WAR IN EUROPE.
AUSTRIA-HUNGARY AND SERBIA.

Sir JOHN JARDINE asked the Prime Minister when the proclamation of neutrality in the war between Austria-Hungary and Servia will be issued for the guidance of subjects of His Majesty in all parts of the world, especially of governors and administrators?

The PRIME MINISTER: I can make no statement on this subject at present.

NATIONAL INSURANCE ACT.
MATERNITY BENEFIT.

Mr. GODFREY LOCKER-LAMPSON asked the Chancellor of the Exchequer whether any part of the additional million for the purpose of National Health Insurance will be used for maternity benefit?

Mr. BENN: The answer is in the negative.

Mr. G. LOCKER-LAMPSON asked the hon. Member for St. George’s-in-the-East what is the number of women who are entitled to maternity benefit under the National Insurance Act if they are confined?

Mr. BENN: All insured women and the wives of all insured men are entitled to maternity benefit under the National Insurance Act. The respective numbers of women of all ages are estimated to be 4,077,000 and 5,000,000.

Mr. G. LOCKER-LAMPSON asked the hon. Member for St. George’s-in-the-East, as representing the Insurance Commissioners, whether any estimate can be given of the number of women below the Income Tax limit themselves or whose husbands are below the Income Tax limit, who on confinement cannot get maternity benefit under the National Insurance Acts by reason of the fact that neither they nor their husbands are insured under those Acts?

Mr. BENN: The number of married women in the category mentioned in the question who are not entitled to maternity benefit because neither they nor their husbands are insured is estimated to be 458,000.
GREAT BRITAIN AND GERMANY.

THE PRIME MINISTER'S ANNOUNCEMENT.

VIOLATION OF BELGIAN NEUTRALITY.

ULTIMATUM TO GERMAN GOVERNMENT.

Reply Demanded by Midnight (4th August).

Mr. BONAR LAW: I wish to ask the Prime Minister whether he has any statement that he can now make to the House?

The PRIME MINISTER (Mr. Asquith): In conformity with the statement of policy made here by my right hon. Friend the Foreign Secretary yesterday, a telegram was early this morning sent by him to our Ambassador in Berlin. It was to this effect:

"The King of the Belgians has made an appeal to His Majesty the King for diplomatic intervention on behalf of Belgium. His Majesty's Government are also informed that the German Government has delivered to the Belgian Government a Note proposing friendly neutrality entailing free passage through Belgian territory and promising to maintain the independence and integrity of the Kingdom and its possessions, at the conclusion of peace, threatening in case of refusal to treat Belgium as an enemy. An answer was requested within twelve hours. We also understand that Belgium has categorically refused this as a flagrant violation of the law of nations. His Majesty's Government are bound to protest against this violation of a Treaty to which Germany is a party in common with themselves, and must request an assurance that the demand made upon Belgium may not be proceeded with, and that her neutrality will be respected by Germany. You should ask for an immediate reply."

We received this morning from our Minister at Brussels the following telegram:

"German Minister has this morning addressed Note to the Belgian Minister for Foreign Affairs stating that as Belgian Government have declined the well-intended proposals submitted to them by the Imperial Government, the latter will, deeply to their regret, be compelled to carry out, if necessary by force of arms, the measures considered indispensable in view of the French menaces."

Simultaneously — almost immediately afterwards—we received from the Belgian Legation here in London the following telegram:

"General staff announces that territory has been violated at Genimenich (near Aix-la-Chappelle)."

Subsequent information tended to show that the German force has penetrated still further into Belgian territory. We also received this morning from the German Ambassador here the telegram sent to him by the German Foreign Secretary, and communicated by the Ambassador to us. It is in these terms:

"Please dispel any mistrust that may subsist on the part of the British Government with regard to our intentions by repeating most positively formal assurance that, even in the case of armed conflict with Belgium, Germany will..."
[Mr. Asquith.] under no pretence whatever, annex Belgian territory. Sincerity of this declaration is borne out by fact that we solemnly pledged our word to Holland strictly to respect her neutrality. It is obvious that we could not profitably annex Belgian territory without making, at the same time, territorial acquisitions at expense of Holland. Please impress upon Sir E. Grey that German Army could not be exposed to French attack across Belgium, which was planned according to absolutely unimpeachable information. Germany had consequently to disregard Belgian neutrality, it being for her a question of life or death to prevent French advance.”

I have to add this on behalf of His Majesty’s Government: We cannot regard this as in any sense a satisfactory communication. We have, in reply to it, repeated the request we made last week to the German Government, that they should give us the same assurance in regard to Belgian neutrality as was given to us and to Belgium by France last week. We have asked that a reply to that request, and a satisfactory answer to the telegram of this morning—which I have read to the House—should be given before midnight.

ARMY RESERVE AND TERRITORIAL FORCE.

The PRIME MINISTER at the Bar, acquainted the House that he had a message from His Majesty, signed by His Majesty’s own hand, and he presented the same to the House, and it was read by Mr. Speaker (all the Members of the House being uncovered), and it is as followeth:

“GEORGE R.I.—The present state of public affairs in Europe constituting in the opinion of His Majesty a case of great emergency within the meaning of the Acts of Parliament in that behalf, His Majesty deems it proper to provide additional means for the Military Service, and therefore, in pursuance of these Acts, His Majesty has thought it right to communicate to the House of Commons that His Majesty is, by proclamation, about to order that the Army Reserve shall be called out on permanent service, that soldiers who would otherwise be entitled, in pursuance of the terms of their enlistment, to be transferred to the Reserve, shall continue in Army Service for such period, not exceeding the period for which they might be required to serve if they were transferred to the Reserve and called out for permanent service, as to His Majesty may seem expedient, and that such directions as may seem necessary may be given for embodying the Territorial Force and for making such special arrangements as may be proper with regard to units or individuals whose services may be required in other than a military capacity.”

BUSINESS OF THE HOUSE.

Ordered, “That, on this day, notwithstanding anything in Standing Order No. 15, Supplementary Estimates for new services may be considered in Committee of Supply; that the Chairman shall, so soon as the House resolves itself into Committee of Supply, put forthwith the Question, with respect to each Class of the Civil Service Estimates, that the total amount of the Votes outstanding in that Class be granted for the services defined in the Class, and shall in like manner put severally the Questions that the total amounts of the Votes outstanding in the Estimates for the Navy, the Army, and the Revenue Departments be granted for the services defined in those Estimates; and that Business other than Business of Supply may be taken before Eleven of the clock.”—[The Prime Minister.]
METROPOLITAN POLICE (EMPLOYMENT IN SCOTLAND) (No. 2) BILL.

Read a second time, and committed to a Committee of the Whole House for Tomorrow.—[Mr. Gulland.]

PUBLIC WORKS LOANS [REMISSION OF DEBT].

Committee to consider of authorising the remission of certain Debts in pursuance of any Act of the present Session relating to Local Loans.

King's Recommendation signified [Mr. Gulland] to-morrow (Wednesday).

WAR RISKS.

STATE INSURANCE SCHEME.

Whereupon Mr. Speaker, pursuant to the Order of the House of 17th July, proposed the Question, "That this House do now adjourn."

The CHANCELLOR of the EXCHEQUER (Mr. Lloyd George): I will, with the indulgence of the House, now make the statement I promised yesterday to make regarding the very important question of insurance against war risks. The problem is how, having regard to the narrow limitations of the insurance market for war risks, and the difficulty of obtaining insurance of war risks on reasonable terms, or possibly any terms, in the course of a war in which this country is involved, we can secure that our vast overseas trade will go on, avoid an undue enhancement of prices or a curtailment of the supply of the food and materials of British industry, and ensure that the unemployment which is inevitable shall be restricted within the narrowest possible limits. This question is one which has received the earnest consideration of His Majesty's Government for several years. It has formed the subject of several enquiries from time to time. It was examined, not only by the Royal Commission, of which Lord Balfour of Burleigh was Chairman, but also subsequently by a special expert Committee of which I think the right hon.

Gentleman the Member for West Birmingham (Mr. Chamberlain) was Chairman. This Committee, which reported in 1908, came to a conclusion adverse to the establishment of any State scheme for this purpose; but since the date of the Report—I think the right hon. Gentleman has come to the same conclusion—the changes of conditions, both economic and strategic, which have taken place, have led us to the conclusion that the whole question needed re-examination in the light of present-day conditions. This re-examination was entrusted to a specially competent sub-Committee of the Committee of Imperial Defence.

The Chairman of the Committee was Mr. Huth Jackson, and the other Members were Lord Inchcape, Sir Norman Hill, Sir Raymond Beck, and Mr. Arthur Lindley—an exceedingly competent body of experts, representing very important interests, and having a special knowledge of the subject which they were called upon to investigate. The reference to the Committee was to consider whether an administratively practicable scheme could be devised for submission to His Majesty's Government that will secure in the case of war that British commerce shall not be interrupted by reasons of inability to cover the war risks of ships and cargoes, and which will also ensure that the insurance rates shall not be so high as to cause an undue rise of prices. It was stipulated that any scheme prepared must be on the basis of reasonable contributions being paid by the owners of ships and cargoes towards the cost of insurance. It will be seen that the reference to the Committee did not include the question of policy which was reserved for the decision of His Majesty's Government. The document itself will, I think, be found in the Vote Office. Probably it is in the hands of Members at the present time. The result of the prolonged examination of the whole question for more than a year by Mr. Huth Jackson's Committee, was to produce a scheme which in their judgment, and in our judgment, complies with the conditions laid down in the reference, and this scheme has now been endorsed by His
of war up to the time they reached the nearest British or neutral port which is safe for the ship to lie in, and a few days beyond.

These three great associations now include steamers up to a value of probably £90,000,000 or £100,000,000, which is perhaps about four-fifths of our British overseas shipping. It is evident that the form of mutual protection which has been adopted by these associations, although admirably adapted to protect the interests of ship-owners, adds greatly to the peril of interruption of our overseas trade on the outbreak of war, since the great bulk of British shipping is now encouraged by the terms of the Indemnity Associations not to keep the seas but to run for the nearest neutral or British port, for the simple reason that they do not cover war risks. What we want is a reason that will encourage shipping to keep the seas. That is vital in order that we should have an uninterrupted supply of food and material and that our trade should go on during the time of war as it does in the time of peace. We are perfectly convinced that by the powerful aid of the British Navy supplemented by a scheme of this kind, we can secure that vital object to our people.

A third condition which, in our opinion, has changed since 1906 is the strategic situation. I do not propose 4.0 P.M. this afternoon to give more than a broad outline of the scheme. But the House may like me to give just a summary of it, and I am prepared to do so, although each Member has got the document itself. It is a very lengthy and intricate document. I will deal with the question of hulls and cargoes separately, as the procedure followed is different in the two cases. In the case of ships, arrangements have been made with the existing clubs which deal exclusively with the question of hulls, or if necessary with other associations that may be formed. We do not propose to confine our operations merely to recognising the existing associations if other associations are set up, which are approved by the Government, and we shall recognise them in exactly the same way, on the mera...
condition that they shall extend their existing standard forms of policy to cover war risks up to the arrival of the vessel at the final port of the voyage which it is making when war breaks out, and for ten clear days after such arrival. Arrangements are also to be made with the same societies for the issue of similar policies on vessels starting their voyage after the war has broken out, and for this purpose the Government is to make an agreement with each of the societies, the principal conditions of which are the following:

1. The Government is to reinsure 80 per cent. of all these risks.

I am dealing now with hulls because there are different conditions when we come to cargo.

2. In respect of voyages current on the outbreak of war, no premium is to be charged, but in respect of voyages begun after the outbreak of war, the State is to fix the insurance premium to be charged on a voyage basis, and is to receive 80 per cent. of such premium.

If the voyage is current on the outbreak there will be no premium charged, but for voyages after the outbreak of war, a premium will be charged and 80 per cent. will be received by the Government. I want my hon. Friends to bear in mind that I am dealing with hulls, and that there are different sets of provisions when we come to cargoes.

3. The State is to have the right to fix and vary the premiums from time to time as may be necessary within a maximum of 5 per cent. and a minimum of 1 per cent., but a rate agreed for a specific voyage shall hold good if a vessel sails on that voyage within fourteen days of the completion of the insurance. On the other hand, if the starting of the voyage is delayed under the orders of the Admiralty, the assured shall have the option of cancelling the policy and of receiving back the premium paid.

4. The Associations are to run the remaining 20 per cent. of these risks, both before and after the outbreak of war, receiving for voyages after the outbreak of war 20 per cent. of the premiums fixed by the State.

5. All expenses of administration are to be borne by the clubs.

6. The claims are to be dealt with and settled by the Committee of the society upon which the Government is to be represented.

The clubs, as I have said, include probably four-fifths of the shipping of this country, but there is nothing to prevent our concluding suitable arrangements mutatis mutandis with any great group of shipping that may be outside the clubs at present. Now I come to that part of the scheme which deals with the insurance of cargoes. Here we have not, as in the case of ships, existing mutual associations formed especially for the purpose of dealing with war risks through which it is possible to work. It is necessary, therefore, to set up an office for this purpose, and it is proposed that the work should be undertaken by a State Insurance Office to be opened in London. It has already been opened. We have already made the arrangements. The State Office will undertake to insure cargoes in British ships insured under the scheme which start on voyages after the outbreak of war, but it is not proposed that any steps should be taken with regard to cargoes already afloat at the time when the scheme takes effect. The rate of premium to be charged by the State for covering these risks is to be a flat one, irrespective of the voyage or the character of the cargo insured. We considered this matter very carefully, and came to this decision after a great deal of discussion. The flat rate is capable of variation from time to time, within a maximum of five guineas per cent. and a minimum of one guinea per cent. It is proposed to set up a strong Advisory Board, consisting chiefly of persons versed in insurance matters, together with an official element which will have executive powers as regards the administration of the State Office, and will also advise as to the settling of rates, both on ships and on cargoes and other matters. I am glad to say that Mr. Douglas Owen, the well-known authority
on war insurance, has placed his services at the disposal of the Government for this purpose, and associated with him there will be men of weight and representative character in the commercial and insurance world whose names—at present I am not in a position to give them—will command general confidence. For further details of the scheme, both as regards ships and cargoes, I would refer Members to the Report of the Committee and to the document which they have in their hands. There is one possible criticism which I think I ought to anticipate. It is that while the case for this scheme is the preservation of our supplies of food and raw material, it is not confined in any way to voyages of ships bringing food supplies and raw materials to the United Kingdom. I think that is very vital. It is vital that British shipping in every part of the world should be protected, and a little reflection will show that, in order to maintain the stream of supplies of necessaries for our population, we have to keep going the whole mechanism of overseas trade. It may seem, at first sight, to matter very little whether a British ship makes a voyage from New York to Buenos Ayres or not, but unless the ship makes that voyage it will not be available to bring food from Buenos Ayres to this country. We therefore felt bound to endorse the conclusion of the Committee, that there is no valid distinction to be made in respect either of the nature of the cargo or of the voyages to be covered by the scheme.

It only remains to say a word as to the method of procedure. We are advised that legally there is no necessity to obtain legislative sanction in advance before entering into the arrangements contemplated by the scheme, although it will undoubtedly be necessary to come to Parliament for the necessary funds, and, possibly, some validating legislation may have to be necessary in respect of certain points. In normal circumstances I need hardly say that we should, as a matter of policy, have thought it our duty to lay the proposals in a Bill before Parliament, before embarking on so novel and unprecedented a course as that we propose. But the emergency in which we find ourselves is itself unprecedented, and we therefore feel justified in appealing to the House to authorise us to proceed in this matter at once, in advance of any legislative and financial sanctions that may hereafter be required. It is not intended that any part of the scheme shall take actual effect, unless and until notice to that effect has been given to the public. The organisation of the Improvised Insurance bureau which is being undertaken by the Board of Trade will, of course, involve a heavy piece of administrative work of an unaccustomed kind. We cannot promise that the whole scheme will work without a hitch on the first opening of the bureau. We can only do our best in that respect. The administration is in very able hands, and it is the first experiment of the kind undertaken by the State. We hope and pray that the necessity for opening it may never arrive, but should the necessity arise, we hope and believe that by this scheme we shall be able to do something to relieve the anxiety of the mercantile and shipping world, and to ensure the continuity, in spite of every emergency, of the free flow of food and raw material to the population of this country.

Mr. CHAMBERLAIN: I believe that the statement which has just been made by the Chancellor of the Exchequer will be received with satisfaction in all quarters of the House and in the country. The right hon. Gentleman alluded to a Committee over which I presided at the request of the present Government in the years 1907-8, and to the adverse Report which that Committee made. I entirely agree with all the right hon. Gentleman has said that the most material factors in the situation have changed since, and I, some time ago, expressed my opinion publicly and to the Government that the whole subject ought to be re-opened, and that the decision ought not to be prejudiced by the Report which my Committee made. At a later date, I had an opportunity of seeing Mr. Huth Jackson, with the consent of the Government, and dis-
discussing the proposals of his Committee with him, and I then intimated to the Government, through him, that I thought a case was made out for such a scheme, and that the scheme in its main features was a practical and good one. I do not want to make a speech on the subject, for I agree, and can only say that I agree with all that the Chancellor of the Exchequer has said, and with his explanation of the situation. But I would like to add this, that I myself and my Friends with whom I have been consulting, are of opinion that the danger to this country is not so much of an actual scarcity of food or raw material as of the fear of scarcity causing a panic and raising prices. In my opinion, with a Navy able to discharge its duty, the pressure comes at the first moment. As time goes on the situation will be relieved, and we shall find supplies pouring in in great quantities from across the Atlantic, and there is no reason to suppose that we shall have to suffer any alarming scarcity. But there is every reason for preventing panic at the beginning, for allaying apprehensions, and for making the path of commerce and of industry as smooth as it can be made, so as to prevent all preventable hardships and suffering to any class of the community. I believe that the scheme which the right hon. Gentleman has announced will go far to effect that result.

Mr. ARTHUR HENDERSON: I am not going to take up the time of the House in making any reference whatsoever to the scheme that has been outlined by the Chancellor of the Exchequer. So far as I understand it, it seems excellent for the purpose, and I think it is absolutely essential. I should like, however, to ask the right hon. Gentleman, or the Prime Minister, whether the Government are in a position to report as to what steps are likely to be taken after these cargoes, which we are going to protect, have reached this country, and after all the machinery of this bureau has been put into operation. We must all be aware of the fact that, before many days are over, there will be thousands and tens of thousands of people in this country, especially if prices rise, who will be reduced to veritable starvation. An hon. Member says "No, no!" Anybody who says "No, no," does not know how the poor of this country live. Hon. Members do not know how the poor of this country have to live. They live, as it were, from day to day. Trade is bound to be affected, and if it is essential, as I believe it is essential, to look after the interests of shipping in order that we may have the cargoes landed in our own country, and thereby have a supply of food which money can buy, I want to ask whether we are not as a House equally under an obligation to take the organisation a step further? We may have thousands of people who may be brought into a condition of starvation or semi-starvation through no fault of their own, because they will be compulsorily unemployed. The casual worker may have no employment even to enable him to get the few days' wages that do come in occasionally. I want to make the appeal now while we are on this subject, because I am apprehensive that the House will close in a day or two, and may be closed for some time. I think, therefore, we are under the obligation to look at this issue at the moment, and I should like to make a strong appeal to the Prime Minister to give us some hope that this aspect of this great and important question will receive serious consideration, and that, before the House rises, some scheme of organisation to deal with the starving people will be intimated to the House.

Mr. STANLEY WILSON: That has been done already.

Mr. A. HENDERSON: I am told it has been done already. I have sat through all the sittings of the House, and I have not heard it. I shall withdraw everything I have said if the Prime Minister can intimate to me the scheme that somebody has suggested.

Mr. LLOYD GEORGE: I do not know whether my hon. Friend was here last night when that question was put to me
[Mr. Lloyd George.] from the Bench behind him, and when I certainly stated that this was a question which was now engaging the attention of the Government, and had been for some days.

Mr. A. Henderson: The question I am now asking, in view of the fact that the House is going to rise, is: Will he promise a statement on the subject before this part of the Session does close?

The Prime Minister: I may say, in response to the appeal of my hon. Friend, that the Government are looking on all these matters as more or less interdependent. Yesterday we obtained the assent of the House to a Bill which will, I believe, set free our produce markets from an incubus and from fetters from which, if the law of the land remains as it was, very serious results might have flowed, and more to the working classes than any other class of the community. We have to-day gone a step further, and, in the measure which the Chancellor of the Exchequer has outlined, we are providing the best security which long and deliberate consideration can suggest for the free influx from all quarters of the earth of food and material upon which our population and industry depend. I quite agree with my hon. Friend that these two steps, important as they are, would not be adequate to the emergency which, unhappily, we have now to contemplate, unless we went one step further and contemplated the problem of distribution. In regard to that, I can assure him that it has been engaging our most anxious attention for days past. I hope, I do not say tomorrow, but in the course of the next two or three days, to submit to the House proposals in regard to that matter which will complete the scheme.

Lord Charles Beresford: What the Prime Minister has told us is very satisfactory. We recognise that it is a most difficult problem, because we have no machinery for distribution at this moment. It is easier to get food in than it will be to distribute it. However, after the Prime Minister has assured us that he is looking into that matter, I will submit no further remarks upon it except to endorse the remarks of the hon. Member opposite (Mr. A. Henderson). I desire to put one or two questions to the Prime Minister. Shall we start with the fact that coal and food are contraband of war? It makes the problem very difficult if we discover they are contraband afterwards. It would be much wiser for us to make our arrangements on the basis that food and coal will be contraband. I agree with my right hon. Friend the Member for West Birmingham (Mr. Chamberlain), that if we go to war there will be a tremendous gap for the reason that the shipper—not the shipowner—is the most nervous man in the country. From the time he gets his cargo on board until he receives a telegram stating its arrival, he is always in and out of Lloyd's. For that special reason it is very important that the distribution scheme should be thoroughly organised at once. I would also ask the Prime Minister a question with regard to neutrals. We have a large number of neutrals that bring food and raw material to this country. Do they come under this insurance proposal—I mean ships belonging to neutral Powers? [Hansard: "No, only British ships.""] Another question I should like to ask the right hon. Gentleman is, if it is elected to start with food as contraband of war, what steps shall we take in the Mediterranean with those vessels which are conveying food in large quantities to Italy, because they will be able to supply Austria and Germany if we go to war. For that reason, we ought to decide now whether or not food and coal are contraband of war. It will make a very serious difference to us if we go to war, whether food and coal are declared contraband or not.

It being half an hour after the conclusion of Government Business, Mr. Speaker adjourned the House, without Question put, pursuant to the Order of the House of 17th July.

Adjourned accordingly at Twenty-two minutes after Four o'clock.