. The investigation into the circumstances is not yet complete, and I am not at present in a position to say what action will be taken. A warning has, however, been broadcast to British ships that mining in Spanish territorial waters has been intensified and that they enter such waters at considerable risk.

Mr. THURTELL asked if it was the intention of the right hon. gentleman to make strong representations to the insurgents against this danger to British shipping.

Mr. EDEN said he would like to have a complete report, but he would point out to the hon. gentleman that this was in Spanish territorial waters.

COLONEL WEDGWOOD (Newcastle-under-Lyme, Lab.)—Are these Spanish territorial waters controlled by the rebels or by the Government? (Laughter.)

## LEAGUE AND THE WAR

### LESS RISK OF EUROPEAN CONFLICT

Mr. LEACH (Bradford, Central, Lab.) asked the Secretary of State for Foreign Affairs whether his Majesty's Government would take steps, through the League of Nations Council, to obtain a discussion as to the best means of ending the Spanish war, with due regard to the peoples' right of self-determination and to the independence of each country.

Mr. EDEN.—I would commend the hon. member that the Council of the League of Nations examined the Spanish situation last December under Article II of the Covenant. After considering the possibility of action such as is indicated in the hon. member's question, the Council then affirmed that every State was under an obligation to refrain from intervening in the internal affairs of another State, referred to the activities of the Non-Intervention Committee, and recommended League members to spare no pains to render the non-intervention undertakings as stringent as possible.

The hon. member will be aware that, as the result of the Committee's labours, a scheme for the control of the Spanish frontiers by sea and land has recently been adopted and will shortly be put into operation. Every effort will be made, so far as His Majesty's Government are concerned, to render it as effective as possible. I can assure the hon. member that His Majesty's Government have in the past of this situation to which he refers constantly in mind.

Mr. LEACH asked if it was not the case that the present state of war in Spain constituted

a right on the part of the League to intervene on the ground that a general European conflagration might arise from it. Would it not be better that this question should be re-examined?

Mr. EDEN.—Fortunately the dangers of a general European conflict have been considerably reduced, in part owing to the action of His Majesty's Government. (Ministerial cheers.)

## OVER 8,000,000 WIRELESS LICENCES

Mr. DAY (Southwark, Central, Lab.) asked the Postmaster-General what was the number of wireless receiving licences issued at the last convenient date; and if, in view of the large number of cripples and people of small means who applied for wireless licences, he would consider whether these licences, in special circumstances, could be issued half-yearly, or alternatively, by giving facilities for needy people to pay for the same by two half-yearly instalments.

MAJOR TRYON (Brighton, U.)—The number of wireless receiving licences in force on January 31 last was 8,071,464. The work of securing the annual renewal of this large number of licences is very heavy, and it is essential that the licensing machinery should be kept as simple as possible. The adoption of a system of half-yearly payments could hardly be restricted to needy persons and would practically double the work of collection. This would involve a large amount of additional expense which would, it is considered, be out of proportion to the advantage derived.

## DAILY BROADCASTS

### DEMAND FOR VERBATIM REPORTS

SIR A. KNOX (Wycombe, U.) asked the Postmaster-General if there was any practical difficulty in furnishing to the House of Commons Library daily verbatim reports of broadcasts, since Members of Parliament were unable, through lack of time, to check the complaints of constituents either by listening-in or by visiting the British Broadcasting Corporation.

MAJOR TRYON.—The number of words broadcast weekly is substantially in excess of 80,000, and over 1,200 for each page would be required for their reproduction. The task of compilation would involve a great amount of labour, and for that reason, apart from any other, it does not seem to me reasonable to call upon the B.B.C. to undertake it.

SIR A. KNOX asked if the right hon. gentleman did not realize that millions of people were reached by these broadcasts every day who did not trouble to read the most eloquent speeches in this House—(laughter)—and if it was not the duty of Members of Parliament to keep in touch with these broadcasts and see that they were run on proper lines.

MAJOR TRYON said that the difficulty was not with the people who heard the broadcasts but with the people who heard unfair accounts of the broadcasts. (Cheers.)

Mr. A. ALEXANDER (Sheffield, Hillsborough, Lab.) asked if the right hon. gentleman would consider arranging with the First Commissioner of Works to have at least one room in the House where members could listen in to broadcasts. (Hear, hear.)

Mr. PETHERICK (Penny and Falmouth, U.) asked if it was not possible at least to place in the Library a report of the news sent out by the B.B.C., because that would not entail the use of nearly as many words as 400,000.

SIR N. SANDEMAN (Middleton and Prestwich, U.) asked why, if members got a wrong account of what was broadcast, they should not have a right account—and if they wished it—and they did wish it—why should

not the document be sent to the House of Commons, no matter what its size.

SIR A. KNOX said that in view of the unsatisfactory nature of the reply he would raise the matter on the adjournment.

## CORONATION DECORATIONS

SIR H. SEELY (Berwick-on-Tweed, L.) asked the Parliamentary Secretary to the Ministry of Health, as representing the First Commissioner of Works, if he would make representations with a view to securing that the decorations and illuminations on the occasion of the Coronation should remain during the week ending May 22, in view of the large number of persons desiring to visit London and the many arrangements that had been made to enable them to do so during that week.

Mr. R. HUDSON (Southport, U.) said that it was proposed that the street decorations erected by the Office of Works should remain in place until Thursday, May 27, unless the weather conditions were such as to render them unsightly prior to that date. For the reasons given in a recent reply, the First Commissioner of Works regretted that it was not possible to extend the period of flood-lighting beyond that proposed.

## MR. BULLITT'S SPEECH

### U.S. COLLABORATION

#### WELCOMED

Mr. A. HENDERSON asked the Prime Minister whether his Majesty's Government would take steps to collaborate with President Roosevelt for the purpose of reducing tariff barriers and securing disarmament, as methods of achieving the beginnings of peace, in view of the offer of collaboration for such purposes made on February 23 by Mr. Bullitt, the United States Ambassador in Paris, on behalf of President Roosevelt.

Mr. BALDWIN (Bosley, U.)—His Majesty's Government at all times welcome the collaboration of the United States Government in reducing tariff barriers and in promoting such an appeasement of the international situation as might make it possible to pursue profitably the question of general disarmament.

Mr. HENDERSON.—In addition to welcoming offers of collaboration, will not the Prime Minister, on behalf of the Government, actually get into touch with President Roosevelt and ascertain whether the United States Government really mean business when their representatives make such speeches?

Mr. BALDWIN.—I do not think I should like to quote in that form—(laughter)—but I think the hon. gentleman may trust my right hon. friend to take whatever steps may be appropriate to achieve the desire shared by him and by us.

Mr. HENDERSON.—Is the right hon. gentleman not aware that Statesmen in all countries are continually making speeches advocating the necessity for cooperation, and is it not time that action was taken instead of speeches?

## SUSPECTED SABOTAGE IN ARMS FACTORIES

Mr. REMER (Macclesfield, U.) asked the Home Secretary if his attention had been called to the recent cases of suspected sabotage in factories engaged in the rearmament programme both by fires and disorganization of machinery; and if he would give assurances that suitable efforts to counteract this danger would be taken.

Mr. LLOYD.—Yes, Sir. The attention of my right hon. friend (the Home Secretary) has been called to this matter and my hon. friend may be assured that appropriate action is being taken by the responsible authorities.

Mr. REMER.—If I send the hon. gentleman particulars of several cases in my possession will he have a full inquiry made?

Mr. LLOYD.—Certainly.

MAJOR G. S. HARVEY WATT took the oath and his seat on election as Unionist member for Richmond, Surrey, in the room of Sir W. Ray, resigned. He was introduced by CAPTAIN MARGESON, Parliamentary Secretary to the

Treasury (Rugby, U.), and Sir G. PENNY, Treasurer of the Household (Kington-on-Thames, U.).

## NEW BILL

Mr. ELLIOT, Secretary of State for Scotland (Glasgow, Kelvingrove, U.), presented the Local Government (Financial Provisions) (Scotland) Bill.

## COST OF DEFENCE

### LABOUR AND BORROWING POWERS

The House went into Committee on the Defence Loans Bill, SIR D. HERBERT, Chairman of Committees (Watford, U.), in the Chair.

On Clause 1 (Provision of money for defence Services).

Mr. PETHICK-LAWRENCE (Edinburgh, E. Lab.) moved an amendment to reduce the amount up to which the Chancellor of the Exchequer might borrow from £400,000,000 to £200,000,000. He said that his principal purpose was to limit the borrowing powers of the Chancellor of the Exchequer to what he (Mr. Pethick-Lawrence) imagined to be the outside figure for genuine capital expenditure. The figure of £200,000,000 was a conjecture, but the information which the Chancellor of the Exchequer had supplied was so meagre that no more close approximation could be suggested. In the current financial year, the right hon. gentleman had told them, something like £188,000,000 was the estimate of the expenditure on the Services. Five times that was £940,000,000, and taking that from £1,500,000,000, the result was £560,000,000. That was the estimate of the additional expenditure which the Chancellor proposed to devote to the Services in the next five years. Of that £560,000,000 the Chancellor proposed to borrow £400,000,000.

It was practically impossible that capital expenditure on the rearmament programme would amount to anything like this large proportion. The Chancellor mentioned as capital expenditure the purchase of land, the erection of shadow factories, and the erection of barracks, and, rather surprisingly, he spoke of the creation of stores. Could he maintain for one moment that the total which he expected to spend during the next five years on these 1,200 or so shadow factories, on two additional ones, could amount to anything like £200,000,000? £200,000,000 was the outside upper limit of what genuine capital expenditure could reach during the period.

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## QUESTION OF INFLATION

It might be that the Chancellor of the Exchequer would attempt to include as non-recurrent expenditure things like battleships, which could only by a stretch of imagination be called capital, and might conceivably be classed as non-recurrent. Battleships could last in service for a considerable time. The Navy had a way of wanting to increase all the time, lots of new designs came along, and it would be problematical how much there would be a reduction in the Estimates on account of these particular items. The House was entitled to information of whether the Chancellor considered that the genuine capital expenditure which he incurred during the next five years could possibly exceed the figure of £200,000,000.

With regard to how far £400,000,000 could be added to the debt at present without creating inflation, the Chancellor had told them that Professor Keynes had said he could borrow the money without there being any inflation. Professor Keynes said that if the depressed areas were brought into active work, a far larger sum than £80,000,000 a year could be saved without creating inflation, because the savings at the present time were far in excess of that figure. If the whole of the savings or even a large part were going to be available for this loan, there would be a great deal in this argument. But the point which he (Mr. Pethick-Lawrence) had been making all

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along had been that the state of industry being what it was these savings were likely to be fully used up in other things.

The rearmament programme was by no means to be confined to armaments manufacturing by the Government. A large part was to be carried on through private manufacturers. At a time when our industry was expanding in all directions, and absorbing a large amount of additional capital, the Chancellor of the Exchequer was coming into the market to make a demand on the armament manufacturers to increase their plant, and the amount of money dealt with by the present Bill was put on the top of that. He (Mr. Pethick-Lawrence) therefore suggested that the smaller figure of £400,000 a year instead of the larger figure of £800,000 a year would cause much less upset in the financial apparatus and do much less to create inflation.

Mr. F. K. GRIFFITH (Middlebrough, W. L.) supported the amendment. He said that borrowing for expenditures, the subject of which was exhausted or supernumerated before the time of repayment was completed, had the mark of wartime finance. The country was not at war yet, and he thought they all wanted to avoid the position in which by mortgaging the nation's resources in time of peace we might find our financial position weakened if war should come. For that reason borrowing ought to be reduced to the amount which might be proved to be absolutely necessary. They might be driven to do things from which their economic consciences would revolt in ordinary times, but they were asked to be satisfied that the amount they were asked to assent to was strictly necessary and some definite reason should be given for it. So far no such reason had been given.

MAJOR HILLS (Ripon, U.) said that all they were committing themselves to in allowing the Chancellor to borrow up to £400,000,000 was to put a limit beyond which the right hon. gentleman could not borrow. No one said that the Chancellor would borrow up to that limit. He did not see any reason for restricting the amount. He was glad to see that to great an authority as Mr. J. M. Keynes said that if the Chancellor of the Exchequer was prudent he could borrow this money without inflation. In present conditions he (Major Hills) thought the country could take this matter in its stride. He had not the least fear that the money would not be available.

Mr. BENSON (Chesterfield, Lab.) said that the Opposition were not prepared to trust the Government with power to borrow £400,000,000. If the Government wanted more than £200,000,000 they should come to the House and make their case.

### THE WISER COURSE

Mr. C. WILLIAMS said that it was wiser, on the whole, for the Government to borrow the money. For many years the country had not been expending as much as it should to meet its obligations under the League of Nations and for the purposes of defence. They were now endeavouring to make up that lag. If the amendment was accepted and the Chancellor of the Exchequer was to borrow only £200,000,000 the rest would have to come out of direct taxation. That would mean putting a more heavy drain on the industry than by the method which was proposed. He disliked Government or municipal borrowing at any time, but in an emergency of the present kind the Government, in borrowing, were doing what was best in the interests of the nation.

Mr. MUFF (Hull, E. Lab.), in supporting the amendment, said he wanted to see that they were getting value for their money.

Mr. LEWIS (Colchester, U.) said that in all quarters of the House there was agreement that they dare not any longer allow the country's inferiority in armaments to continue. The comments that had appeared in foreign newspapers showed clearly that the very size of the programme had a great and beneficial effect. It had an effect on those who, like ourselves, wished to keep the peace, and on those who might contemplate bringing it. From that point of view the larger the sum

amount of borrowing power. He had not suggested that it would be proper to borrow the whole of the non-recurring expenditure. He had said that a part of the non-recurring expenditure would have to be paid out of revenue. What that part should be would have to be decided from time to time in the light of other considerations. He did not have his case for borrowing on any such distinctions as Mr. Pethick-Lawrence made. He (Mr. Chamberlain) said that part of the expenditure reasons were considered why they were compelled to contemplate this enormous expenditure in a comparatively short time, and that it was largely due to the fact that they had to make up arrears which had extended over a much longer time, there was justification for the exceptional procedure. (Hear, hear.)

Mr. DE ROTHSCHILD (Isle of Ely, L.) asked whether it was proposed to distinguish between recurring and non-recurring expenditure.

Mr. CHAMBERLAIN said that was precisely what he was not prepared to do because he did not rest his case upon that distinction. It was extremely difficult to draw with certainty a line between recurring and non-recurring expenditure. There were certain items as to which it was arguable whether they were on one side of the line or the other; but if his argument were accepted, it did not very much matter that the expenditure should be divided into those two separate and distinct categories.

### NO RISK OF INFLATION

Hon. members opposite had spoken about the evil effects of inflation which would follow on the borrowing and the difficulties which would be imposed by it on the capital market. He must speak with diffidence in the presence of those who had studied these questions and arrived at these views; but, on the other hand, these views were not held by all authorities on the subject. Without referring again to Mr. Keynes, he (Mr. Chamberlain) had naturally tried to inform himself as best he could, on the best advice which was available to him, as to whether any injurious effects such as those contemplated were in fact likely to occur, and he had satisfied himself that there was no likelihood either of any difficulty in the capital market or of any undue inflation in consequence of the borrowing of £400,000,000. Mr. Pethick-Lawrence began to doubt whether savings would be adequate to provide the £400,000,000 to be borrowed as well as for the demands of private concerns at the same time. But the expenditure on the armament programme itself tended to make new savings. The demands which were going to be made upon savings by private firms for the purpose of armaments would be largely met by the Government themselves. In the case of the "shadow" factories the capital was largely to be provided by the Government.

When the general upward progress of trade in all directions was considered, he had not the slightest doubt that the savings would be amply sufficient to provide for any commitments that might be comprised within the £400,000,000, and no case had been made out for halving that figure.

The amendment was negatived by 199 votes to 87; Government majority 112.

### RATE OF INTEREST "MOST REASONABLE POSSIBLE"

On the motion that Clause 1 stand part of the Bill.

Mr. PETHICK-LAWRENCE asked the Chancellor of the Exchequer to give an assurance that in floating this succession of loans he would adopt a hard-hearted attitude towards those who had money to invest; that he would not try to coax them, as they were coaxed during the Great War, by higher and higher rates of interest; and that he would use such powers as he had to get the money for the nation at a reasonable rate. He also asked for an assurance that there would be no attempt made to float loans at an appreciable rate of discount. By that he meant 1 or 2 per cent. If the loans were floated in that way, when the five years were over the country would be saddled with something substantially in excess of the £400,000,000.

He hoped that on no account would the right hon. gentleman resort to the pernicious practice, adopted during the Great War, of

was reported, without amendment, to the House. The Merchant Shipping Bill was read the third time.

### SHIPPING SUBSIDY

#### FREIGHT RATES UP

DR. BURGIN, Parliamentary Secretary, Board of Trade (Luton, L.Nat.), in moving the third reading of the British Shipping (Continuance of Subsidy) Bill, said that, although freight rates were up, after years of depression it was not possible for the tramp shipping industry in a few months or perhaps a year to be restored to the level which they would like to see. There was a long leeway to make up. Let them rejoice at the improvement but not make the mistake of thinking that a single swallow made a nautical summer.

Under the stimulus of the subsidy a large number of freight markets had been so controlled that freight rates had been maintained at satisfactory levels. The various voluntary committees of the industry had found it possible to secure a measure of agreement by the simple expedient of saying that only those who agreed could qualify for the subsidy. Co-operation had been invaluable and it would be the height of folly to allow it to disintegrate because the tide appeared to have turned. The only way the Government could see of keeping that co-operation in being was to renew the subsidy, hoping that freight rates would be so high that it was not necessary to pay it, but having the power to make the payment should occasion so require.

Mr. SHORT (Doncaster, Lab.) said that the Opposition desired a fine mercantile marine. They liked to see British ships built and manned by British labour. As far as the subsidy was a helpful contribution to the conditions of the officers and men of the service, and he believed it was—they welcomed it, but conditions were not as satisfactory as they might be. They expected the Government to make some exceptional effort to see that conditions were still further improved.

SIR H. SEELY said that he opposed the Bill as a bad method of giving public money to an industry. It had only one merit, which was that perhaps Parliament would not have to pay the money.

The Bill was read the third time by 180 votes to 97—Government majority 83.

### REGENCY BILL

SIR J. SIMON, Home Secretary (Spen Valley, L.Nat.), moved that the House do agree with the Lords' amendments to the Regency Bill.

Mr. ATTLEE (Limehouse, Lab.) said that the amendment, which provided for the appointment of a Regent because the Sovereign was "not available" seemed to open the door very wide. Would it not be possible to narrow the clause by inserting "absence from the realm"?

SIR J. SIMON said that they did not want to open the door too wide, but that it was extremely difficult to find a suitable phrase which was narrower than "not available." It was possible to conceive a case in which this country was invaded, in which the situation would not be one in which the King was absent from the kingdom.

The amendments were agreed to. The Geneva Convention Bill was read the third time.

### FOREIGN TOMATOES

DR. BURGIN moved the approval of two Import Duties Orders, the first relating to tomatoes and the second to hand sewing needles and bodkins. He said that the first Order advanced the date on which the duty on foreign tomatoes was imposed from June 1 to May 15. The object was to encourage the growing of early crops in this country.

Mr. ALEXANDER said that the duty on tomatoes was another impost on the food of the people.

Mr. MUFF (Hull, E. Lab.) said that at an exhibition he was told by a doctor that tomatoes were one of the most valuable foods for cancer patients and that as far as research had gone the eating of tomatoes was a great preventive of a cancer growth. He appealed to the Government to withdraw the duty on this precious fruit, which had been immortalized by Dickens, for the average worker

### RATING RELIEF FOR SCOTLAND

#### CHANGES IN THE BLOCK GRANT

From Our Parliamentary Correspondent

When the Government's scheme for increasing the amount of the block grant to the local authorities in England and Wales was announced, it was stated that Scotland would be dealt with in a separate Bill, and this measure was presented to the House of Commons yesterday, accompanied by a White Paper reporting the result of the statutory investigation into the method of distributing the block grant during the past five years.

As a result of the new scheme, Scottish local authorities will receive additional assistance from the Exchequer to the extent of £1,438,754 a year. The actual increase in the block grant will be over £604,000 a year, and in addition the local authorities will be entirely relieved of their contributions to the Unemployment Fund amounting to £745,000 a year and of their share of maintaining the trunk roads amounting to about £90,000 a year. More than 70 per cent. of the total increase will go to the necessitous areas, including the Highlands and Islands. As in the case of England and Wales, a change is being made in the formula on which the allocations of the block grants are based and the representatives of the local authorities have expressed their general satisfaction with the results. The amounts to be gained by each county and large burgh are set out in an appendix to the White Paper. The following cases may be cited as examples:—

COUNTIES	Gain	Equivalent rate in £
Aberdeen .. ..	36,075	1 2
Linark .. ..	94,105	1 0
Stirling .. ..	26,638	9
West Lothian ..	14,680	9
Banff .. ..	30,003	3 1
Caithness .. ..	14,337	3 2
Inverness .. ..	24,866	1 11
Ross and Cromarty ..	25,509	2 7
Sutherland .. ..	4,431	1 6
Zetland .. ..	7,683	3 5
BURGHs		
Airdrie .. ..	12,260	1 8
Coubridge .. ..	16,804	1 5
Dumfries .. ..	9,532	1 5
Stirling .. ..	6,314	1 8
Glasgow .. ..	529,831	1 0
Greenock .. ..	33,286	1 2
Hamilton .. ..	20,264	1 9
Port Glasgow .. ..	17,215	3 3

Mr. Walter Elliot, Secretary of State for Scotland, in a speech broadcast in the Scottish Regional programme last night, said that these block grant proposals must be considered along with the Government's policy for the distressed areas. The problem of these areas must be tackled in many different ways, but one of the most important ways was by increasing the resources of their local authorities and easing their rating burdens to give them substantial help in their efforts to regain prosperity for themselves. He would ask all local authorities and all ratepayers to consider whether the new grant did not provide an opportunity for further improving essential social services, especially housing, without adding to the burden on the ratepayers. They had already done much in this field in Scotland, but there was still a great deal to do. He was like to find that the new proposals would be a real help to Scotland in doing it.

### ALLEGED EMPLOYMENT FRAUDS

It is reported that the new proposals would be a real help to Scotland in doing it.

### REFUGES IN AIR RAIDS

#### DETECTION OF GAS

Mr. Geoffrey Lloyd, Under-Secretary to the Home Office, has circulated a written reply to Mr. Wilson (Sheffield, Athercliffe, Lab.), who asked about plans made by the Air Raid Precautions Department.

It is proposed (Mr. Lloyd wrote) that, as far as possible, members of the public should remain indoors in a part of their home or place of work which has been adapted as a refuge in accordance with instructions which will be issued. The question of the provision of refuges for persons caught in the street when a raid is imminent is under consideration; but, while the equipment required in public refuges must depend on the nature of the premises employed for the purpose, it is considered that, if ordinary safeguards are employed, the installation of filtration plant will not be required.

Mustard gas and lewisite (Mr. Lloyd replied to a second question) can be detected by visual observation or by the sense of smell, which might suffice to give warning without any harmful effect. Arrangements will, however, be made for the detection of poison gas as part of the air raid precautions organization, and if members of the public were in danger of inhaling poisonous vapours every effort would be made to warn them of the presence of gas before they had to ascertain it for themselves.

A leaflet on the subject of air raid precautions has been addressed by the Home Office to all county, borough, and district councils and chief officers of police in England and Wales, and is obtainable at the Stationery Office for 1d. net. The memorandum indicates the Home Secretary's views as to the part which the police, and particularly chief officers of police, can properly undertake in local air raid precautions schemes, and the question of local co-operation in areas where there are naval, military, and Air Force establishments.

### PAY DURING DEFENCE TRAINING

#### LONDON BUILDERS' SCHEME

The Council of the London Master Builders' Association, in consultation with representatives of the Territorial Army Associations, have prepared a scheme whereby a man attending his weekly drills will be given a docket representing 1s. credit with his employers providing he attends camp. The dockets will be limited to 50 a year per man.

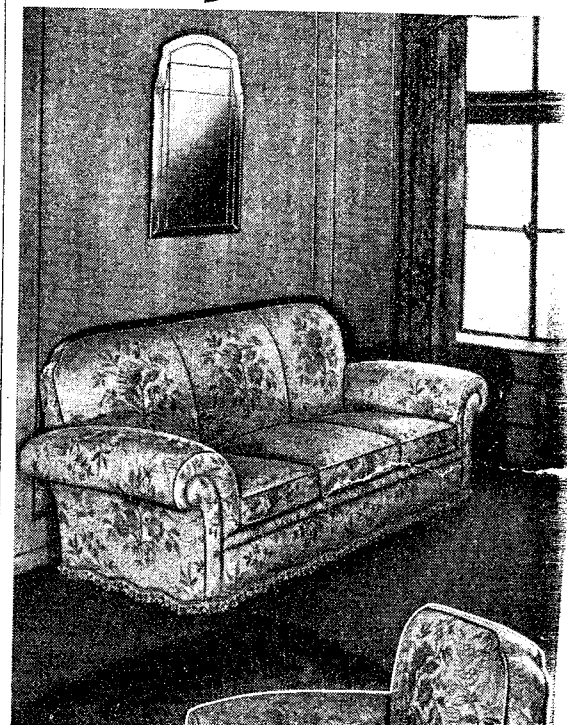
Before annual camp, or when a man changes his employment, payment will be made to the headquarters of his unit and the amount standing to his credit will be paid at camp. The scheme, in effect, reimburses the man during one of the two weeks in which he is the loser by his patriotic action.

The scheme does not place a man who finds it necessary to change his employment under any disability; and members of the association undertake to reinstate a man who returns from training on the job at which he was employed, or to offer him employment elsewhere.

Hitherto members of the Territorial Army employed on an hourly basis have suffered a fairly large financial loss, and they have naturally been disinclined to leave a job for camp with the possibility of some period of unemployment at the end of the training.

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In this matter it was a case of "necessity drives." If a practical alternative could be shown to borrowing the money, we should hesitate a long time before agreeing to borrow it. But no such alternative had been put before them. While he was willing to support the request for borrowing powers up to £400,000, he hoped that the Chancellor would not find it necessary to use the powers to anything like that extent, but would exhaust his ingenuity in looking for new methods to widen the field of taxation, and that the growing prosperity of the country would increase the taxation yield, possibly beyond even the Chancellor's expectations.

## MR. CHAMBERLAIN'S REPLY "NOT A BLANK CHEQUE"

Mr. CHAMBERLAIN, Chancellor of the Exchequer (Birmingham, Edgahston, U.), said that Mr. Peithick-Lawrence was drawing a distinction between legitimate borrowing for capital purposes and borrowing for purposes which were not capital. He welcomed this advance. Mr. Peithick-Lawrence was moving in the direction of the Government, and he (Mr. Chamberlain) did not despair of converting him entirely before the proceedings on this Bill were concluded. (Laughter and cheers.) But calculations of the kind that Mr. Peithick-Lawrence had drawn of the proportion of the projected expenditure that might properly be called capital were pure guesswork. The expenditure necessary to meet some new standard of safety by adding to the stores of ammunition to bring them to a new level was non-recurrent, and might even be described as capital expenditure.

The Government's proposal could not be called a blank cheque because there was a sum written on the face of it. It was not a cheque for £400,000,000, but that was the limit to the amount that the Government could borrow under the Bill. It was a request for a limited

case. Mr. CHAMBERLAIN, replying, said that the assurances for which Mr. Peithick-Lawrence had asked dealt with matters of some importance, and matters which must be watched, but it would not be feasible to give definite assurances at this stage. This period of borrowing was to last over five years, and in the chances and changes of this world one never knew how long one would remain in the particular position one happened to find at the moment. He might no longer be Chancellor of the Exchequer, and no Minister could bind his successors. He intended, however, to get any loans which he raised at the most reasonable rate possible, and it was the general policy of the Government to keep interest rates as low as they could.

With regard to the second assurance, that he would not attempt to get any loan at an appreciable rate of discount, here again he could not say what the future conditions would be. He would, however, endeavour to raise all the money which he had to raise on the terms which at the time seemed to give the most favourable conditions for the taxpayer. The third assurance for which he had been asked referred to certain loans made during the War from bank credits, and he was asked to give an assurance that he would not resort to any practice of that kind. The hon. member (Mr. Peithick-Lawrence) need feel no anxiety upon that point. He had no intention of resorting to any such practice, and he did not anticipate that he would be under any temptation to do so.

Clause 1 was ordered to stand part of the Bill by 213 votes to 101—Government majority, 112.  
Clause 2 (Short title) was ordered to stand part of the Bill.  
The Committee stage was concluded and the House resumed.  
The Local Government (Financial Provisions) Bill passed through Committee and

was read a second time. It was not a matter that he could discuss because it was not the concern of his Department. It was right that the House should consider the point of view of the consumer, but it was the producer who must be helped if unemployment figures were to be reduced. The Order was approved by 160 votes to 84—Government majority, 76.

DR. BURGIN explained the purpose of the second Order, said that it imposed, as from February 19, a specific duty of 1s. 1,000 per cent., as an alternative to the present 20 per cent. *ad valorem* duty. Imports came chiefly from Germany and Japan.

In reply to Mr. G. GRIFFITHS (Hemsworth, Lab.), DR. BURGIN indicated that insulin needles would not be included.

Mr. ALEXANDER (Sheffield, Hillsborough, Lab.) said that such duties were incapable of meeting sweating competition from Germany and Japan. What was the Government doing to get into touch effectively with those responsible for Japanese and German production in order to reach a sane understanding on this matter?

DR. BURGIN said that while discussions might quite profitably go on between two groups of industries in two countries, and he was in favour of it, there must be something done in the interval. They could not have an industry being steadily undermined by cheap imports which bore no relation to the cost of production and so putting an industry in this country out of business. As a condition of the new Order, an arrangement had been made whereby the needles would continue to be sold at the old prices.

The Order was approved.

The House adjourned at 21 minutes past 10 o'clock.

## PARLIAMENTARY NOTICES HOUSE OF LORDS

Reserve Forces Bill and National Health Insurance Act (Amendment) Bill, Committee.  
Resumption of Debate on Foreign Policy.  
HOUSE OF COMMONS

Supply Day.—Vote on Account, Committee; Debate on Foreign Affairs.

COMMITTEES  
HOUSE OF LORDS.—Select Committee: Sheffield Gas (No. 2) Order, 1935, and Barnet Corporation, Room 2, at 11. Wexley Electricity, Room 3, at 11. House of Commons.—Standing Committee B: Factories Bill, Room 10, at 11. Standing Committee C: Livestock Industries Bill, Room 14, at 11. Standing Committee (Scotland): Harbours, Piers and Ferries (Scotland) Bill, Group B: Brighton, Hove and Worthing Gas, Room 6, at 11. Public Accounts, Room 16, at 1.30. Publications and Debates Reports, Room 15, at 4. Private Bill Procedure (Local Legislation Clauses), Room 11, at 4.

## SHORTHAND NOTES IN THE HIGH COURT

The Attorney-General announces in a written Parliamentary reply that the Lord Chancellor has decided to adopt the recommendations of the Committee presided over by Mr. Justice Atkinson and to institute a system of official shorthand note taking in witness actions tried in the Chancery and the King's Bench Courts and on Assize. The Lord Chancellor is in consultation with the Treasury with a view to introducing suitable arrangements as early a date as possible. The report of the Committee will be published in due course.

## GRESFORD DISASTER INQUIRY

Chief Inspector Rees and Detective-sergeant Stinton, the Scotland Yard officers who for the past six days have been taking statements from miners in connexion with the Gresford Colliery disaster, are returning to London to-day. It is believed that they are to make an interim report to headquarters, and they are expected to return later in the week to resume their investigations. The North Wales Miners' Association yesterday discussed in private the three reports on the Government inquiry.

## ILLNESS OF A JUDGE

Derby Assizes, which opened last Thursday, have been interrupted by the indisposition of Mr. Justice Humphreys. It was announced yesterday that after consultation with his medical adviser his Lordship would not sit before Thursday. The business to be completed consists of divorce petitions and civil actions.

at the Middlesex Guildhall, Westminster, yesterday, LORD SANKEY said subscriptions and donations for 1936 totalled £1,767—one of the best years the society had known—thanks largely to Mr. Malcolm Macnaughtan. The great features of the society's work were the small amount spent on administration and the very large amount spent in helping discharged men. The number of discharged prisoners was 2,146, of whom the society had assisted 1,724. The society had found work for 41; paid railway fares to various parts of the country for 75; provided board and lodgings for nearly 1,300; made gifts of clothes to 520; gifts of tools to 51, and gifts of money to nearly 1,100. At the end of their inquiries they found that 80 of the men were doing well, and 220 fairly well.

He trusted they would keep the society flourishing; it was charity in its best form, without distinction and just simply for the man who was down and out.

## CONTROL OF CIVIL AIRCRAFT

### REGISTRATION BOARD FORMED

A board has been formed to control the issue of new and renewed air certificates to British civil aircraft.

The Air Registration Board, registered last Friday, according to Jordan and Sons, will be in control on April 1 by issuing certificates to light aircraft, and ultimately will control the issue to all aircraft up to 10-seater civil passenger machines. The board will fulfil the same functions for British civil aircraft as Lloyd's Register of Shipping does for the mercantile marine.

Its formation is the direct outcome of the report made by Lord Gorell's Committee on Control of Private Flying, which sat in 1933-34. The work to be done by the board is at present carried out by a joint committee of Lloyd's Register of Shipping and Aircraft and the British Corporation Register of Shipping.

On the board will be members representing Lloyd's, the Society of British Aircraft Constructors, the Subsidized Airway Operators, the Unsubsidized Operators, the Royal Aero Club, and a pilot of more than five years' standing. The members are:—Mr. E. L. Gandard-Dower, Mr. G. E. Woods-Humphrey, Mr. H. E. Ferriss, Mr. G. H. Handyside, Mr. F. Handley Page, Mr. A. G. Lamplugh, Mr. R. L. Murray-Stewart, Mr. L. T. Hutchinson-Greig, Mr. H. N. St. Valere, Mr. C. Walker, Mr. E. R. H. Hill, and Mr. A. J. Whittall. The chairman is Sir Maurice Denny.

A member of the board stated last night: "The board will really recommend to the Air Ministry the granting of certificates and renewals, and will issue the certificates. It will not in any way supersede or take over any of the duties of the Director-General of Civil Aviation. The process of taking over will be a gradual one, beginning on April 1 with the renewal of certificates to light aircraft; then it will later take over the renewals for larger aircraft and the issue of 'type' certificates for heavier craft up to 10-seater passenger machines. The control of these will remain with the Air Ministry."

## KENSINGTON COUNCIL AND PLAYING FIELD

At to-day's meeting of Kensington Borough Council the report of the Improvements Committee will be considered relative to the purchase of land for organized games and the possibility of providing such a playing field as a memorial to King George V. The most suitable site, in the committee's opinion, is an area of land within seven miles of Kensington comprising 56 acres with a frontage on to the Ealing road, leading from Northolt to Ealing, and a frontage on to a strip of land reserved by the Middlesex County Council on the south side of Western Avenue. The London Passenger Transport Board, who own the land, do not wish to divide the 56 acres, which they are willing to sell to the council for £51,000, subject to a covenant restricting building. Subject to a contract to be approved by the Town Clerk, the committee recommend the council to purchase the 56 acres at that price.

Mr. Walter Nash, Minister of Finance, New Zealand, and Sir John Wardlaw-Milne, M.P. for Kidderminster, received the freedom of Kidderminster yesterday. Mr. Nash was born in the town.

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