WAR CABINET PAPERS.

514-552 inclusive.

January 8, 1919, to March 31, 1919, with Subject Index.
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Minutes of a Meeting of the War Cabinet held at 10, Downing Street, S.W., on Wednesday, January 8, 1919, at 11 A.M.

Present:

The Prime Minister (in the Chair).

The Right Hon. the Earl Curzon of Kedleston, KG., G.C.S.I., G.C.I.E.

The Right Hon. A. Chamberlain, M.P.

The Right Hon. A. Bonar Law, M.P.

The following were also present:

The Right Hon. E. S. Montagu, M.P., Secretary of State for India (for Minutes 5 to 7).

The Right Hon. Viscount Milner, G.C.B., G.C.M.G., Secretary of State for War (for Minutes 1 and 9).

General Sir H. W. Wilson, G.C.B., D.S.O., Chief of the Imperial General Staff (for Minutes 1 and 9).

The Right Hon. H. W. Forster, M.P., Financial Secretary, War Office (for Minute 1).


General Sir J. S. Cowans, G.C.M.G., K.C.B., M.V.O., Quartermaster-General to the Forces (for Minute 9).


The Right Hon. Lord Weir of Eastwood, Secretary of State for the Royal Air Force.


Admiral Sir R. E. Wemyss, G.C.B., C.M.G., M.V.O., First Sea Lord and Chief of the Naval Staff (for Minute 1).

The Right Hon. T. J. Macnamara, LL.D., M.P., Financial Secretary, Admiralty (for Minute 1).


Lieutenant-Colonel Sir R. S. Horne, K.B.E., K.C., Third Civil Lord, Admiralty (for Minutes 1 to 7).

The Right Hon. Lord Pirrie, K.P., Controller-General of Merchant Shipbuilding (for Minute 7).


The Right Hon. Sir J. MacLay, Bart., Shipping Controller (for Minutes 4 to 7).

The Right Hon. A. Stanley, M.P., President, Board of Trade (for Minutes 4 to 7).

The Right Hon. G. H. Roberts, M.P., Minister of Labour (for Minutes 5 to 7).

Sir D. J. Shackleton, K.C.B., Permanent Secretary, Ministry of Labour (for Minutes 4 to 7).

The Right Hon. J. Hodge, M.P., Minister of Pensions (for Minutes 4 to 7).

Sir J. Stevenson, Bart., Ministry of Munitions (for Minutes 4 to 7).

Sir L. A. Selby-Bigge, Bart., K.C.B., Secretary, Board of Agriculture (for Minute 4).


Captain C. Clement Jones, C.B., Assistant Secretary.

Lieutenant-Colonel L. Wilson, C.M.G., D.S.O., M.P., Assistant Secretary.

Captain L. F. Burgis, Assistant Secretary.

Mr. T. Jones, Assistant Secretary.
1. THE War Cabinet had under consideration a memorandum by the Chairman of the Soldiers' and Sailors' Pay Committee dealing with the recommendations of that Committee in regard to the payment of war gratuities to regular and temporary officers of the Royal Navy, Army, and Royal Air Force (Paper GT.-6592).

Mr. Barnes explained that the Committee, of which he was Chairman, recommended that a gratuity for regular officers of the three services should be paid at the rate of sixty-seven days' pay for the first year's service, with increments of 17. per month for ranks up to lieutenant-colonel; 2l. for colonels and brigadier-generals; and 3l. for higher ranks, for each subsequent month's service abroad after the first year, similar increments being given to equivalent ranks in the Navy. With regard to temporary officers, the rate of gratuity to be paid was already laid down in Article 497 of the Royal Warrant for Pay of the Army.

The Prime Minister expressed the opinion that, before the War Cabinet approved these recommendations, it was advisable that Field-Marshal Sir Douglas Haig should be consulted, as he was certainly entitled to express an opinion on this question. As demobilisation of officers was now taking place, it was also necessary that an announcement should be made on this question as early as possible, and Mr. Lloyd George therefore suggested that the Financial Secretary to the War Office should proceed to France that day in order that Field-Marshal Haig's opinion might be known as soon as possible.

The Financial Secretary to the War Office undertook to proceed to France at once in order to consult with Field-Marshal Haig on this question.

The First Sea Lord said that the Board of Admiralty, and the Parliamentary Secretary to the Air Council said that the Air Council, had agreed in these recommendations of the Committee, but if any alteration was made in the rates of gratuity for army officers it would be necessary for the Admiralty and the Royal Air Force to reconsider the position from the point of view of their respective services.

The War Cabinet decided that—

(a.) The recommendations of the Soldiers' and Sailors' Pay Committee with reference to the scales of war gratuities to be paid to regular and temporary officers of the Navy, Army, and Royal Air Force should be approved, subject to the concurrence of Field-Marshal Sir Douglas Haig.

(b.) The Financial Secretary to the War Office should proceed at once to France to consult with Field-Marshal Sir Douglas Haig on this question, and should inform Mr. Barnes of the result of the consultation.

(c.) No public announcement should be made in the press until Mr. Barnes had received the report of the Financial Secretary to the War Office on his return from France.

2. With reference to Imperial War Cabinet 48, Minute 6, Lord Curzon read a telegram from Paris from Lord Robert Cecil, in which it was stated that Mr. Hoover was urging that the British delegates to the proposed International Council should be appointed without any further delay, and should come to Paris immediately.

It was recalled that on the 31st December, 1918 the Imperial War Cabinet had appointed Lord Reading and Sir Joseph Maclay to serve on the International Council.

Lord Reading, however, who was strongly pressed to accept the post of senior British delegate, once more expressed great reluctance to undertake the post. In view of the great urgency of the question, he undertook to proceed to Paris with Sir John Beale, as a pro-
Co-ordination of Demobilisation.

3. With reference to War Cabinet 513, Minute 2, the War Cabinet had before them a Memorandum by Sir Eric Geddes (Paper G.T.—6612) relating to the misapprehension which existed in the fourteen various Ministries concerned in demobilisation, both as to the meaning and purport of his appointment as representing the War Cabinet on the question of demobilisation, and also as to the procedure to be adopted. Sir Eric Geddes outlined in his Memorandum the instructions he suggested should be issued to the departments concerned.

The War Cabinet approved the adoption of the procedure as given in the Appendix.

4. The War Cabinet had before them a Memorandum by Sir Eric Geddes (Paper G.T.—6605) relating to the question of which department should be responsible for the provision of training for men and women.

Sir Eric Geddes said that he had gone very carefully into the whole question, and it appeared to him that the Ministry of Labour was the appropriate department to deal with this question, especially as the Trade Unions were so vitally concerned. He suggested, however, that as Sir Stephenson Kent's department was already overburdened with work, a separate Training Section should be set up in the Ministry of Labour, to which the expert staff of Sir Stephenson Kent's department, which had hitherto been dealing with this question, should be transferred. There were, however, two other departments which might deal with the question, viz., the Board of Education, because the scheme involved an extension of the technical training which the Board of Education already provided, and the Ministry of Pensions, because that Ministry was providing the training for disabled soldiers.

Mr. Barnes said that he thought confusion would result if the training of disabled soldiers was taken away from the Ministry of Pensions. It would also be necessary to overcome the difficulty that statutory provision had been made that the Ministry of Pensions should deal with this question.

Mr. Chamberlain said that, as the Labour Ministry was offering training to all discharged men, and the question of disabled men was only a small part of the whole problem, he thought that the Ministry of Labour was the appropriate department to be held responsible for the entire problem.
Mr. Hodge then explained the arrangements which the Ministry of Pensions had made for dealing with the training of disabled soldiers. He said that this involved long and complicated negotiations with the Trade Unions, which had been going on for several months. He was satisfied that the disabled men must have the special training which they were now receiving.

The Prime Minister said there was a vast number of young officers and men who, had it not been for the war, would have been trained in some capacity or other. He was of opinion that agriculture opened up a great prospect in this direction. It was worth while training a good number of the better-educated classes to put their brains into the land. There were several large houses which had been used as hospitals, and which the owners would in all probability not be able to afford to keep up, that might be used as training centres for agricultural purposes.

Sir Stephenson Kent said that this problem of training in agriculture was already being dealt with by the Appointments Department.

The Prime Minister, continuing, said that the question of training was a very wide problem, and he thought that it might be placed as a whole under the Ministry of Labour, who could “farm out” to the various Departments functions which were their especial care.

With regard to the training of classes 6, 7, and 8 of the Memorandum (paragraph 3) under discussion—

- Discharged male civil war-workers,
- Discharged Service women, and
- Discharged women civil war-workers.

Sir Eric Geddes said that the problem of dealing with these classes was dependent on the passage of the War Pledges Bill, and the subsequent discussions with Trade Unions, as until then it would be impossible to determine for what trades women should be trained. He recommended that these three categories should receive training subject to the Ministry of Labour going into the question.

Sir David Shackleton said that he would like the proposals of the Women’s Trade Council, relating to the training of women, to be examined by the Women’s Committees which had been set up in the big provincial centres.

The War Cabinet decided—

(a.) To accept Sir Eric Geddes’ proposals in principle, and to make the Ministry of Labour generally responsible for the provision of industrial training for men and women as set out in his Memorandum (Paper G.T.-6605). The Ministry of Labour should, however, consult with other Departments where these are concerned, and arrange with them to carry out training schemes within their respective provinces according to a co-ordinated plan.

(b.) That the question of the training of women workers should receive further consideration in the Ministry of Labour before a final decision is given.

Utilisation of National Factories.

5. The War Cabinet had before them a Memorandum by Sir Eric Geddes (Paper G.T.-6601) with regard to the utilisation of National Factories.

Sir Eric Geddes explained that there were four classes of factories for disposal:

- **Class A** (about 16 to 20).—Factories which it may prove necessary to retain permanently.

- **Class B** (about 85).—Factories which are suitable for use as industrial concerns.

- **Class C** (about 25).—Factories which are not suitable for industrial purposes, but which will probably be required
during the transition period as magazines for breaking down ammunition.

**Class D.** (about 115).—Factories which will revert to their original owners and to their pre-war uses.

He was at the moment most concerned with the disposal of Class B. He understood that the War Cabinet had approved of the sale of these factories (War Cabinet 491, Minute 1), and the Ministry of Munitions had passed to the Ministry of Reconstruction the names of thirty factories in this class. Dr. Addison had expressed agreement to the sale of all except two, namely, the factories at Hackney Marshes and Birtlej-. The sale had been in the hands of Sir Howard Frank, but he (Sir Howard Frank) felt a difficulty in going ahead, as it was understood that the Prime Minister had mentioned informally, at a Cabinet Meeting, that the sale of National Factories was a question which would have to come before the Cabinet as a whole.

The questions Sir Eric Geddes wanted decided were:

(i.) Does the Cabinet decide that the Government is not going to embark on a policy of taking over factories for State manufacture and sale of articles?

(ii.) Were factories for which permission to sell had been given to be offered on preferential terms either to Trade Unions, Local Authorities, or Co-operative Societies?

Sir Eric Geddes said that there was a good deal to be said in favour of the three bodies mentioned above being given preference, other things being equal.

Sir James Stevenson said that it was impossible to manufacture any trade articles in these factories unless a selling organisation was attached to the factory. There were, however, a certain number of things of which the Government was a very large buyer, and if the Government needed these things there would be no question of entering into competition with the private trader. For example, Post Office cables was one of these articles.

Sir Albert Stanley stated that the English railways manufactured their own locomotives, and there was no chance for any great private enterprise in this industry, with the result that we had no locomotives to export. He urged strongly that the factories should not proceed along national lines, as it would prejudice the development of the private trader. He instanced the extraordinary cost of Woolwich, which, in his opinion, was the foundation of our industrial difficulties during the war. Enterprise backed by the State, once it had started, must continue, and was bound, in his view, to compete with the private trader.

Sir James Stevenson differed from Sir Albert Stanley's view with regard to Woolwich. The prices at Woolwich, he said, enabled us to reduce prices to local manufacturers. Also, our experience gained during the war had reduced the cost.

Mr. Chamberlain said there was the greatest difficulty in reducing the number of men employed at Woolwich. The record there had been a cycle of discharge, distress, and deputations. If these institutions were multiplied all over the country it would have a very harmful effect.

Mr. Montagu asked, if these factories were sold, would they be allowed to produce munitions.

The Prime Minister pointed out that the League of Nations might prohibit the private manufacture of munitions and any buyer of factories must not be under a misapprehension in this direction. The decision they had to arrive at on this question was an important one. He would like to know if the factories could be of any use in producing material for transportation.

Sir Albert Stanley said he did not think they would be of the slightest use. He had had a careful investigation made of the
whole trade situation of the country, and he had found that trade was stagnating at the present time, and there were hardly any signs of development. Whether or not the Government was going to manufacture articles for its own use was given as one of the explanations of this stagnation.

Sir Eric Geddes said that there were several other reasons for the slackness of trade, such as the uncertainty of prices, wages, labour, the War Pledges Bill, taxation, &c.

Mr. Chamberlain said that, taking transportation in its widest sense, we had a world-market for steel rails, and if we set up national factories to produce these it would knock out private enterprise. He gave as an example of the good results achieved from the contrary principle the building of battleships. The Government placed large orders with private firms, and this enabled the private firms to obtain foreign orders.

Sir Albert Stanley, referring to the manufacture of steel rails, said that it cost us now £15 a ton, whereas the cost in the United States was only 10/− a ton, and, as far as he could see, there was not the remotest chance of our getting back this trade. Our present steel position was worse than it had ever been before. We could manufacture steel in this country cheaper than in the United States, but the trade would not invest the capital required to erect up-to-date mills.

Mr. Roberts said that if you embarked on trade you had got to be a monopolist. If the Government entered into trade, stagnation would remain and unemployment would become greater than it was to-day. We could not afford to embark upon such an enterprise at this stage.

Mr. Bonar Law suggested that the Ministry of Munitions should make a list of any articles they contemplated the national factories could manufacture.

The War Cabinet decided that—

(a.) The Ministry of Munitions should be instructed to proceed with the least possible delay, subject to their discretion as to what factories should be maintained for armament production, with the sale of the eighty-five factories mentioned in Class B of Sir Eric Geddes' Memorandum (Paper G.T.-6601), giving preference, other things being equal, to Trade Unions, Co-operative Societies, Local Authorities, and Public Utility Societies, within the limits of legitimate local enterprise. In these transactions the Ministry of Munitions should consult the Ministry of Reconstruction as hitherto.

(b.) The State will not compete with private enterprise in the manufacture of articles of general trade.

(c.) Subject to (b), and with a view to a decision as to the possible utilisation for State purposes of some of the factories mentioned above, the Ministry of Munitions should at once prepare a report of articles which they consider any specific national factory could make without a sales department being attached to it, and of which the Government will be the sole buyers. After discussion with Sir Eric Geddes, the President of the Board of Trade, and the Minister of Reconstruction, the list should be brought before the Cabinet for final approval.

Future Shipping Policy.

6. With reference to Imperial War Cabinet 43, Minute 7, the War Cabinet took note of the decision arrived at by the Committee appointed to consider the shipping policy, also the disposal of Government ships, &c. (Paper G.T.-6544). It was explained that the Committee had unanimously approved the policy in regard
to shipping and ships set out in the Ministry of Shipping Memoranda (Papers G.T.-6472 and 6482), but that subsequently Mr. Hughes who had been represented on the Committee, had dissented from the conclusions arrived at (Paper G.T.-6564).

The Shipping Controller stated that arrangements were being made with a number of shipping people who had lost ships largely during the period of the war, whereby a large block of tonnage now building to the order of the Government would be taken over at what the Shipping Controller hoped would show comparatively little, if any, loss to the Government.

National Shipyards. 7. The War Cabinet had before them a Memorandum by the Shipping Controller, in which a decision was asked for with reference to the disposal of national shipyards on the basis of a sale at current value, to be determined by independent arbitrators mutually appointed (Paper G.T.-6543), together with a Memorandum by the President of the Board of Trade in favour of their disposal (Paper G.T.-6593), and a Memorandum by Mr. Barnes, dissenting (Paper G.T.-6558).

Sir Joseph Maclay said that there were three shipyards in question. The original intention had been to provide thirty slips. The yards were approaching completion, and it would be necessary that they should be completed, but there was no reason why they should then be used by the Government to build ships. Up to the present not a ship had been turned out, and the keels of only six had been laid. The cost of the yards, &c., up to the present had been about 6,000,000£, and probably about two-thirds of this would have to be written off as war loss. With reference to the fabricated ships, they had proved to be very expensive, though they might ultimately become a success.

Mr. Barnes maintained that it would be politically inadvisable to dispose of the yards at present, and that the experiment of State ownership and operation should be continued. Our experience in the early days of the war had shown that a number of our shipbuilders had fallen behind in the organisation and equipment of their yards, and unless something was done to stimulate them they would be in danger of being eclipsed by American shipbuilders. It would be regarded as a severe blow to State enterprise if yards which had cost 6,000,000£ were sold to private owners for 2,000,000£. The view was generally expressed that the stimulus referred to by Mr. Barnes as necessary would not readily be supplied by State shipbuilding, nor was it probable that the yards would be economically worked. Further, if it were proposed to restrict the shipyards to building one type of vessel, the State would then have the monopoly of that type and would not be subject to the stimulus of free competition.

Lord Pirrie (who arrived at this stage of the discussion) said that the Government had given a pledge to the shipbuilders that the national shipyards were being set up solely for war emergency purposes, and would not subsequently be allowed to compete with ordinary shipbuilding: The Government would be placed in an awkward position if they now departed from that pledge. In his opinion, had the war continued for some time, the national shipyards would have proved an enormous success; but, owing to the armistice, it was necessary to review the situation. He was opposed to shipbuilding by the State in peace time, but, in order to avoid friction, he would advise the retention, for some months, of one of the yards (Finch's), and the disposal of the other two. Finch’s yard could absorb an additional 2,000 men, and it could perhaps be sold to better advantage in, say, six months’ time.

Lord Reading stated that similar discussions were taking place in the United States, where it was estimated that the loss on some shipbuilding enterprises would run to 40,000,000£.
It was generally agreed that, if the yards were to be sold, they had better be sold at one time, in order to avoid a repetition of any public agitation.

Dr. Addison suggested that there might be less opposition if the yards were leased and not sold.

The Prime Minister said it would be useful if Sir Joseph Mablay could ascertain if the yards could not be taken over under some form of co-operative arrangement. There would be considerable advantage if workmen could in that way be brought to realise some of the difficulties of organising a large enterprise.

Dr. Addison thought that semi-public bodies like railway companies might be given a preferential option to buy the yards after the co-operators and trade unionists, but it was pointed out that there were serious drawbacks to railway companies extending their control over the manufacture of their own plant.

The War Cabinet decided—

To approve the proposal of the Shipping Controller to dispose of the yards.

Mr. Barnes asked that his dissent should be recorded.

Demobilisation of the Royal Air Force.

8. With reference to a memorandum by the Secretary for the Air Force (Paper D.N.-2), Lord Weir stated that he would like a very early Cabinet decision on the post-war strength of the Royal Air Force, as requested in his memorandum (Paper G.T.-6473). It was impossible to proceed satisfactorily with the problems of demobilisation unless such decision was forthcoming, and he was afraid further delay might lead to trouble, especially as the staff of the Air Force was on a temporary basis.

9. The Prime Minister informed the War Cabinet that he had just learned that some 1,500 soldiers, belonging to the Army Service Corps at Park Royal, had arrived in Downing Street and were asking for an interview with him.

General Sir William Robertson stated that news of disaffection at this centre had been received the previous evening, and an attempt had been made to dissuade the men from marching to Whitehall, but without success. They had been intercepted that morning in Edgware Road, and it was intended to divert them to the Horse Guards Parade, but apparently they had succeeded in reaching Downing Street. The delegates of the soldiers had put forward their grievances in reasonable language, and he (Sir William) was prepared to believe that some of the grievances were genuine. They complained of being called at an unreasonably early hour, and of the badness of the food served to them. He had asked that the delegates should be sent to see him.

The Prime Minister said he was quite prepared to see the delegates or the soldiers in a body if the War Cabinet thought that would be the right course. In any case it was desirable that a statement on demobilisation should be made at the earliest possible moment, and in some way likely to attract widespread public attention. It might be best to send the men home and to receive the delegates only that afternoon, and the policy of the Government could be fully explained to them, and in that way be made public.

Lord Milner said he doubted the wisdom of the Prime Minister seeing the soldiers or their representatives, as it would form a bad precedent, and similar processions would attempt to march to London from other parts of the country. It was important to make it perfectly plain to the soldiers that such processions would not be allowed. If there were legitimate grievances there were proper channels through which representations might be made. The War Office took particular care to deal with any grievances which were
reported to them. If, on the other hand, the tendency to indiscipline and disorder were allowed to spread unchecked, the results might prove to be serious.

The Chief of the Imperial General Staff strongly disliked the suggestion that the Prime Minister should confer with soldiers’ delegates who had disregarded their officers. The soldiers’ delegation bore a dangerous resemblance to a Soviet. If such a practice were to spread, the consequences would be disastrous. He had heard of no genuine case of bad feeding. If the Prime Minister were to meet the soldiers at all, he should prefer that the whole body of soldiers should be addressed by him, and not the delegates only.

Sir Eric Geddes suggested that the men might be drawn up in the Horse Guards Parade in military formation, under their officers, and that then they might be addressed by the Prime Minister.

General Sir William Robertson explained that the officers were not with the men.

General Feilding (who entered at this stage) stated that the men were now at the Horse Guards Parade, and that their grievances, so far as he had been able to ascertain from their delegates, consisted of misunderstandings about demobilisation, complaints of overcrowding and bad feeding, and about the distribution of gratuities to old regular soldiers. They refused to accept his answers, on the ground that they were under General Wolcombe, of the Eastern Command. He thought the men would return to camp if they were seen by Sir William Robertson and informed that the Prime Minister was about to issue a statement on demobilisation.

Lord Milner said that in the neighbourhood of London there were some 50,000 men belonging to the Army Service Corps, the majority of whom had been engaged chiefly in civil work, and had not had much experience of strict army discipline. They by no means confined their grievances to questions of demobilisation, but raised questions of food and hours.

The Quartermaster-General said no complaints of the badness or insufficiency of food had reached him. The men at Park Royal were being employed in driving and riding instructions and vehicle instructions, &c., but he did not know whether there was any truth in the statement that they were called out to work at 5.30 a.m., as this question of interior economy was a matter for the General Officer Commanding the District.

Lord Weir said that only one complaint with regard to food had reached him, but there had been demands for a 44-hours week, and in his opinion there would presently be demands for wages at civilian rates.

General Feilding, in reply to a question by the Prime Minister, said that at present only a small minority of the troops were disaffected, but that the agitation would spread if demonstrations were not prohibited.

The Prime Minister said they must be quite sure that any steps they decided on with a view to suppressing the demonstrations that were taking place were certain to be successful. They had to recognise that the position was inevitably one of great difficulty. Between four and five millions of men had been undergoing for years the severe strain of war, with death confronting them. That strain had suddenly ceased, and a violent reaction was natural, especially as nine-tenths of the men knew that they would not serve as soldiers again, and saw around them civilians drawing very high rates of pay.

Sir Eric Geddes pointed out that some of the prevailing discontent was due to the effort which had been made to keep the balance even between the rates of demobilisation of the forces at home and abroad. To do this it had been necessary to keep men back at home who could have been released. The men knew this,
and feared that they were being kept back with a view to sending them to Russia. It had now been arranged with Lord Milner to give up the attempt to maintain equality in the rate of demobilisation between the forces at home and abroad.

In reply to an observation by Lord Weir, it was agreed that the question of arranging uniformity in the settlement of food, hours, and similar questions was one for mutual agreement between the three services concerned.

The War Cabinet requested—

General Sir William Robertson to meet the delegates of the soldiers assembled in the Horse Guards' Parade, and to inform them that officers would be sent at once to Park Royal to investigate their alleged grievances; that any grievances which reached the Government through the proper channels would receive the consideration of the Prime Minister and the Secretary of State for War, and that the Prime Minister, in consultation with the Secretary of State for War, was preparing a statement on demobilisation, which would appear in the press on the following morning.

2, Whitehall Gardens, S.W.1.

January 8, 1919.
APPENDIX.

CO-ORDINATION OF DEMOBILISATION—PROCEDURE.

“Sir Eric Geddes, as Minister in charge of the Co-ordination of Demobilisation and the Rehabilitation of Industry, will in no way usurp the executive functions of the Ministers at present responsible.

“In the event of any Ministry wishing to obtain Cabinet authority on any subject directly concerned with Demobilisation, the Minister responsible will submit a memorandum to the War Cabinet in the ordinary way, and in case of difference of opinion between Ministers which they fail to reconcile after conference, each Minister will submit a memorandum, jointly if possible.

“This memorandum will either be dealt with by the War Cabinet in the usual way, or by Sir Eric Geddes, as may be decided.

“The War Cabinet Secretariat will summon meetings of the Ministers concerned in such memoranda either for full meetings of the War Cabinet or for Sir Eric Geddes’ meetings.

“In the event of Sir Eric Geddes desiring returns or information, or wishing to initiate proposals, the War Cabinet Secretariat will communicate with the Departments concerned.

“In questions of emergency where the above procedure is too slow, the Minister concerned will apply to the War Cabinet and the question will be dealt with on the above principles, but in a less formal way.

“In order to facilitate and expedite the transaction of business, Sir Eric Geddes has appointed as his assistants Sir Robert Horne, Sir Rhys Williams, Mr. Morz, and Lieutenant-Colonel McLellan, Major-General Sir Philip Nash, with Mr. R. F. Dunell as Secretary, and Lieutenant-Colonel J. G. Beharrell as Statistician. These officers are authorised to keep in touch with and consult officers in the various Departments in an informal way, but will give no directions of any sort.”

2, Whitehall Gardens, S.W.
6th January, 1919.
SECRET.

WAR CABINET, 515.

Minutes of a Meeting of the War Cabinet held in the Board Room, Treasury, S.W., on Friday, January 10, 1919, at 11.30 a.m.

Present:

The Right Hon. A. Bonar Law (in the Chair)
The Right Hon. the Earl Curzon of Kedleston, K.G., G.C.S.I., G.C.I.E.
The Right Hon. G. N. Barnes, M.P.

The following were also present:

The Right Hon. Viscount Milner, G.C.B., G.C.M.G., Secretary of State for War (for Minutes 4-7, 9-14).

General Sir H. H. Wilson, G.C.B., D.S.O., Chief of the Imperial General Staff (for Minutes 4-7, 9-14).

The Right Hon. E. S. Montagu, Secretary of State for India (for Minutes 4-7).

The Right Hon. the Viscount Cave, K.C., Secretary of State for Home Affairs (for Minute 8).

The Right Hon. Lord Wey of Eastwood, Secretary of State for the Royal Air Force (for Minutes 9, 10, 11).

Major-General Sir F. H. Sykes, K.C.B., C.M.G., Chief of the Air Staff (for Minutes 9, 10, 11).

Major J. I. Baird, C.M.G., D.S.O., Parliamentary Secretary, Air Ministry (for Minutes 9, 10, 11).

Vice-Admiral Sir R. E. Wemyss, G.C.B., C.M.G., M.V.O., First Sea Lord and Chief of the Naval Staff (for Minutes 4, 5, 12, and 15).

The Right Hon. W. S. Churchill, Minister of Munitions (for Minutes 4-7, 9-14).

The Right Hon. E. Shortt, K.C., Secretary of State for Ireland (for Minute 10).

The Right Hon. G. H. Roberts, Minister of Labour (for Minute 8).

Sir D. J. Shackleton, K.C.B., Permanent Secretary, Ministry of Labour (for Minute 8).

Sir A. D. Hall, K.C.B., Permanent Secretary, Board of Agriculture and Fisheries (for Minute 10).


Mr. Thomas Jones, Assistant Secretary.

Lieutenant-Colonel L. Storr, C.B., Assistant Secretary.

Captain Clement Jones, C.B., Assistant Secretary.

Captain L. F. Burgis, Assistant Secretary.
1. The Chancellor of the Exchequer said that he wished to propose to his colleagues that they should pass a formal vote of thanks to General Smuts, in recognition of his services and the assistance he had rendered in their deliberations during the time that he had been a member of the War Cabinet.

The War Cabinet approved the Chancellor's proposal, and directed that the decision should be recorded in the Minutes.

2. The War Cabinet had under consideration a note by Lord Curzon (Paper G.T.-6619) on the future of the Eastern Committee, covering a decision of the Committee recommending to the Cabinet that the Eastern Committee should be dissolved and that its work should be carried on by Inter-Departmental Conferences to be summoned, when necessary, by Lord Curzon in his capacity as officiating head of the Foreign Department.

The War Cabinet approved the decision of the Eastern Committee.

3. Lord Curzon drew the attention of the War Cabinet to what he regarded as an absurdly large number of officials from the various Departments who were proceeding to Paris in connection with the Peace Conference. The numbers from the Foreign Office were not less than 100 persons, including 5 of the principal officials and 60 stenographers. Unless a considerable portion of these were returned very shortly the work of the Department was bound to break down. The fact that the numbers in every case were probably excessive had already been commented upon at a meeting of the War Cabinet on the 22nd November, 1918 (War Cabinet 506, Minute 4), when it was decided to ask General Smuts to reduce the numbers, if possible.

The War Cabinet decided that—

Departments should be asked to take the earliest opportunity of recalling to London any officials, clerical personnel, &c., whose presence in Paris was not found to be absolutely necessary, and instructed—

The Secretary to take the necessary action.

4. With reference to Imperial War Cabinet 48, Minute 2, the War Cabinet had before them two Papers by the Chief of the Imperial General Staff, one entitled "North Russia" (Paper G.T.-6589), and the other "The Military Situation in Siberia" (Paper G.T.-6598). In the Paper "North Russia" it was pointed out that the Imperial War Cabinet had decided on the 31st December, 1918, that, while no demobilisation measures were to be taken for the present, no further reinforcements were to be ordered to Russia until the question could be dealt with in Paris. Since that decision General Maynard had represented that, if we were to maintain our present positions in the Murmansk area, it was essential that railway and army personnel, amounting to a sum of 1,000 persons, should be despatched without delay. The only alternative was a withdrawal at least to Kandalaksha. The matter was urgent and required an immediate decision.

In the second Paper, "The Military Situation in Siberia," General Wilson pointed out that the Americans and Japanese still refused to send any troops west of Lake Baikal. This meant that we were faced with the following alternatives: either we must provide additional troops from India, or elsewhere, to take the place
of the Canadian contingent in support of the two British battalions we now had near Omsk, or we must withdraw these two battalions from Siberia altogether. He himself recommended that these two battalions should now be withdrawn to Vladivostock and the Canadian forces sent back to Canada.

General Wilson said that since the Paper was written there had been signs of unrest in the Army at home, and it was notorious that the prospect of being sent to Russia was immensely unpopular. The result was that it was impossible for us to reinforce our troops in North Russia and Siberia. A further complication was that we had lately been having trouble with the Red Finns. Moreover, since the censorship over wireless messages had been abolished, the General Officers Commanding at Murman-land in Mesopotamia had telegraphed saying that the Horsea wireless had announced that we proposed to withdraw our troops from Russia, and also about 90,000 or so from Mesopotamia. These announcements were bound to give rise to a great deal of disaffection, as the soldiers in India, for instance, would certainly feel that they were being badly treated. The only remedy, he thought, was to revive the censorship of wireless messages.

Mr. Churchill said that he agreed with General Wilson that it was necessary to resuscitate at once the censorship machinery, but it need not be established on such an extensive scale as it was before.

The War Cabinet decided that—

The War Office, after consultation with the Foreign Office, the Home Office, and the Admiralty, should make definite proposals with a view to the re-establishment of censorship over wireless communications, the War Office and Admiralty being empowered to take the necessary action if the four Departments were in agreement as to the course to be pursued.

5. Lord Curzon asked for a decision of the Cabinet in regard to telegram No. 49, dated the 8th January, 1919, from Lord Robert Cecil, in Paris, which stated that Marshal Foch had impressed upon Lord Robert the enormous importance of assisting Poland against the Bolsheviks. The Marshal had urged that it was to the interest of the Associated Governments to stop the advance of Bolshevism before it penetrated Austria and Germany; that the Associated Governments—not being able to intervene themselves with sufficient force—ought to organise as quickly as possible a Polish army; that nothing could be done in this direction except by using the Danzig-Thorn Railway, which must first be occupied; and that occupation could not be carried out in sufficient strength without employing one American division, one French regiment, one British regiment, and one Italian regiment, the whole to be under an American General. Lord Robert—in commenting on the Marshal's representations—had said that the proposal was to send General Haller a Polish division by the above route. He had pointed out to the Marshal the difficulty of providing British troops, since our soldiers were only enlisted for war against Germany, and he had suggested that it might make things easier if the Americans made the proposal officially; in conclusion, he had said to the Marshal that—provided the military difficulty could be got over—he was, personally, warmly in favour of the proposal. Lord Curzon said that the situation in Poland was rapidly becoming dangerous. The military position, both to the East and to the West, was precarious. Russian prisoners, as they returned, were turned into Bolshevik soldiers by a threat of starvation. Munitions were being freely supplied to the Bolsheviks by the Germans. In his opinion, unless the Associated Governments could succeed in reorganising Poland, she might cease to exist in a few weeks. It was most urgent that these Governments should decide at once upon their joint policy in Russia. The immediate point requiring the decision of the Cabinet was: were we to give
military assistance? He himself was inclined to reply to Lord Robert Cecil that, while we could not ourselves make a military contribution, we would be glad to assist in any other way the furtherance of a joint policy. He reminded the Cabinet that, in dealing with the Russian problem, when applications were made to us for our aid, we always said that we would assist with money, munitions, &c, and finally ended by offering to send volunteers. At present, however, he believed it was most unlikely that volunteers would be forthcoming.

Mr. Churchill hoped that Lord Curzon was wrong in his surmise about the volunteers. He himself felt it was quite impossible for us to stand aside and let Poland go to pieces. There were two propositions which they had to discuss—

(a) What the Allied policy was to be in Russia; and
(b) How to supply the forces necessary to execute that policy.

A statement had appeared in the press, he thought, to the effect that no British troops were to be sent to Russia. He thought this was unfortunate, and that a corrected statement should be made to the effect that no British troops would be sent to Russia unless they volunteered for that service. He suggested to the Cabinet that it might be advisable to let Germany know that if she were prepared to organise her Eastern front against the ingress of Bolshevism, the Allied Governments would raise no objection. It was a matter for serious consideration whether we should not now decide to bolster up the Central Powers, if necessary, in order to stem the tide of Bolshevism.

The Secretary reminded the Cabinet that at a Meeting of the Imperial War Cabinet on the 31st December, 1918 (Imperial War Cabinet 43, Minute 3), it had been generally agreed that, in cases where there was an external aggression by the Bolshevists on an existing Government with which we had been co-operating, we should be entitled to support that Government in any manner which did not involve military intervention, and that our general policy should be that, as Sir J. Cook expressed it, of “willing off a fire in a mine.”

Lord Curzon questioned whether the British delegates to the Peace Conference had any clear idea as to the policy the adoption of which they would advocate at the Conference. A number of papers by the General Staff, &c, had been circulated to the Cabinet, dealing with special aspects of what was one big problem. He suggested that the Chief of the Imperial General Staff should bring these papers up to date and embody their revised contents in one comprehensive paper for the use of our delegates. He thought that until the Associated Governments had decided upon their policy it would be premature and useless to send troops to Russia.

The War Cabinet decided—

(a) To instruct the Chief of the Imperial General Staff to prepare a comprehensive paper, on the lines suggested by Lord Curzon, with the least possible delay.
(b) That it was essential that the British delegates to the Peace Conference should take the earliest possible opportunity, after their arrival in Paris, of raising the general question of the policy to be adopted by the Associated Governments in Russia.

Lord Milner said that he wished to raise the question of our continuing our present supplies to the Greek Army. We had held a month ago a Conference with the French, and it had then been decided to assemble an Anglo-French Financial Conference to decide future policy. This latter Conference had never been held. Meanwhile, Greek divisions had gone to Odessa, apparently assuming...
that their supplies would continue to be forthcoming from the French and ourselves. General Milne had, on his own authority, promised this detachment food for ten days and forage for twenty. He wished to know whether the Cabinet desired that these supplies should continue.

Lord Curzon pointed out that since the signing of the armistice France had become responsible for the areas north of the Black Sea, among others, and that if she initiated operations there it was for her to find the funds.

Mr. Churchill thought that we must continue our supplies to the Greek Army until we had decided upon our general policy. It had been suggested that the Greek Army might be reduced by two or three divisions. He thought this most unwise until we saw how things were going to develop.

The War Cabinet decided that—

(a.) For the present we should continue our supplies to the Greek Army.

(b.) When the question of the policy of the Associated Governments in Russia was discussed in Paris, the Greek aspect of the problem should not be neglected.

(c.) With reference to the decision previously taken (Minute 5 (a)), in his comprehensive appreciation of the military situation in Russia, the Chief of the Imperial General Staff should take into consideration the Greek factor.

7. With reference to Minute 4, the War Cabinet resumed the discussion of the Paper by the Chief of the Imperial General Staff on Siberia (Paper G.T.?6598). Mr. Bonar Law said that the Chief of the Imperial General Staff had recommended that the two British battalions at or about Omsk should be withdrawn from Siberia altogether.

The Chief of the Imperial General Staff pointed out that this meant breaking faith with the French and the Czecho-Slovaks.

Mr. Churchill deprecated the withdrawal of the two battalions, for, if they were taken away, the fabric we had been trying to construct would fall to pieces. The Czechs would go, Kolchak's army would disappear, and the French would withdraw.

The War Cabinet decided—

That the question of the withdrawal of the two British battalions to Vladivostock, and the return of the Canadian troops to their own country, must await the decision of the Associated Governments as to their general policy in Russia.

8. The War Cabinet had before them a joint memorandum by the Home Office and the Ministry of Labour (Paper P.?41) dealing with the policy to be adopted by the Government at the Peace Congress towards the demand of labour for an international agreement on labour questions.

Lord Cave said that the Departments were in favour generally of the principle of international agreements on subjects like hours and factory conditions, and, as it would be impossible for the Peace Conference to enter into detailed discussion of such subjects, it was proposed to recommend that a Committee of the Congress should be appointed to set up a permanent international organisation to deal with labour questions. The matter had been discussed with Lord Robert Cecil, who was of the opinion that a very small number of representatives of each Government would suffice.

Mr. Barnes suggested that the wording adopted in the joint memorandum should be slightly amended, to show that the Commission was to be approved by the Congress, and not necessarily to consist of members of the Congress.
Subject to Mr. Barnes's amendment, the War Cabinet decided—

To approve the recommendations in the memorandum, namely:—

(a.) That at the Peace Conference the British Government should make a proposal to the following effect:—

That a Commission approved by the Congress be appointed to enquire into the question of the international adjustment of conditions of employment, and to consider what forms of permanent international machinery should be established to enable the several countries to secure joint action on matters affecting conditions of employment, and to recommend what steps should be taken to set up an appropriate organisation;

(b.) That the representation of His Majesty’s Government on the Commission should consist of one representative of the Home Office and one representative of the Ministry of Labour; and that no additional representatives should be appointed without Cabinet sanction.

(Mr. Roberts and Sir David Shackleton arrived at the Meeting after the above decision had been reached.)

Sir David Shackleton stated that, when the International Commission was in session, it would be useful if there were also available, not as delegates but in a consultative capacity, representatives of organisations of employers and employed.

As immediate action was not involved, the War Cabinet took no decision on this point.

9. The War Cabinet had before them two memoranda by the Air Ministry (Papers G.T. 6580 and G.T. 6581) in regard to co-operation by the Royal Air Force in Russia. In the memoranda it was stated that 36 D.H. 4 aeroplanes were being prepared for despatch to Archangel. With regard to Murmansk, the Admiralty had agreed to despatch a seaplane-carrier to Murmansk during the spring. It was intended to use the machines she would carry from the Gulf of Onega and the lakes adjoining the Murmansk-Petrograd Railway. It would be necessary that any Royal Air Force personnel ordered to North Russia should be volunteers, and arrangements were being made accordingly. As regards Vladivostock and Southern Russia, the Air Council were prepared to supply 100 aeroplanes, which might be used to assist the pro-Ally Russian forces based on Vladivostock or operating in Southern Russia.

The Chief of the Imperial General Staff pointed out that the same considerations which had been mentioned in regard to the military situation in Siberia, referred to in Minutes 4 and 7, applied equally to this question of co-operation by the Royal Air Force.

The War Cabinet decided that—

The decision on questions raised in the memoranda by the Air Ministry should be postponed until after the discussions at Paris on the policy to be adopted by the Associated Governments in Russia. In the meanwhile, no aerial forces were to be sent to Russia or the Caspian.

Aerial Navigation Bill, 1919. 10. The War Cabinet had before them a memorandum by the Secretary of State for Air (Paper G.T. 6896) covering a draft Bill to make temporary provision for the regulation of aerial navigation.
Lord Weir explained that this Bill empowered a Secretary of State (who would be the Secretary of State for the Royal Air Force) to control all civilian flying in this country, by requiring a licence in each case and compelling the licensee to conform to orders made by the Secretary of State under the Act. The orders would be published in the "London Gazette" and laid before Parliament, becoming operative, however, from the date of publication. Lord Weir said that an International Conference would be held in Paris in the near future, which would draw up a Convention on the subject of safeguards in connection with aviation, and pending the result of that Conference—which could not be for four or five months—this draft Bill had been prepared. He urged that the matter should receive the consideration of the War Cabinet, and that steps should be taken to press the suggested Bill through Parliament at the opening of the new session.

Mr. Bonar Law expressed the opinion that, as civil flying was prohibited under the Defence of the Realm Regulations, so perhaps it might be licensed under the same regulations. He, therefore, suggested that the Law Officers should be consulted on this point, having regard to the inconvenience of introducing a small Bill such as that proposed.

The War Cabinet requested—

Lord Weir to consult with the Law Officers of the Crown as to whether licences to control civilian flying in this country could be issued under existing powers. If fresh legislation were unavoidable, Lord Weir should bring the question back to the War Cabinet.

11. With reference to War Cabinet 514, Minute 8, the War Cabinet had before them three memoranda by the Air Ministry (Papers D.M.-2, G.T.-6478, and G.T.-6591).

Lord Weir said that he thought he had made it clear at the previous Cabinet (War Cabinet 514, Minute 8) that it was impossible to proceed with the problem of demobilisation until he had obtained a decision from the War Cabinet as to the future strength of the Royal Air Force, nor was it possible at present to take any intelligent decisions on the subject. In his memorandum on the future of the Air Force (Paper G.T.-6591) he asked that he should be immediately authorised to demobilise the Air Force down to the personnel of 75,000 of all ranks, and to offer permanent commissions to the requisite number of officers.

Mr. Churchill pointed out that the future strength of the Royal Air Force must necessarily proceed pari passu with the Army movement. At present the Royal Air Force could offer no permanent engagement, and, pending a decision on the question, the personnel of the Air Force were just the kind of men who would leave the Air Force and obtain employment in civil life. Mr. Churchill added that, with regard to Lord Weir's suggestion to demobilise down to a given figure, and at the same time recruit up to that figure on a permanent basis, it would be unwise to open the exit doors before the entrances were open. He therefore suggested that no decision should be arrived at that day.

Lord Weir said that he knew he was asking for a great deal, and was content with Mr. Churchill's suggestion, provided that the Cabinet realised that no intelligent action was being or could be taken on the subject.

In these circumstances the Cabinet reached no decision.

12. The War Cabinet had before them a memorandum by the First Sea Lord (Paper G.T.-6593) proposing a gift of destroyers and submarines to the Australian Navy.
In his memorandum, the First Sea Lord stated that the manner in which the war had ended made it quite practicable to spare some destroyers and submarines as a gift to the Australian Navy. In view of the fine part which Australia had played in the war, and particularly of the readiness with which she had accepted every Admiralty request as to the employment of her ships, the Board of Admiralty suggested that it would be desirable to make a free gift to her Navy of six modern destroyers and a flotilla of six submarines. The First Sea Lord further proposed that two submarines now at Bermuda should be offered as a gift to the Canadian Government.

Mr. Montagu pointed out that Lord Jellicoe's mission to India might possibly result in the formation of an Indian Navy.

The First Sea Lord assured him that the gift to Australia and Canada would not prejudice a possible gift to start an Indian Navy. The War Cabinet approved both of these proposals.

13. The War Cabinet had before them an Admiralty memorandum (Paper G.T.-6594) in regard to an Oil Fuel Reserve for the Navy in Home Waters. Owing to the unavoidable absence of Mr. Long, the question was postponed for consideration at a later date.

14. The War Cabinet had before them a memorandum by the Chief of the Imperial General Staff (Paper G.T.-6582) in regard to the disposal of material on demobilisation, with a view to forming a war reserve.

In his memorandum the Chief of the Imperial General Staff stated that, prior to the war, reserves were held in the United Kingdom sufficient to maintain for a normal period of six months a force of 1 cavalry division, 6 infantry divisions, and certain line of communication troops. At the present time we were maintaining 75 to 80 divisions and 8 cavalry divisions in various theatres, and on demobilisation, we should have large quantities of surplus stores. In order that arrangements might be made for their disposal, it was essential that the general policy should be settled on broad lines at an early date.

There were two questions involved:

(a.) The distribution of existing war equipment; and

(b.) The scale on which reserves were to be maintained in the future.

It was pointed out that this question of selling material had better be postponed until something more definite was known as regards the conditions of peace.

The War Cabinet decided that—

Instructions should be given to the Ministry of Supply not to dispose of war material without consultation with the War Office.

15. The War Cabinet had before them a memorandum by the Chief Secretary for Ireland (Paper G.T.-6570) relating to the question of the Government purchase of the 1919 flax crop.

The Chancellor of the Exchequer said that, in view of the large stocks of linen now in Belfast, the question would need very close examination before the Government could consent to the expenditure of 1,500,000L, as proposed by the Chief Secretary, and he suggested that the question should be adjourned until the new Government had been formed and the new Ministers had had time to study the question.

2, Whitehall Gardens, S.W.1,
January 10, 1919.
WAR CABINET, 516.

Minutes of a Meeting of the War Cabinet held at 10, Downing Street, S.W., on Wednesday, January 15, 1919, at 12 noon.

Present:
The Right Hon. A. Chamberlain, M.P. | The Right Hon. G. N. Barnes, M.P.

The following were also present:

- Major-General W. Thwaites, C.B., Director of Military Intelligence (for Minutes 1 to 4).
- Lieutenant-Colonel L. C. M. S. Amery, M.P., Parliamentary Secretary, Colonial Office (for Minute 7).
- Mr. G. E. A. Grindle, C.M.G., Assistant Under-Secretary of State for the Colonies (for Minute 7).
- The Right Hon. E. Shortt, K.C., M.P., Secretary of State for Home Affairs (for Minute 6).
- The Right Hon. W. Long, M.P., First Lord of the Admiralty (for Minutes 5 to 9).
- The Right Hon. J. I. Macpherson, M.P., Chief Secretary for Ireland (for Minute 6).
- Lord Colwyn, Chairman Flax Control Board, War Office (for Minute 6).
- Mr. P. Guedalla, Secretary Flax Control Board, War Office (for Minute 6).

Mr. Thomas Jones, Acting Secretary.
Lieutenant-Colonel L. Storr, C.B., Assistant Secretary.
Lieutenant G. M. Evans, Assistant Secretary.
Captain L. P. Burris, Assistant Secretary.
Captain Clement Jones, C.B., Assistant Secretary.
I. In reply to an enquiry, Lord Curzon gave the War Cabinet some details as to the position in Constantinople. He said that Constantinople was in the military command of General Milne, who was responsible for the order of the city, but that he was subordinate to General Franchet d'Esperey. General Milne would presently be going to Batum, Baku, and Transcaspia, in order to report on the situation there, which was not very satisfactory, owing to the dangers of Bolshevik aggression. The War Office had reported the unsatisfactory conditions in Constantinople, where there was great insecurity and disorder, and where the Turks were evading the armistice terms in every possible way. The War Office would like us to exercise a far more stringent military control over the city. It appeared sufficient, however, to assume charge of the police and sanitary administration, especially since it appeared that General Franchet d'Esperey might do this himself when he arrived on the scene. But it was beyond our rights, without Allied assent, to assume complete military control over Constantinople. A telegram, however, had been sent on the 11th January to the effect that General Milne should assume executive control of the police and sanitation, as a corollary to our military occupation, and should inform General Franchet d'Esperey to this effect. This apparently had given rise to the opinion that we were going to occupy it militarily on a large scale, and Admiral Calthorpe had wired asking if this was so, and had we our Allies' consent.

The Director of Military Intelligence said that he understood the Foreign Office had telegraphed full particulars to Admiral Calthorpe, but the latter had apparently not yet received them, although he had had the wire from the General Officer Commanding-in-Chief, Mediterranean. A copy of the telegram sent to General Milne had now been sent by the Foreign Office to Admiral Calthorpe (No. 88, dated the 14th January, 1919), to whom Lord Curzon undertook, on behalf of the Foreign Office, still further to explain the matter.

Lord Curzon said that he had seen at the Foreign Office a report on the condition of prisoners at Constantinople, which was one of the most disgraceful stories of barbarity and incompetence he had ever read; although he thought it did not refer to our prisoners, who had left, but to people who had been thrown into prison by the Turkish authorities, very often without any crimes being alleged. He thought it would not be unreasonable to include the prisons in the sanitary control of the city.

Mr. Barnes agreed that we should do so, subject to the concurrence of the French Government.

Lord Curzon, in reply to a question by Mr. Barnes, said that the reports in regard to Enver were very conflicting. He was reported at one time to be in Morocco, at another in Berlin, and a few weeks ago he was supposed to be making for Azerbaijan. Admiral Calthorpe had telegraphed asking for authority, without the consent of the Turkish Government, to arrest Enver, Talat, and their leading confederates, if he could do so. He (Lord Curzon) had replied, giving the necessary authority. He thought that Admiral Calthorpe would hardly have asked for it unless there was information that Enver was somewhere near—

2. With reference to War Cabinet 515, Minute 7, the Director of Military Intelligence said that the two British battalions in Siberia had now arrived at Omsk, and were perfectly safe. The operations west of the Urals had been going very well. Perm had been captured by the Siberian troops, and the Third Bolshevik Army had been completely annihilated.
3. The Director of Military Intelligence explained that the situation in Murmansk was unchanged. The situation in Estonia was not satisfactory.

Lord Curzon gave an account of the position in the Baltic Provinces. At Reval there were the elements of an Estonian Government, which included people of good local repute but with little experience in governing a country. They were holding their own, and were supported by 400 or 500 Finnish troops, but the position was precarious. At Riga the conditions were worse. Since our withdrawal there was no means of defending the town from the Bolsheviks, who were in possession. At Libau conditions were somewhat the same as at Riga, although it had not yet fallen to the Bolsheviks. Our only way of helping was by some sort of armed intervention, but the whole of this question was being considered in Paris at the present moment.

4. The War Cabinet had under consideration a memorandum by Lord Curzon (Paper G.T.-6644) and a note by Marshal Foch (Paper G.T.-6650) containing proposals for dealing with the question of Russian prisoners in enemy territories.

Lord Curzon said it was no longer necessary to trouble the War Cabinet with this matter, since the whole question hinged upon, first, our policy towards the Bolsheviks; secondly, the provision of relief. Both of these questions were being considered in Paris at present. At the meeting in Paris on Sunday, January 12, 1919, the subject had been brought up, and Marshal Foch's proposals were agreed to.

The War Cabinet took note of the fact that Marshal Foch's proposals, as set out in Paper G.T.-6650, had been agreed to by the Associated Governments at Paris on January 12, 1919, and that Marshal Foch had been asked to formulate a proposition stating to what parts of Russia he proposed that Prussians should be sent. (Paper I.C.-103, Minute 5.)

5. The War Cabinet had before them a note by Mr. Bonar Law, covering a report of a Departmental Committee on Awards to Inventors (Paper G.T.-6500), together with a memorandum by the President of the Board of Trade (Paper G.T.-6629) on the same subject.

Mr. Chamberlain said that he understood that all Departments were agreed on this question, and, as far as the Treasury was concerned, he was prepared to concur in the recommendations made by the Departmental Committee.

Mr. Barnes said that he thought it would give great satisfaction if one of the two Members of Parliament on the Commission was a Labour Member. Labour felt at the moment that their point of view was not well represented as regards inventions.

The War Cabinet decided—

To approve of the Report of the Departmental Committee, and requested the Chancellor of the Exchequer to take the necessary action with regard to the setting up of the Royal Commission.

The Chancellor was also requested to take note of the suggestion with regard to the representation of labour.
6. With reference to War Cabinet 515, Minute 15, the War Cabinet had before them a memorandum by Mr. Shortt (Paper G.T.–6570) relating to the purchase by the Government of the 1919 flax crop.

Mr. Shortt said that the matter was one of considerable urgency, inasmuch as unless the farmers were guaranteed a price for this year's crop they would use the land for purposes other than growing flax.

Mr. Chamberlain said that he very much doubted the desirability of guaranteeing the price of this crop. He could not understand how it was that, with flax in high demand and certain of a good price, no one would grow it without a Government guarantee. If a guarantee was necessary in order to induce the farmers to grow flax, why should it not be given by the linen manufacturers? The guarantee was, in effect, a subsidy to the linen industry. If the Government undertook to guarantee a high purchase price of this kind they would have no security that they would be able to market the flax, and if flax came from Russia the manufacturer would be at perfect liberty to purchase from Russia at a lower price.

Lord Colwyn said that, according to the experts in Ireland, there was little chance of any reduction in the price of flax. If the Government did not help as suggested, it would mean that a great mass of labour would be thrown out of work. As a business proposition he would not recommend the undertaking except for this year.

The War Cabinet decided that—

The Chancellor of the Exchequer should confer with Lord Colwyn on the subject, and if, after consultation, he felt inclined to guarantee the price of the 1919 flax crop, he should have the authority of the Cabinet to do so. If, on the other hand, the Chancellor should not feel inclined to pledge the Government to the required guarantee, the matter should again be brought before the War Cabinet at their next meeting.

7. The War Cabinet had before them a memorandum by Mr. Long (Paper G.T.–6583) in regard to the return of enemy subjects to the Colonies and Protectorates.

In his memorandum Mr. Long stated that he had received strong representations on the subject from Hong Kong and the Straits, and the High Commissioner for the Western Pacific had telegraphed his fears of the detrimental moral effect on the native tribes of the return of the Germans. Mr. Long said that he was in favour of adopting a policy of exclusion of Germans from the Colonies and Protectorates for a period of, say, five years, on four grounds:—

(a.) The very real danger of their fomenting disloyalty;
(b.) The danger to the Germans themselves;
(c.) The importance of restoring our overseas trade without being hampered by the unfair competition of our late enemies;
(d.) The disastrous effect on the native mind of the triumphant return of the German.

Mr. Long proposed that all Colonies and Protectorates should be invited to legislate, without delay, prohibiting Germans from entering, residing, or trading locally in their territory for a period of five years from the end of the war. Mr. Long added that, if we refused to take this step, he was afraid that there would be great dissatisfaction in the Colonies and Protectorates concerned.
Mr. Grindle, of the Colonial Office, feared that not only would there be great dissatisfaction, but that it was not unlikely that there would be regrettable incidents.

The War Cabinet approved the proposals contained in Mr. Long's memorandum in regard to the return of enemy subjects to the Colonies and Protectorates.

8. Mr. Long drew the attention of the War Cabinet to a telegram from Paris, dated the 14th January, No. 24, in regard to the question of the representation of the Dominions at the Peace Congress. According to this telegram it had been agreed between Mr. Lloyd George and President Wilson that Canada, Australia, and South Africa should have two representatives each, while New Zealand, British India, and the Native States of India should have one representative each. Mr. Long pointed out the splendid work that had been done by New Zealand during the war. Her record in supplying soldiers according to population was better than that of any other of the Dominions. He felt sure that Mr. Massey and Sir Joseph Ward would, on their arrival, demand the same representation at the Peace Congress as that accorded to the other Dominions.

Mr. Barnes said that he was going to Paris on the following day, and undertook to make personal representations on this point to the Prime Minister.

In the meantime, the War Cabinet requested—

Mr. Long to draft a telegram on the subject, to be sent to the Prime Minister (Appendix).

9. With reference to War Cabinet 488, Minute 6, the War Cabinet had before them an Interim Report by a Committee to the Law Officers of the Crown (Paper G.T.—6519), and a note by Sir Robert Borden covering a Memorandum by the Judge-Advocate-General of Canada (Paper G.T.—6610) in regard to offences against the law by enemy individuals.

Sir Ernest Pollock said that the Attorney-General had telegraphed to Mr. Balfour suggesting that those responsible in certain cases of outrages committed by the enemy on land and by sea and in air be placed on remand, so that they might be available when needed, and that a preliminary list of names had also now been despatched.

Mr. Barnes asked whether it was not more important, instead of bringing to trial these culprits who were in a subordinate position, to place on trial the men at the very top, who were really responsible.

To this Sir Ernest Pollock replied that the evidence relating to the action of subordinates was important, because by such means would be disclosed what instructions had been given from above, and by whom.

In the Interim Report of the Committee, certain heads of charges were provisionally suggested which should be preferred against offenders. Sir Ernest Pollock said that he hoped the Cabinet would not reduce or alter the suggested list of these charges, because if any of them were eliminated there would be a danger that certain specific offences might not be covered. He said that the Committee had given particular attention to inquiring into the constitution and procedure of a tribunal appropriate to the trial of offenders.

The War Cabinet took note of the Interim Report, and desired the Solicitor-General to express to the members of the Committee the thanks of the Cabinet for the work performed, together with the hope that the work would be continued.
They instructed the Acting Secretary to send a copy of the Interim Report to Paris, together with a covering letter drawing the Prime Minister's attention (a) to the paragraph on jurisdiction, p. 1, in which it was recommended “that the enemy Governments should supply (i) the names of all persons in command of prisoners' camps, &c., and (ii) all orders and instructions, &c., which relate to acts in breach of the laws of war and of humanity”; (b) the paragraph in the memorandum circulated by Sir Robert Borden emphasising the urgency of setting up the tribunal at the earliest possible moment (Paper G.T.-6610).

(Initialled) C. or K.

2, Whitehall Gardens, S.W. 1,
January 15, 1919.

APPENDIX.

Copy of a telegram from the Acting Secretary to the War Cabinet to Sir Maurice Hankey, Paris.

"FOLLOWING from War Cabinet to Prime Minister: —"

"We observe that New Zealand is only to have one representative. We suggest, this is to be regretted in face of following facts: —"

"1. White population does not materially differ from South Africa in number."
"2. Representatives have not yet arrived."
"3. Contribution in men is larger for population than any other Dominion."

"We think it a pity to risk serious dissatisfaction for sake of a single member."
SECRET.

WAR CABINET, 517.

Minutes of a Meeting of the War Cabinet held at 10, Downing Street, S.W., on Friday, January 17, 1919, at 12 noon.

Present:


The following were also present:

The Right Hon. W. LONG, M.P., First Lord of the Admiralty (for Minutes 1 to 3).

Admiral Sir R. E. WEMYSS, G.C.B., C.M.G., M.V.O., First Sea Lord and Chief of the Naval Staff (for Minutes 1 to 3).

The Right Hon. Sir A. STANLEY, M.P., President, Board of Trade (for Minutes 3 and 4).

The Right Hon. W. S. CHURCHILL, M.P., Secretary of State for War (for Minutes 3 and 4).

The Right Hon. E. SHORTT, K.C., M.P., Secretary of State for Home Affairs (for Minutes 3 to 6).

The Right Hon. C. ADDISON, M.D., M.P., President, Local Government Board (for Minutes 3 and 4).

The Right Hon. LORD INYERFORTH, Minister of Munitions (for Minutes 3 and 4).

Mr. THOMAS JONES, Acting Secretary.

Lieutenant G. M. EVANS, Assistant Secretary.

Lieutenant-Colonel L. S. STORE, C.B., Assistant Secretary.

Captain CLEMENT JONES, C.B., Assistant Secretary.

With reference to War Cabinet 516, Minute 6, the Chancellor of the Exchequer said that, after consultation with Lord Colwyn and Sir Albert Stanley, he had agreed to the guarantee of 25s. to 35s. per stone proposed by the Flax Control Board for the 1919 crop. It had further been agreed amongst them that, in view of this guarantee, the control on the import of flax should be retained, in order to avoid, until the question was further considered, such a fall of prices as would throw a heavy loss upon the Treasury. The Chancellor of the Exchequer said that, in agreeing to the guarantee, he had been mainly influenced by the fact stated by Lord Colwyn, that the guaranteed price was no more (probably rather less) than the equivalent of the guaranteed prices of cereals, and that, having...
regard to the profits obtainable by growing cereals at the present
time, there was every reason to believe that without a guarantee for
flax the whole of the increased acreage would be lost. It was
thought extremely unlikely that any large quantities of flax would
be available from Russia or Belgium, and unlikely that in point of
fact any loss would be incurred to the Treasury. It had been agreed
that the arrangement was in itself undesirable, both in character and
form, and was only justified by the exceptional circumstances of the
War period.

2. The War Cabinet had before them an Admiralty memorandum
(Paper G.T.-6533) in regard to the question of resuming work on
the "Anson," the "Howe," and the "Rodney."
The Chancellor of the Exchequer pointed out the impossibility
of coming to a decision in regard to this question until it was known
what line would be taken at the Peace Congress respecting naval
armaments.

In these circumstances the War Cabinet decided—

To postpone the question.

3. With reference to War Cabinet 515, Minute 13, the War
Cabinet had before them a memorandum by the Admiralty
(Paper G.T.-6594), together with a memorandum by Mr. Long
(Paper G.T.-6634), in regard to the oil-fuel reserve for the navy in
Home waters.

In the Admiralty memorandum it was pointed out that the
navy was now dependent upon the United States of America for its
vital supplies of oil-fuel to the extent of 80 per cent., and that this
dependence must continue unless and until alternative supplies
could be developed. So far as could at present be foreseen, there
were only two sources of supply which might be sufficiently developed
to cover any large proportion of our naval requirements. These
were—

(1.) Home production.
(2.) The Persian and Mesopotamian oilfields.

The supplies now available, or likely to be available, from any
other sources were so deficient either in quantity or quality that
they might be regarded as negligible. We had therefore no visible
means of avoiding absolute dependence on the United States of
America except by providing adequate storage and maintaining large
post-war reserve stocks. The Admiralty were of opinion that the
minimum reserve which it was safe to provide should be twelve
months' consumption on a war basis.

The First Sea Lord said that it was not possible to furnish
accurate figures until the future standard of the navy was decided
on, but in all probability the expenditure, spread over a considerable
period, would not be more than about 400,000£ a year.

Mr. Long said that he fully concurred in the proposals contained
in the Admiralty memorandum. When he had taken charge, at the
request of the War Cabinet, of oil questions some eighteen months
previously, the situation was one of grave anxiety. We had in
this country such inadequate provision for storage that we were
living from hand to mouth. At that time the navy were hampered
in their movements, the army had only just enough for their needs,
while civilian supplies in some places were non-existent. At one
critical moment it had been necessary to deprive the oil consumers
in the south and west of England of their petrol in order to send the
necessary supplies to France. He added that he did not want to
embarrass the Chancellor of the Exchequer by pressing the question,
but he was convinced that the policy of storing large stocks of oil in this country was a vital necessity.

Lord Curzon said that, in addition to the two sources of supply mentioned in the Admiralty memorandum, there was also the possibility of obtaining oil from Baku. The oil-wells there were the greatest in Asia, and were in the possession of Armenians and Tartars. There was a pipe-line from Baku to Batum, and now that the railways and shipping in that part of the world were in our hands there appeared to be a possibility of making a purchase of oil in our own interests. Another possible source of supply was the oilfields of Burma.

The First Sea Lord undertook to examine the question of the Baku oilfields, and to submit a paper to the Cabinet on the subject.

The Chancellor of the Exchequer said that he regarded the provision of adequate storage of large stocks of oil as a matter of vast importance. A strong case had been made out for the extension of storage accommodation. He hoped that the Minister of Supply would consider the question of increasing also the amount of non-Government storage. Subject to consideration of the Naval Estimates later he agreed provisionally to the proposals contained in the Admiralty memorandum.

With regard to co-ordinating the demands of the various Departments, Mr. Long said that, before the Petroleum Executive was set up, each Department had been in the habit of helping itself. The Executive had consolidated the work, and in future he hoped that the policy of the Government would be to continue the central control of purchases.

The Chancellor of the Exchequer said that the question of the maintenance and expansion of supplies of oil for the use of this country appeared to be one for the newly-created Ministry of Supply. He therefore suggested that the Minister of Supply should confer with Mr. Long and obtain the benefit of Mr. Long's wide experience in these matters. He further suggested that the Board of Trade and the India Office should also be represented in any conference that might be held.

Mr. Long said that he gratefully accepted the suggestion that the Minister of Supply should confer with him.

To sum up, the War Cabinet decided—

(a.) To approve the proposals contained in the Admiralty memorandum in regard to the oil-fuel reserves.

(b.) That the Minister of Supply should confer with the First Lord of the Admiralty, the President of the Board of Trade, and the Secretary of State for India in regard to the whole question of the supply of oil.

(c.) That the First Sea Lord should submit a paper in regard to the possibility of obtaining supplies from Baku.

4. With reference to War Cabinet No. 500, Minute 9, the War Cabinet had before them the following papers:—

Memorandum by the War Office (Paper G.T.-6542).
Memorandum by Sir Albert Stanley (Paper G.T.-6657).

In the Memorandum by the Secretary of State for War it was pointed out that the French Government, through M. Claveille, had expressed a desire to purchase certain transport material held by the British Army in France. The magnitude of the question was such that a decision of the War Cabinet was sought on the following points:—
(a.) Whether M. Claveille was to be informed that the transport material, less certain items, was at his disposal on terms to be agreed;

(b.) Whether M. Claveille was to be told that all equipment was required at home, and that it was proposed to transport it to England;

(c.) In the event of (a) being accepted, who was to negotiate the sale.

The President of the Board of Trade, in his Memorandum, suggested that the French Government might be informed that the English railway companies would want their rolling-stock returned (possibly with some small exceptions), but nothing else; that as regards the light railways, neither the rails nor the stock would be wanted in this country; that nearly all the cranes and similar plant in connection with port equipment could be used in this country; that some of the tugs and barges might be of use on the larger English canals; that it was unlikely that the railway engineering plant would be wanted here; and that the whole of the road plant would be wanted in this country. Sir Albert Stanley added that while Sir Eric Geddes was in a better position to deal with questions of the future of transport in this country than himself, he was of opinion that the chances of a large development of light railways for agricultural purposes were very remote. Already there were huge arrears to be made good in other directions. The English railways were showing a deficit of some £90,000,000 a year; the canals also were in a bad way financially; the Irish railways were bankrupt; the schemes for standardisation of rolling-stock and electrification would involve large sums of money; and it seemed to him that it would be a long time before there was any question of using thousands of miles of rails for light lines in this country.

Sir Eric Geddes said that, in the main, he agreed with Sir Albert Stanley that the prospect of laying thousands of miles of light railways was a remote one. In his Memorandum (Paper G.T.-6563) he had expressed the opinion that, so far as light railway rails were concerned, on the whole it would be advisable to dispose of these, or the major portion thereof, to the French. As regards broad-gauge rails, these were generally of a lighter section than used in this country at present, but were suitable for colonial railways to some extent, and the Colonial Office would no doubt wish to put forward their demands. He considered it desirable, as a preliminary step, to catalogue, with the necessary specifications, the whole of the important plant in question, and ascertain from the authorities concerned—the Board of Trade, the Colonial Office, the India Office, the Railway Executive Committee, the Dock Authorities, the Road Board, and Port Conservation Authorities, &c.—information as to what plant and materials they would wish to obtain from France. Sir Eric Geddes also drew attention to the political reasons which might exist to the effect that we should assist the French in the rehabilitation of their destroyed country. There was also the question of finance, e.g., the increase of the indebtedness of France to this country, and the further question as to whether we were in any way justified in sacrificing ourselves to make up for the shortage of railway equipment in France prior to the war.

The Minister of Supply said that his Department was at work upon a complete plan for disposing of all surplus stores in all the theatres of war, and he hoped to have the scheme complete on the following day. A catalogue would be drawn up, and the different Departments would be asked as to what stores they required. After the Departments and Authorities concerned had notified him in regard to their requirements, he would then sell the rest of the stocks. He was already selling for cash to some extent in France, and had so far realised about 10,000,000 francs in this way from private buyers.
Dr. Addison took the view that the material for light railways should not be disposed of until the requirements of local authorities in this country had been considered.

The Chancellor of the Exchequer said that he was entirely in favour of selling for cash, on the lines mentioned by the Minister of Supply; if, however, it was merely a question of credit, there would be a balance of disadvantages to be considered. He agreed with Sir Albert Stanley that it would be a mistake to bring to this country, and store large quantities of material when there was considerable uncertainty as to when that material could be used.

The War Cabinet decided that—

The Minister of Supply should be given a free hand in disposing (in consultation with the Departments concerned) of surplus Government property.

5. The War Cabinet had before them a Memorandum by Lord Cave on the Return of Enemy Aliens (Paper G.T.-6496). The Paper suggested that the time had come when the repatriation of civilian alien enemies who were in internment camps might be commenced, the ships now employed in bringing prisoners of war to this country being utilised for sending enemy aliens back to Germany.

The Army Council had been consulted, and had no objection to the proposed repatriation, provided that information was given to the War Office before any action was taken in respect of those enemy subjects who were of interest to the German authorities.

The Home Secretary said that the above Paper had been prepared and submitted by his predecessor in office, but he himself concurred in the proposal.

Sir Eric Geddes pointed out that a certain number of enemy aliens were essentially pivotal men, and these could certainly not be spared. He suggested that such pivotal men as were employed outside the internment camps should not be repatriated until the Ministry of Labour had been consulted.

The War Cabinet decided—

(a.) To approve the proposal of the late Home Secretary regarding repatriation of enemy aliens from internment camps.

(b.) That as regards aliens employed outside camps, these should not be repatriated without reference, in the first instance, to the Ministry of Labour.

6. The War Cabinet had before them a note by Mr. Bonar Law, submitting a memorandum by Sir Thomas Heath regarding the employment in Government Departments of persons not wholly of British extraction (Paper G.T.-6378). (Appendix.)

Mr. Chamberlain said that the Paper had been circulated by his predecessor without any expression of opinion. In the previous July, the War Cabinet had decided (War Cabinet 444, Minute 7) that no one should be employed in Government Offices or Departments unless he is the son of natural-born British or Allied subjects, but exception might be made for definite reasons of national importance.

Sir Thomas Heath's present suggestion was that the various Departments might be authorised to suspend all action in regard to the dismissal of alien-descended persons, pending any report by Lord Justice Bankes' Committee to the Prime Minister.

Sir Eric Geddes said that one of the principal difficulties with which Departments had been faced in dealing with this question was the fact that so many officers and officials in His Majesty's Services were concerned. He fancied that, since Lord Justice Bankes' Committee had been appointed to enquire into individual cases, the Departments had taken no further action themselves to sort out and
(a.) Whether M. Claveille was to be informed that the transport material, less certain items, was at his disposal on terms to be agreed;

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Sir Eric Geddes said that, in the main, he agreed with Sir Albert Stanley that the prospect of laying thousands of miles of light railways was a remote one. In his Memorandum (Paper G.T.-6563) he had expressed the opinion that, so far as light railway rails were concerned, on the whole it would be advisable to dispose of these, or the major portion thereof, to the French. As regards broad-gauge rails, these were generally of a lighter section than used in this country at present, but were suitable for colonial railways to some extent, and the Colonial Office would no doubt wish to put forward their demands. He considered it desirable, as a preliminary step, to catalogue, with the necessary specifications, the whole of the important plant in question, and ascertain from the authorities concerned—the Board of Trade, the Colonial Office, the India Office, the Railway Executive Committee, the Dock Authorities, the Road Board, and Port Conservancy Authorities, &c.—information as to what plant and materials they would wish to obtain from France. Sir Eric Geddes also drew attention to the political reasons which might exist to the effect that we should assist the French in the rehabilitation of their destroyed country. There was also the question of finance, e.g., the increase of the indebtedness of France to this country, and the further question as to whether we were in any way justified in sacrificing ourselves to make up for the shortage of railway equipment in France prior to the war.

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The Chancellor of the Exchequer said that he was entirely in favour of selling for cash, on the lines mentioned by the Minister of Supply; if, however, it was merely a question of credit, there would be a balance of disadvantages to be considered. He agreed with Sir Albert Stanley that it would be a mistake to bring to this country, and store large quantities of material when there was considerable uncertainty as to when that material could be used.

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The War Cabinet decided—

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(b.) That as regards aliens employed outside camps, these should not be repatriated without reference, in the first instance, to the Ministry of Labour.

6. The War Cabinet had before them a note by Mr. Bonar Law, submitting a memorandum by Sir Thomas Heath regarding the employment in Government Departments of persons not wholly of British extraction (Paper G.T.–6378). Mr. Chamberlain said that the Paper had been circulated by his predecessor without any expression of opinion. In the previous July, the War Cabinet had decided (War Cabinet 444, Minute 7) that no one should be employed in Government Offices or Departments unless he is the son of natural-born British or Allied subjects, but exception might be made for definite reasons of national importance. Sir Thomas Heath's present suggestion was that the various Departments might be authorised to suspend all action in regard to the dismissal of alien-descended persons, pending any report by Lord Justice Bankes' Committee to the Prime Minister.

Sir Eric Geddes said that one of the principal difficulties with which Departments had been faced in dealing with this question was the fact that so many officers and officials in His Majesty's Services were concerned. He fancied that, since Lord Justice Bankes' Committee had been appointed to enquire into individual cases, the Departments had taken no further action themselves to sort out and
dismiss employees of alien descent. Sir Thomas Heath's paper referred only to the action to be taken during the war, and in regard to this he concurred in Sir Thomas's proposal. He thought, however, that it might be well to look ahead, and to ask Lord Justice Bankes' Committee to go into the post-war aspect of the question and to submit their recommendations, with a view to regulating the employment of such persons in the future.

The War Cabinet decided—

(a.) To approve the proposal that all action in regard to the dismissal from Government Departments of persons not wholly of British extraction employed therein should be suspended pending any report by Lord Justice Bankes' Committee.

(b.) To ask the Chancellor of the Exchequer to look into Sir Eric Geddes' suggestion as to possible regulations for the future.

(Initialled) C. of K.

2, Whitehall Gardens, S.W. 1,

January 17, 1919.
In July last the War Cabinet decided that no person should be employed in any Government office during the present war who is not the child of natural-born subjects of this country or of an Allied country, unless there is a definite national reason for such employment. A letter was sent out from the Prime Minister's Private Secretary on the 13th August to Departments notifying them of this decision, and of the appointment of Lord Justice Bankes' Committee, and asking the Departments to ascertain the names of all persons employed in them who were not the children of natural-born subjects of this country or an Allied country, and to refer to the Committee the cases of those persons whom they desired for definite national reasons to retain.

The Committee issued a circular asking Departments to furnish a list giving the full names and addresses of all persons coming under the exclusion, and, as to any such persons whom it was desired to retain, the reasons for that desire.

This was taken to mean that the Committee was to consider in some way all the cases and not only the cases recommended for retention.

Consequently, as I understand, no Department has yet dismissed anyone, all the Departments having waited for the Committee to report on the whole matter.

This being so, and the armistice having altered the situation, it would seem very difficult now to send away any of the alien-descended persons, and I have been appealed to, especially by the Post Office and the Customs and Excise, as to whether they might not suspend all action in the matter.

I think myself that they might be authorised at all events to suspend all action pending any report by the Committee to the Prime Minister and any action taken thereon.
Minutes of a Meeting of the War Cabinet held at 10, Downing Street, S.W., on Wednesday, January 22, 1919, at 12 noon.

Present:

The Right Hon. A. BONAR LAW, M.P. (in the Chair).

The Right Hon. the EARL CURZON OF KEDLESTON, K.G., G.C.S.I., G.C.I.E.

The Right Hon. SIR E. GEDDES, G.B.E., G.C.B., M.P.

The Right Hon. A. CHAMBERLAIN, M.P.

The following were also present:

The Right Hon. W. LONG, M.P., First Lord of the Admiralty (for Minutes 1 to 4).

Admiral SIR R. E. WEMYSS, G.C.B., C.M.G., M.V.O., First Sea Lord and Chief of the Naval Staff (for Minutes 1 and 2).

Mr. THOMAS JONES, Acting Secretary.

Lieutenant-Colonel L. S. AMERY, M.P., Parliamentary Secretary, Colonial Office (for Minutes 1 and 2).

Sir W. F. MARWOOD, K.C.B., Board of Trade (for Minute 2).

Captain L. F. BURGIS, Assistant Secretary.

Mr. PEMBROKE WICKS, Assistant Secretary.

Wireless Telegraphy Stations in Holland and Java.

1. The War Cabinet had under consideration a memorandum by the Admiralty (Paper G.T.-6658) with regard to negotiations between the Dutch Government and the German Telefunken Company for the establishment of wireless communication between Holland and Java. The memorandum pointed out that it was obviously desirable that control should only be in the hands of a British company, and urged that the British Government should take up the question with the Dutch Government as quickly as possible with a view to obtaining a contract for a British company.

Sir Eric Geddes stated that the Germans had already, since the signature to the armistice, taken steps to start the necessary work on the bank of the Meuse for establishing communication with Java.

The War Cabinet approved the proposals contained in the Admiralty memorandum, and directed

The Acting Secretary of State for Foreign Affairs to take up the matter with the Dutch Government.

[825]—77
Oilfields of Papua.

2. The War Cabinet had under consideration a memorandum by Mr. Long (Paper G.T.-6642) dealing with the proposal of the Australian Government that the British Government should cooperate with them in investigating the value of the oilfields of Papua. In his memorandum Mr. Long stated that public feeling in Australia was much opposed to allowing territory to be exploited by any of the large oil companies. A conference of representatives of the Colonial Office, the Admiralty, the Board of Trade, and the Treasury had agreed to recommend that His Majesty's Government should cooperate to the extent of 50,000£ in a preliminary investigation of the potentialities of the Papuan oilfields, a similar sum being provided by Australia, and that the whole question should be considered de novo if oil were found in commercial quantities.

Mr. Long stated that the Colonial Office was merely concerned in regard to the relations between the British Government and the Government of Australia. It was urgently necessary to secure a supply of oil for Australia, and the possible development of oilfields in Papua was the only alternative to bringing oil from a long distance. Sir Joseph Cook was confident that the scheme of development was worth undertaking. The Colonial Office and the Admiralty were of opinion that development by big companies offered the greatest prospect of success, but that it was extremely desirable that the preliminary exploration should be done by the joint Governments. On the question of subsequent policy we were not in agreement with the Dominion Government, who were opposed to the ultimate development by commercial companies.

The Chancellor of the Exchequer said that he attached very great importance to the development of the resources of the Empire, but he had hoped that the British Government's contribution of any money which it was possible to provide would go to the Protectorates and Crown Colonies, and would not be spent in the Dominions or in territories administered by them. It was not unreasonable to expect that the Dominion Government, in a case of this kind, should undertake the charge; otherwise there would be no relief to this country. He was averse from embarking on the scheme unless we could agree in regard to ultimate policy with the Australian Government.

Mr. Bonar Law pointed out that the Colonial Office regarded the development of Imperial resources as their most important function, and that for that reason the matter should be reserved for Lord Milner's personal consideration. There should be a clear understanding that, if oil was found, the profits should not go entirely to the Australian Government. He hoped that the Chancellor of the Exchequer would agree to provide the money if it was possible to reach a satisfactory understanding.

Sir Eric Geddes observed that he had been informed by Sir Joseph Cook that after the preliminary investigation, it was decided to proceed, development would have to be on the lines of Australian policy.

Mr. Long stated that, in discussion at the Colonial Office, Sir Joseph Cook had said that if the Australian Government took their share in the exploration, the subsequent arrangements must be a matter of free and frank discussion and settlement between the two Governments, and that, if the British Government came in, the Australian Government were prepared to discuss it from the British standpoint.

Admiral Wemyss pointed out that a very strong case could be made out for the proposal from a strategic point of view.

The War Cabinet decided—

To agree to the proposal, provided it were approved by the Secretary of State for the Colonies, the First Lord of the Admiralty, and the Chancellor of the Exchequer, on the understanding that definite arrangements were made to
Temporary Buildings Occupied by Government Departments and Discharge of Temporary Clerical Workers.

3. Sir Eric Geddes said that he thought it would be desirable if Departments were asked to furnish a return with regard to the number of clerical workers employed by them, and the rate at which they expected to discharge them. He also thought it would be useful if Departments could give some indication of their post-war establishments.

Another matter on which he thought information was desirable was the amount of temporary accommodation which Departments could now dispense with.

The War Cabinet decided that—

The Acting Secretary should call for a return on the lines indicated by Sir Eric Geddes, the replies to be sent direct to the Co-ordination of Demobilisation Section.

Government Housing Scheme.

4. With reference to War Cabinet 364, Minute 15, attention was drawn to the various memoranda, circulated by Ministers, relating to the different aspects of the housing problem, and it was asked whether these memoranda were receiving consideration.

The War Cabinet decided that—

The Acting Secretary should request the President of the Local Government Board to furnish a statement on the general housing position, with special reference to questions of policy which had not yet been settled.

Home Affairs Committee.

5. Attention was drawn to the fact that there were several questions, such as land and housing awaiting the consideration of the Home Affairs Committee.

The Acting Secretary pointed out that, according to instructions received from the Prime Minister, the meetings of any Standing Committees were to be suspended for the present.

The War Cabinet decided that—

In view of the urgency of some of the problems requiring the consideration of the Home Affairs Committee, the Acting Secretary should at once communicate with the Prime Minister in Paris, and obtain his approval to the Committee again resuming its functions.

Spread of Bolshevism.

6. The Acting Secretary of State for Foreign Affairs said that he was alarmed by the fact that no concerted action was being taken by the various Departments with regard to combating the spread of Bolshevism in this country. The Departments were working entirely on their own, and he suggested that a Minister without portfolio should be placed in charge of co-ordinating the activities of the different Departments in this direction.

The War Cabinet decided that—

The Secretary of State for the Home Department should be asked to lay before the War Cabinet his views with regard to Lord Curzon's suggestion.

(Initialled) A. B. L.

2, Whitehall Gardens, S.W. 1,
January 22, 1919.
SECRET.

WAR CABINET, 519.

Minutes of a Meeting of the War Cabinet held at 10, Downing Street, S.W., on Friday, January 24, 1919, at 12 noon.

Present:
The Right Hon. A. Bonar Law, M.P. (in the Chair).
The Right Hon. the Earl Curzon of Kedleston, K.G., G.C.S.I., G.C.I.E.
The Right Hon. A. Chamberlain, M.P.

The following were also present:
The Right Hon. G. H. Roberts, M.P., Food Controller (for Minute 1).
Major the Hon. W. Astor, M.P. (for Minute 1).
SIR G. W. ROFFEY, K.B.E., Ministry of Food (for Minute 1).
SIR J. O. G. SYKES, K.C.B., Secretary, Liquor Control Board (for Minute 1).
SIR J. BRADBURY, K.C.B., Joint Permanent Secretary, Treasury (for Minute 1).
The Right Hon. E. Shortt, K.C., M.P., Secretary of State for Home Affairs (for Minutes 1, 4, and 5).
The Right Hon. R. Munro, K.C., M.P., Secretary for Scotland (for Minutes 1, 4, and 5).
The Right Hon. J. I. Macpherson, M.P., Chief Secretary for Ireland (for Minutes 1, 4, and 5).
The Right Hon. Sir R. S. Horne, K.B.E., K.C., Minister of Labour (for Minute 1).
Major-General W. Thwaites, C.B., Director of Military Intelligence (for Mines 3 and 4).

Mr. Thomas Jones, Acting Secretary.
Mr. Pembroke Wicks, Assistant Secretary.
Lieutenant-Colonel L. Storr, C.B., Assistant Secretary.
Captain L. F. Burgess, Assistant Secretary.
Increased Supply of Beer.

1. WITH reference to War Cabinet 501, Minute 9, the War Cabinet had before them the following memoranda relating to the increased supply of beer:

- Memorandum by Mr. Clynes (Paper G.T.-6262).
- Memorandum by the Central Control Board (Liquor Traffic) (Paper G.T.-6281).
- Memorandum by the Shipping Controller (Paper G.T.-6388).
- Memorandum by Mr. Clynes (Paper G.T.-6444).
- Prices of Beer (Paper G.T.-6563).
- Memorandum by the Food Controller (Paper G.T.-6675).

The Food Controller, in his Memorandum (Paper G.T.-6675), recommended:

(a.) An increase in the present statutory barrelage of 25 per cent.;
(b.) An increase of $2 on the average gravity at which brewers may brew their total permitted output;
(c.) A comprehensive revision of retail prices.

Mr. Bonar Law said that he was in favour of an increase in quantity, and also some reduction in the price. There was no doubt that many people attributed the present industrial unrest to the lack and poor quality of beer. He suggested that the best way of dealing with this question was to permit an increase of supply, make a slight reduction in price, and inform the brewers that in the next Budget their taxation would be made heavier.

Sir Walter Roffe-y said that although there were difficulties in the way of Mr. Bonar Law's proposal, they were not insurmountable, but it would take some little time to make the necessary arrangements. The proposed increase of 25 per cent. on the quantity meant 10s. per standard barrel extra profit to the brewers. The total standard barrelage was 14,000,000. With regard to whisky, the Board of Customs and Excise now released it from bond at 50 per cent, of the 1916 issues. In his opinion it would not have any effect if the rate of release were increased by 10 per cent, or more, owing to the fact that the middleman prevented the whisky reaching the consumer. This was done by the trade in order to guard their interests and profits over the next two or three years.

Major Astor stated that, according to his calculation, which had been confirmed in the Ministry, the trade would still be making a profit of between 7s and 8s per cent, under the proposed retail prices, after meeting all costs of production and distribution.

Sir J. C. Sykes said that Lord d'Abernon, who was unable to be present, was in favour of increasing the supply of light beer, and was of the opinion that the revenue from the trade could be considerably increased.

The Chancellor of the Exchequer said he would immediately instruct Sir John Bradbury to consult with the Board of Customs and Excise with regard to the reduction in the price from the standpoint of the revenue and the forthcoming Budget.

The Secretary for Scotland said that there would probably be an outcry from the temperance party in Scotland, but the political effect, in his judgment, would not be serious. The question of an increased supply of beer was more an English problem than a Scottish one.

Sir Robert Home said that a good deal of irritation on the Clyde was due to the lack of beer and the bad quality of that obtainable.

Mr. Roberts said that a substantial reduction in the price and an increase in the supply would have a good effect on public opinion, and do much to allay the prevailing industrial unrest.

The War Cabinet decided:

(a.) To increase the present statutory barrelage of beer by 25 per cent.;
(b.) To increase by 2° the average gravity at which brewers may brew their total permitted output;
(c.) That the Treasury and the Board of Customs and Excise should immediately consult with the Ministry of Food and agree upon a scale for the reduction in price;

(d.) That no public announcement with regard to the increase in the supply of beer should be made until the question of price had been agreed upon, but that then a simultaneous announcement should be made. The Food Controller was, however, authorised to inform the brewers that the 25 per cent. increase in the barrelage and 2 degrees in the gravity were agreed upon as from the 1st January, 1919.

2. The War Cabinet approved the appointment of an Inter-Departmental Committee, composed as under, to consider the proposals of the Army Council on the extra emolument of the Army of Occupation and the effect of those proposals on the Royal Navy:

- The Right Hon. Sir L. Worthington Evans (Chairman),
- Mr. Stanley Baldwin, M.P.,
- The Right Hon. Sir Robert Chalmers, G.C.B.,
- The Right Hon. T. J. Macnamara, M.P.,
- The Right Hon. H. W. Forster, M.P.,
- Major-General the Right Hon. J. E. B. Scely, C.B., C.M.G., D.S.O., M.P.,
- Lieutenant-General Sir H. V. Cox, K.C.B., K.C.M.G., C.S.I.,
- Lieutenant G. M. Evans (Secretary),

together with one additional representative of the War Office and one additional representative of the Admiralty.

3. The Chancellor of the Exchequer said that he had been rather disturbed by the contents of one or two recent telegrams which had been received from Somaliland, and he had spoken to the late Secretary of State for War on the subject. There appeared to him to be a possibility of General Hoskins becoming involved in military operations.

The Acting Secretary of State for Foreign Affairs said that Somaliland was not now under the Foreign Office, as it had been transferred to the Colonial Office some years previously. He himself shared the Chancellor's apprehensions, and had written to the Chief of the Imperial General Staff expressing the hope that there was no likelihood of our being involved in any way. General Wilson had replied saying that the War Office had no intention of allowing themselves to be committed to military operations in that part of the world.

The War Cabinet agreed that it was most undesirable that we should become involved in any military activities in Somaliland, and decided—

To instruct the War Office to inform our military Commander as to their views.

4. The War Cabinet had before them a memorandum on the Secret Service by the First Lord of the Admiralty (Paper G.T. 6665), and also a memorandum by the Home Secretary on the same subject (Paper G.T. 6690).

In the first Paper Mr. Long had recorded his view that the question of the Secret Service demanded immediate and very careful consideration by the War Cabinet. The present system was that the Secret Service work was divided between several different offices.
The Admiralty and the War Office controlled their own Secret Service, and took such action as might be necessary; but in regard to the civilian side of the said Service there did not seem to be anybody whose duty it was to call the attention of the Cabinet to serious reports when such were made, or to see that the necessary steps were taken. He suggested that the civilian system should be placed under a Director, who would be responsible to a Minister, preferably one without portfolio, who would be charged with the duty of receiving reports as soon as they were made and of taking or directing the necessary consequent action.

In the second Paper the Home Secretary agreed with the First Lord of the Admiralty that the Secret Service was of very great importance, and briefly outlined the organisation of the Service so far as the Home Department was concerned. He saw, however, certain objections to the course suggested by the First Lord, but owing to the fact that he had only recently taken over his duties, he did not feel in a position at present to criticise or to make suggestions himself.

Mr. Bonar Law suggested that a Committee should be appointed at once, with a Cabinet Minister as Chairman, to go into the whole question, with a view to co-ordinating the work done at present by the various Departments, and suggested that Lord Curzon should be asked to preside over this Committee.

Lord Curzon said that, if his colleagues desired it, he would undertake the duties of Chairman, as he understood that it would not be necessary for the Committee to extend its enquiry over any considerable period of time. In his view what the Committee had to find out was:

(a.) What was being done at present by the Secret Service branches of the several Departments.
(b.) How that work could best be co-ordinated with a view to the necessary action being taken with the utmost promptitude.

He further pointed out that Secret Service work was also done by the Foreign Office and the India Office.

Sir Eric Geddes suggested that the new Ministry of Research and Information would probably be interested in the matter.

Mr. Long said that, under the present arrangements, it was practically impossible for the head of one Department to comment on the work of the Secret Service section of another Department. There must be some co-ordinating authority outside both Departments. The matter was of urgent importance in view of the danger of Bolshevism, which he was sure was on the increase.

The War Cabinet decided that:

A Committee should be appointed at once, composed of:
The Home Secretary, The First Lord of the Admiralty, The Secretary of State for War, The Chief Secretary for Ireland,
under the Chairmanship of Lord Curzon, with power to summon officials of the Departments to attend to give evidence when necessary, and if he thought it desirable to invite additional members to join the Committee: the Secretary to the Committee to be appointed by the Secretary of State for Home Affairs.

Threatened Police Strike. 3. The Home Secretary said that his Department had received a number of resolutions from a meeting of the Police which had been held on the previous Sunday. A good many of these resolutions dealt with disciplinary questions connected with the Metropolitan
Police Force. One resolution, however, concerned the Midland Railway Police, claiming an immediate enquiry into the case of certain men of that Force who had been dismissed, and demanding an answer by midnight on the following Monday. The danger was that, if this demand were not met, there was a strong probability of another Police strike, which would be a serious matter. He suggested that his Department should reply to the Police Union (which, he reminded the Cabinet, had been tacitly recognised as an existing entity by allowing the Police to join it) that, as this was a case in which the Metropolitan Police were not concerned and the matter was a domestic one, it should be referred to the Midland Railway authorities.

Mr. Bonar Law said that, on his return from Paris early in the week, he had seen the Chief of the Metropolitan Police, who did not anticipate any serious trouble so long as the Government were prepared to act firmly and justly.

The Secretary for Scotland stated that there was very considerable unrest among the Scottish Police. He had recently consulted several of the Chief Constables of Scotland, and their reports had been distinctly disquieting. Ex-Inspector Syme had recently been up in the North stirring up trouble in Glasgow. The unrest was mainly due to the fact that the Police were confronted with the contrast between the great increments of wages granted to munition workers and tramway employees, and the relatively small increases they themselves had received, although they were employed in important national work.

The War Cabinet decided—

(a.) To approve the action suggested by the Home Secretary in the case of the Midland Railway Policemen.

(b.) That the Home Secretary and the Secretary for Scotland should confer together as to the measures it might be necessary to take in the event of serious trouble threatening in the Police Forces of England and Scotland.

2, Whitehall Gardens, S.W. 1, January 24, 1919.

Initialled, A.F.L.
Minutes of a Meeting of the War Cabinet held at 10, Downing Street, S.W., on Tuesday, January 28, 1919, at 12 noon.

Present:

The Right Hon. A. Bonar Law, M.P. (in the Chair).


The following were also present:

The Right Hon. W. Long, M.P., First Lord of the Admiralty (for Minute 1).

The Right Hon. Sir L. Worthington Evans, Bart., M.P., Minister of Pensions (for Minute 1).

The Right Hon. Lord Ernle, M.V.O., President, Board of Agriculture and Fisheries (for Minute 2).

Sir A. D. Hall, K.C.B., Secretary, Board of Agriculture and Fisheries (for Minute 2).

The Right Hon. T. J. Macnamara, LL.D., M.P., Financial Secretary, Admiralty (for Minute 1).


The Right Hon. the Earl of Reading, G.C.B., K.C.V.O., His Majesty’s High Commissioner and Special Ambassador to the United States of America.

The Right Hon. H. W. Forster, M.P., Financial Secretary, War Office (for Minute 1).

Sir T. W. Holderness, G.C.B., K.C.S.I., Permanent Under-Secretary, India Office (for Minute 1).

The Marquess of Londonderry, M.V.O., Air Ministry (for Minute 1).

Mr. Thomas Jones, Acting Secretary.
Captain L. F. Burge, Assistant Secretary.
Mr. C. Longhurst, C.B., Assistant Secretary.
Lieutenant G. M. Evans, Assistant Secretary.
1. WITH reference to War Cabinet 519, Minute 2, the War Cabinet had before them the following memoranda relative to increases in the pay of the Navy, Army, and Air Force:—

Memorandum by the War Office (Paper G.T.-6683).
Memorandum by the Admiralty (Paper G.T.-6704).
Memorandum by the Air Ministry (Paper G.T.-6705).
Report by an Inter-departmental Committee, under the chairmanship of the Minister of Pensions, which had considered the increases in pay to be given to the three services (Paper G.-232).

The War Office and the Air Ministry in their memoranda recommended that the increase should be given by way of a bonus on the scale of 1s. 6d. per day for a private, with corresponding increases for other ranks, and that it should be payable from the 1st February to all those who were marked down for retention in the armies of occupation.

The Admiralty agreed to the scale increases suggested by the War Office, but proposed that it should be made a permanent increase in pay, and should be payable both to permanent and "hostilities" men in the Royal Navy.

The Inter-departmental Committee recommended that the increases in all three services should be made by way of a bonus on the basis of the scale put forward by the Admiralty, War Office, and Air Force respectively. In addition it was recommended that these increases should be extended to the Indian Army. Further, it was proposed that all those men in the Army and Air Force who, although demobilisable, had not been released by the 30th April, 1919, should receive a bonus based on half the scale applicable to those retained for the armies of occupation, this bonus to be payable as from the 1st May, 1919, and to be paid with the war gratuity.

The Minister of Pensions said that if the Report of the Committee were approved, it meant an enormous charge on the British Treasury. His Committee had considered the matter very carefully, and had come to the conclusion that it could not be avoided. The reason for the increase was frankly to allay unrest, and the present unrest would only be increased unless an adequate increase were made. They had come to the conclusion that the War Office proposal of 1s. 6d. per day for a private was the lowest possible increase that could be made. The Admiralty desired the increase to be a permanent one; the War Office and Air Ministry that it should be made by way of a bonus; but the Committee had agreed to recommend to the War Cabinet the War Office proposal for a bonus. They had gone carefully into the question of increases to non-commissioned ranks and to officers, and had decided that in any increases made to privates, corresponding increases must also be made to officers and non-commissioned officers.

The Financial Secretary to the Admiralty said that the Board of Admiralty had fallen in with the War Office proposals, particularly as regards the amount of the increases, but the manner in which they were received by the navy would depend entirely upon the manner in which they were announced. All the witnesses before Admiral Jerram's Committee had pressed for an increase of 4s. a day to able-seamen, and the Commander-in-Chief himself had said that 2s. a day was absolutely the minimum which could be granted now. Men who had been on leave from the Grand Fleet since the armistice had had to return before the time because their furlough pay was not sufficient to keep them at home.

The First Lord stated that he entirely endorsed the views of the Financial Secretary that the way in which the announcement was worded would be absolutely vital to the success or failure of the proposals. If the language used gave the smallest loophole for the adoption by the men of the view that the increase now granted
would be reduced later on, he felt compelled to inform the Cabinet in the most definite way that the Board of Admiralty could not be responsible for the consequences. The men of the navy had behaved with splendid loyalty, and had borne very unsatisfactory conditions without complaint. There had been—and there is to-day—no trouble in the navy. There had been no incidents similar to those which unfortunately had occurred elsewhere. But there is undoubted evidence of a widespread feeling of unrest. This is in great measure due to the fact that when the men went for their Christmas leave (which unfortunately synchronised with the General Election) they found that the conditions in which their wives and children or mothers were living were greatly inferior to those of the munition or other civilian worker; and in some cases they were actually compelled to return to the fleet before the expiration of their leave, as the Financial Secretary had stated, because their means were not sufficient to maintain them without making inroads upon the supplies for their wives and children. They of course knew that Admiral Jerram's Committee is now sitting, and if they are assured that the present increase is only a provisional effort on the part of the Government to meet the immediate difficulty, he thought that they would be satisfied. He suggested that the Admiralty should prepare a draft announcement, in consultation with the War Office, and that this should be submitted to Mr. Bonar Law and to the Chancellor of the Exchequer for their approval.

Mr. Bonar Law said that the Inter-departmental Committee had considered the question very carefully, and he thought the War Cabinet should approve the recommendations made in their report. With regard to the proposed press announcement, he suggested that the Admiralty, the War Office, the Air Board, and the Minister of Pensions should consult together in drafting this announcement before it was presented to himself and the Chancellor of the Exchequer.

The First Lord agreed that the draft announcement should be sent to the Minister of Pensions, as well as to the other members of the Government.

The Chancellor of the Exchequer said that the representatives of the Treasury on the Inter-departmental Committee were satisfied that the recommendations made by the Committee were necessary. He therefore accepted them. With regard to the announcement that was to be made, he pointed out that the problems immediately before the army and navy were totally different. He referred to certain proposals for the future of the army which the Secretary of State for War had outlined to him by which the attractiveness of service in the army would be enhanced quite apart from any raising of the pay, and he expressed the hope that the announcement which the Admiralty proposed to make would not be such as to prejudice any proposals which the Secretary of State for War might make for the post-war army, or to give him a less free hand than he desired in putting these proposals forward.

Another point he would like to raise was the present partial exemption of officers from paying income tax. The present proposals meant an increase of about £47,000,000 to the tax-payers' burden. Now the war was over, this temporary exemption might have to end, and officers might have to take their place on an equality with the rest of the citizens of the Empire. This was a Budget question which could not be decided now, but he thought it necessary to utter a note of warning on the subject.

Sir Thomas Holderness enquired if the Secretary of State for India should take action in accordance with the recommendation in paragraph 19 of the report of the Inter-departmental Committee. He said that the Secretary of State proposed to recommend to the Government of India that the British officers in the Indian Army should be granted the same rates of increase as British officers in the British Army. The increases to British officers in the Indian
Army serving with the armies of occupation would be chargeable to the British Treasury, and the increases to British officers serving in India to Indian revenues. With regard to native troops, it was proposed to suggest to the Government of India that the concession to Indian ranks should be granted in the form of an extension of the half-yearly bonus beyond the date at which under existing orders it would cease to be paid. The Secretary of State for India proposed that an announcement that bonus pay would be given to British and Indian ranks of the Indian Army would be made simultaneously with the announcement in the British press of the increases to the British Army.

Dr. Macnamara, with reference to paragraph 21 of the Report of the Inter-departmental Committee, said that he thought it was not only very difficult, but also inexpedient, to make a detailed comparison between the sailor's and soldier's pay and privileges and civilian earnings. Such a statement would not be convincing. He certainly thought, however, that in any announcement that was made, the fact should be emphasised that a statement of pay alone was misleading.

Mr. Forster enquired if the increases should be granted to conscientious objectors; those who were in prison were not affected, but there were a number of them in labour battalions who came under the Royal Warrant for pay, and these could only be excepted if an announcement to this effect were made. They had not shared in the previous increases granted; very few of them would be demobilised before the time when it was no longer necessary to keep an army of occupation.

Mr. Bonar Law said that since there was a precedent for refusing increases to these men, he thought they ought to be excepted from participation in the present increases.

The War Cabinet decided:

(1.) To approve the recommendations of the Inter-departmental Committee with regard to the bonus to be granted to the Navy, Army, and Air Force (Paper G–232).

(2.) That simultaneously with the announcement of the increases in pay, statements should be published to the effect that a complete reconsideration of the scale of pay, separation, and other allowances, and of terms of service generally, would be proceeded with as soon as it was possible to settle the size and nature of the permanent forces likely to be employed in the future; and emphasising the fact that statements of pay alone are misleading.

(3.) That the First Lord of the Admiralty, the Secretary of State for War, and Lord Londonderry— as representing the Air Ministry—should prepare drafts of the announcements to be made on behalf of the three Services; and that copies of the draft should be sent to Mr. Bonar Law, the Chancellor of the Exchequer, and the Minister of Pensions, as well as to other Departments concerned, for final approval, before being issued by the Board of Admiralty, War Office, and the Air Ministry.

(4.) That the Secretary of State for India should immediately take up with the Government of India the matter of the bonus to the Indian Army; and that, simultaneously with the announcement in the press of this country of the increases granted to the British Army, he should make such announcement as he thought fit regarding the application of the principle to the Indian Army.

(5.) That the above increases shall not be granted to conscientious objectors.
2. The War Cabinet had before them a memorandum by the President of the Board of Agriculture and Fisheries (G.T.-6707). The President of the Board of Agriculture and Fisheries said they wished to experiment in sugar-beet growing in this country, to see if it could be made a commercial success. He explained that, apart from the question of the experiment being a success or otherwise, sugar-beet growing would have the advantage of providing rural employment during a season when work was required, namely, during the months of November and December. He explained the proposals set forth in his memorandum.

The Chancellor of the Exchequer said that the Treasury did not dispute the desirability of such an experiment, provided satisfactory financial terms could be arranged. He was not, he added, satisfied with the terms proposed by Lord Ernle. He considered that the State would be giving too much and getting too little. He drew attention to the proposals which had been received by the Development Commission from the Co-operative Wholesale Society, under which, he considered, far more advantageous terms were offered. He pointed out that the Government would be open to severe criticism if they accepted the proposals made by the President of the Board of Agriculture and Fisheries if better terms could be obtained.

Mr. Bonar Law said he shared the views of the Chancellor of the Exchequer. In the past the Government had held aloof from participation in profit-making enterprises, but he thought the time had come to recognise a new principle, and if there was any chance of profit, the State ought to benefit.

The President of the Board of Agriculture and Fisheries said that both Sir Daniel Hall and he were agreed that the terms set forth in the memorandum, assuming the experiment were made and was a success, would admit of modification in favour of the State. They were ready and willing to reconsider them.

Mr. Bonar Law reminded the Cabinet that they had agreed to preference being given to the Dominions in regard to sugar. It was probable, therefore, though the subject had not been discussed by the Government, that home production of sugar would have to benefit in the same way.

The War Cabinet agreed to the principle of experimenting in sugar-beet growing in this country, subject to fair terms for the State being arranged, the terms to be settled between the President of the Board of Agriculture and Fisheries and the Treasury.  

(Initialled) A. B. L.

2, Whitehall Gardens, S.W. 1,  
January 28, 1919.
WAR CABINET, 521.

Minutes of a Meeting of the War Cabinet held at 10, Downing Street, S.W., on Tuesday, January 28, 1919, at 3 o'clock P.M.

Present:

The Right Hon. A. Bonar Law, M.P. (in the Chair).


The following were also present:

The Right Hon. the Viscount Milner, G.C.B., G.C.M.G., Secretary of State for the Colonies (for Minute 1).

The Right Hon. W. Long, M.P., First Lord of the Admiralty (for Minute 1).

The Right Hon. W. S. Churchill, M.P., Secretary of State for War (for Minute 1).

General Sir H. H. Wilson, G.C.B., D.S.O., Chief of the Imperial General Staff (for Minute 1).

Lieutenant-General Sir G. M. W. Macdonough, K.C.M.G., C.B., Adjutant-General to the Forces (for Minute 1).

The Right Hon. Sir A. Stanley, M.P., President, Board of Trade.

The Right Hon. H. A. L. Fisher, LL.D., M.P., President, Board of Education.

Sir A. Kent, K.C.B., Controller-General of Civil Demobilisation and Resettlement (for Minute 1).

Major-General Sir F. H. Sykes, K.C.B., C.M.G., Chief of the Air Staff (for Minute 1).

The Right Hon. the Earl of Reading, G.C.B., K.C.V.O., His Majesty's High Commissioner and Special Ambassador to the United States of America.

The Right Hon. C. Addison, M.D., M.P., President, Local Government Board (for Minute 1).

The Right Hon. R. Munro, K.C., M.P., Secretary for Scotland.

The Right Hon. J. I. Macpherson, M.P., Chief Secretary for Ireland (for Minute 1).


Major-General B. F. Burnett-Hitchcock, C.B., D.S.O., Director-General of Mobilisation (for Minute 1).

Mr. A. C. T. Beck, M.P., Parliamentary Secretary, Ministry of National Service (for Minute 1).

Brigadier-General F. O. Festing, C.M.G., Air Ministry (for Minute 1).

Mr. Thomas Jones, Acting Secretary.
Captain L. F. Burgess, Assistant Secretary.
Colonel L. Storr, C.B., Assistant Secretary.
Demobilisation.

Ammues of Occupation, Overseas and Home Garrisons.

1. The War Cabinet had before them a Memorandum by the Secretary of State for War, covering the Report of a Committee he had appointed to consider the immediate provision of the armies of occupation required in the several theatres of war and of the home and overseas garrisons, and appending a letter received from Sir Auckland Geddes (G.T.-6674, Appendix), and also a Note (G.T.-6709) by the President of the Local Government Board on the above Memorandum.

The Secretary of State for War said that his own Memorandum, together with the Report of the Adjutant-General's Committee, which had been circulated to the Cabinet, represented the considered views of his Department. He had just returned from France where he had submitted the proposals contained in the Report to the Prime Minister, and these proposals had been discussed at one or two conferences at which the Prime Minister, the C.I.G.S., and he himself had been present, and some of which had been attended by Sir Eric Geddes. The result of these conferences was embodied in a Note to which he proposed to refer later. He would now merely say that the Prime Minister had suggested no substantial modifications of the War Office proposals, the principle underlying which remained unchanged. What the War Office required was 1,200,000 men during 1919, whose services would have to be retained under compulsion, for the following purposes: (a) to occupy the Rhine bridgeheads allotted to us, and (b) to tide over the period until we could raise a voluntary army of sufficient size to meet our requirements. The position to-day was that, apart from the "Regulars," we had men of two categories, (i) those who had undertaken to serve for the duration of the war, and (ii) those whose services could be retained for a period of six months after the cessation of hostilities. At a certain moment, which might come unexpectedly, we might simultaneously be deprived of our military forces all over the world,—France, India, Egypt, Palestine, &c, as well as those required for purposes of home defence and to support the civil power in case of need. In this uncertain interval it would be impossible for us to create a voluntary force of sufficient size. So far, only 13,000 men had volunteered for further military service. We needed at home 250,000 men, which number might be divided as follows: 45,000 in Ireland (instead of 110,000 as maintained at present), 20,000 in England as a reinforcement for the Irish garrisons, 35,000 to maintain order at home (which was a smaller number than we had hitherto regarded it necessary to keep up), 10,000 for coastal artillery and anti-aircraft purposes, 17,000 in Dispersal Stations, 16,000 in Pay Offices, 3,000 in Record Offices, 10,000 to look after horses, and 10,000 to look after Mechanical Transport, 20,000 for draft-finding units, and 28,000 to guard enemy prisoners. As regards the Army on the Rhine, the Prime Minister had agreed to our reducing the number of our divisions for this purpose from 15 to 10, and had instructed Field-Marshal Haig to secure Marshal Foch's approval of this reduction. The French were maintaining no less than 50 divisions, and the Americans would certainly have more than 10 divisions in France. We were, therefore, in comparison with these two co-belligerents, doing rather less than our share.

Mr. Churchill pointed out that the actual army to be maintained overseas and at home was a matter for the decision of the Government, it was for his Department to provide the men which the Government decided were necessary. In any case, however, compulsion would be necessary to bridge the gap between the present time and the period when a voluntary army of sufficient size would be forthcoming. If the Government decided on a drastic reduction of our armies in Europe, we could not undertake our share of the garrisoning of the Rhine bridgeheads, and we would be failing in our obligations to our Allies. The scheme he put forward was, he maintained, elastic and adapted to meet whatever policy the Government might approve.
Mr. Bonar Law said that the main thing the Cabinet had to decide that afternoon was the nature of the proclamation in which the Government’s policy should be announced to the nation. The essence of their discussion was to arrive at the actual numbers which were required at the moment.

The Secretary of State for War, resuming, said that 280,000 men were wanted in France for salvage purposes, in order to save property, the value of which amounted to many hundreds of millions of pounds. This salvage work could, of course, be handed over to civilians, but only at enormous loss. Many of the salvage men might be found from the Demobilizable, who would be glad to continue to serve at higher rates of pay. He estimated that we should need 200,000 men to hold the Rhine, 50,000 on the Lines of Communications, 250,000 (which might possibly be reduced to 120,000) for salvage work. If the reductions in regard to salvage men were found feasible, the total required for France would be 370,000. For the Middle East we should want 100,000 European soldiers and 250,000 native soldiers. The European soldiers were estimated at the low number of 100,000, because the Prime Minister had represented that he hoped to be able considerably to reduce our commitments in those regions. The said regions comprised the whole of the Middle East, where our troops were at present, excepting India, and involved the evacuation of the Dobrudja and the Caucasus, and reducing our present garrison in Syria. We had, in Siberia and North Russia, some 14,000 men. He would here remark that the situation of our troops in Russia was most unsatisfactory. Owing to our having an unsettled policy, it had not been possible to send out a sufficient supply of medical services or enough railway men, &c., in order to enable our troops to hold their own with confidence against the Bolshevik armies, which were growing in efficiency and audacity.

As regards India, the garrison of 96,000 white troops was being reduced by 20,000, and in this connection he would invite the attention of the Cabinet to the fact that the white troops now in India were the old Territorial Units, whom we were pledged to return to England on the cessation of hostilities, and it would now be necessary to keep them in India at least until the following winter.

The First Lord of the Admiralty said that although on the one hand it might be contended that our Territorials in India had at least escaped all active service and had saved their skin, to use Mr. Bonar Law’s phrase, on the other, many of them had died or were broken in health, or had not been on leave for over four years. Moreover, many of them were drawn from one area, i.e., whole battalions from one district, which meant that the district in question naturally did not understand why their men did not come home.

The Chancellor of the Exchequer said that he believed that most of the Territorials now in India had at one time or another served in Mesopotamia.

The Secretary of State for War, resuming, said we had further about 10,000 men garrisoning Malta and Gibraltar, &c. If the troops from the latter place were withdrawn, there would be nothing to prevent the Spaniards from marching in and occupying it as soon as Peace was signed. Briefly, his proposal amounted to this: 800,000 men should be retained and 2,700,000 should be released. Put in another way, it was proposed that three out of every four men should be released according to Trade Categories “outside the net,” the remainder being kept on in military service at higher rates of pay.

The Adjutant-General said that the War Office proposals also included the demobilization of every man over 39 years of age enlisted since the 1st January, 1916.

Sir Eric Geddes said that there was a conflict between two principles. The Government had adopted the principle of
demobilization by industrial selection. If they proceeded on those
lines there would eventually be no army at all. Therefore, he
suggested that a line should be drawn round certain ages, that is,
of men enlisted after a certain date; any surplus in the net the
Secretary of State of War might decline to demobilize by in-
dustrial selection; but if the old Army were to be demobilized by
this latter process it was undesirable to throw the net too wide. As
regards the Adjutant-General's statement that everybody over
39 should be demobilized, he thought it was decided in Paris
that the age should be 36.

The Secretary of State for War said that he understood that
39 had been the age agreed upon by the Adjutant-General and
Sir Stephenson Kent.

The Adjutant-General said that there were two alternatives:
(a) to fix the age high and get in more combatants than we re-
quire, and (b) to fix the age low and discriminate between the
administrative and the combatant services. He himself thought
much the best policy would be to have one rule for the whole Army.
There was already considerable unrest among the administrative
services.

Mr. Bonar Law said that a big principle was involved. If
we retained in the net twice the number of men we require we
should be up against public opinion, and there would be a con-
siderable loss of labour for industrial purposes. As regards the
Adjutant-General's point, he thought there need be no discrimina-
tion in reality so long as an equal proportion of combatant and
administrative services were released.

Sir Eric Geddes said that it was proposed so to throw the net
as to get more men than we require. The A.S.C. on the lines of
communication contained a large proportion of the older men. In
the combatant services there were many older men who were
pivotal N.C.O.'s and who must be retained. He himself there-
fore did not see why it should be necessary to discriminate against
the A.S.C. It had been suggested that Tribunals composed of
Civil and Military Representatives should decide whether cer-
tain men should be released because they were fathers of
families or had a certain number of wound stripes, &c.

The Secretary of State for War suggested that the Cabinet
might decide that the War Office net should be so adjusted as
not to catch more than 1,200,000 men, and that he should then
discuss the details with Sir Eric Geddes. It had been proposed
that 800,000 men should be retained out of the classes which now
held 1,500,000, and that the surplus should be gradually released
by ages. He was, however, willing to try to reduce the 1,500,000
to 1,200,000, and to secure the 800,000 from the latter number.
They were now releasing 35,900 men a day, and it was a matter
of urgency to settle the size of the Armies of Occupation at once.
In regard to legislation, he did not propose in the draft which
he submitted to Mr. Bonar Law just before the meeting to go
beyond "the consent of Parliament, where necessary, would be
asked for at the earliest possible moment." This would commit
the Government to nothing absolutely definite. In reply to a
question he said that this would apply to the current year. What
he asked was to be allowed to retain not less than 800,000 men, on
condition that they would be released by categories as might
be found feasible, and to raise a Volunteer Army. He contem-
plated that when the Army Annual Act next came up for Parlia-
ment, assurances should be given that the men retained should
be released as soon as possible, and to ask for power to form a
voluntary Army, which would allow the compulsory quota
gradually to be diminished.

(Mr. Churchill then read out notes of the Conferences held
in Paris, at the end of which he stated that, should the
demobilization of the German Army be carried out in a thorough
and satisfactory manner, the Prime Minister might wish to reduce
our Army on the Rhine below 10 divisions.)
Mr. Bonar Law said that he did not think it necessary to give the public precise figures. Public opinion would not worry about figures, but it was very much concerned about the conscript Army. In the circumstances, therefore, it was not essential to cut the figures too fine. In their Election speeches practically all the Members of the Government had pledged themselves to no conscription after the war. He was apprehensive as to what would be the effect on the public mind if the Government's first Act in Parliament were to pass a Conscription Bill. It might be possible to explain the circumstances and carry the Bill, but a formidable opposition would be aroused in the country. He suggested that it should be announced that the arrangements considered necessary by the Government were subject to a statutory date, until which date no new compulsory Service Act should be introduced. The Army Council were now trying to get volunteers for a post-war Army; it was possible that when discharged soldiers came home and found no work waiting for them they would be disposed to volunteer again for military service. On the other hand, this factor of possible unemployment of discharged men might dangerously affect the labour situation.

The Secretary of State for War said that in his opinion the Cabinet ought to meet the situation in a frank and courageous manner; any vacillation would have an unfortunate reaction upon the Peace Conference in Paris. It was essential that we should have an Army to bridge the gap until a voluntary force could be raised.

Mr. Bonar Law suggested that the Government should announce that, in order to obtain the fruits of victory, it was necessary to keep an Army in the field; and that until we knew what the Peace Conference was going to decide, it was impossible for us definitely to fix the size of our Army.

The Secretary of State for War maintained that this course would lose the moral advantage of having a definite policy, and Ministers would meet Parliament nursing, as it were, a guilty secret. He strongly advocated the Government taking a frank and bold line. If their opponents saw that they were too timid to take a strong line there would be endless trouble.

Sir Eric Geddes said that he agreed with Mr. Churchill's suggestion. He himself thought it was essential to kill the hope of the men who were expecting to get out of the army at once. The present uncertainty was responsible for most of the existing discontent and unrest. So long as the men at the front relied on the hope of getting back shortly to England they would move heaven and earth to obtain their discharge.

Mr. Bonar Law contended that his plan would not leave this uncertainty. The Government would state that their arrangements must hold good for five or six months until peace was signed, when we should know exactly where we stood.

The First Lord of the Admiralty said he also strongly supported Mr. Churchill. He foresaw no trouble if Parliament were frankly told exactly what the situation was. As regards the alleged pledges in respect of no compulsion, he had attended several meetings during the Election, and the question which had been put to candidates was, "Are you committed to compulsory service in the future?" The answer given was "No, but until peace is signed we must maintain our armies at the front." Moreover, the Prime Minister himself had said that so long as foreign Governments maintained conscription Great Britain must keep up her army.

The President of the Local Government Board said he raised two points. The first was that it was stated that we needed a statutory legislation to maintain compulsion until the end of the war; and second, that recruiting under the Military Service Act
was to be reopened. These involved two different things, namely—

(a.) Compulsion.
(b.) Recruiting machinery.

He agreed with Mr. Churchill that the men at the front would not object to remaining there in order to enable the nation to reap the fruits of victory, but to restart machinery for compulsory enlistment at home was quite another matter and he was opposed to it. We ought to try to get what extra men we want by voluntary means.

The Secretary of State for War said that he was glad that Dr. Addison had raised this point. He was not asking for compulsory powers to enlist young men; that might be necessary as months go by should Europe fail to settle down. He did want, however, to be empowered to tell the country that, broadly speaking, we were releasing three-quarters of the army to return to civil life.

The Chancellor of the Exchequer said that he agreed that the right policy was to take the fence boldly. The present uncertainty and timidity on the part of the Government will merely result in the boiling up of public opinion. He thought that they had a good case, but whether the country would accept their proposals or not would largely depend on how the case was presented and on the number of men required. There was, for example, a great psychological difference between asking for under and asking for over a million. His own Department was, of course, greatly concerned in the decision which might be reached by the Cabinet. The original proposal to grant a bonus to 1,200,000 men was estimated to cost £36,000,000. This amount would be substantially reduced if the size of the army were limited to 800,000 men.

The President of the Local Government Board said that if it were not proposed at once to reintroduce compulsory enlistment he would not oppose the present suggestion. He did not anticipate any great difficulty in retaining an army of 800,000. He understood that the proposal to retain these men compulsorily would be for a limited period only.

The Secretary of State for War said that the proposal would operate like the Army Annual Act, that is to say, that new legislation would be introduced as circumstances required. As time went on and the voluntary system was re-established, they would be able to reduce the total held back compulsorily.

Mr. Bonar Law hoped that in the pronouncement to be made by the Secretary of State for War we would not be committed to the definite figure of 800,000.

The President of the Local Government Board said that he thought it was most important in the pronouncement to make it absolutely clear why compulsory retention was necessary.

The Secretary of State for War said that he had consulted Mr. J. H. Thomas, now in France, and had told him that it would be necessary compulsorily to retain some eight or nine hundred thousand men, and that Mr. Thomas had not been seriously disturbed at the prospect. As regards the actual number of men to be retained he hoped it would not be limited to 800,000, as he thought it desirable that they should have an additional 100,000 men up their sleeves.

The President of the Local Government Board said that he understood that the men outside the net would be demobilized on an industrial basis.

Sir Eric Geddes suggested that the men should be told that as certain ages were reached in the process of demobilization they would be placed in the demobilizable army, and they would be sent home according to industrial groups.

The Minister of Labour suggested that the Secretary of State for War, in his announcement, should also state that all pivotal
men would be released, as asked for, up to the end of this month. The trouble his Department had to contend with was that they could not dispose sufficiently rapidly of the general mass of demobilized men, as these could not be absorbed until the pivotal men were released.

Sir Eric Geddes thought that although the present labour situation in regard to employment was bad, it showed distinct signs of improvement.

The Minister of Labour pointed out that this improvement was only apparent and not real, as returned soldiers did not at present appear on the unemployment lists prepared by his Department. He desired again to press the necessity of releasing pivotal men with the least possible delay.

The Chancellor of the Exchequer said that from a financial point of view any delay in demobilization was a serious matter. The decision of the Cabinet that morning to grant a bonus to demobilizable men had included the grant of half the said bonus to men who would not be demobilizable by a certain time.

The Minister of Labour said that in raising the new army all pivotal men must be excluded from enlistment or retention.

Mr. Bonar Law said that everything depended upon the nature of the announcement to be made by the Secretary of State for War. He himself was inclined to think that the statement in its draft form should first be submitted to the Cabinet before it was issued to the Press.

The Secretary of State for War expressed the hope that the Cabinet would give him a free hand in interpreting the views of Ministers. Much delay would be involved if his announcement was to be debated line by line by the Cabinet.

Mr. Bonar Law said that he must ask to see the announcement before it was published. He would, therefore, request the Secretary of State for War to send him a copy in sufficient time for him to assemble Ministers to discuss doubtful points if necessary before it was issued to the Press.

Sir Eric Geddes said that among the many difficulties they would have to face would be the Secretary of State's proposal in regard to higher pay to be granted to non-demobilizable men.

The Chancellor of the Exchequer said it was to the interest of his Department to keep the net drawn as narrowly as possible. As regards salvage men, he understood that the numbers quoted by the Secretary of State would be rapidly reducible. He himself would prefer that in this class the numbers should be underestimated rather than overestimated at the outset.

The Secretary of State for War said that the size of the net was a matter for the decision of the Government. He understood that the Cabinet hoped that it would not exceed 1½ million men.

Mr. Bonar Law hoped that Tribunals would be used as little as possible.

The Secretary of State for War said that it might not be possible entirely to dispense with them, but they would be required to work on certain lines.

The President of the Board of Trade asked how the release of miners was proceeding.

The Secretary of State for War said that 175,000 had already come home.

The President of the Board of Trade pressed for the immediate release of the remainder.

The Adjutant-General said that he had been informed by General Fowke (the Adjutant-General of the British Expeditionary Force in France) that all the coal-miners in that country had already been released. Coal-miners released from the Egyptian Expeditionary Force were now beginning to arrive in England.
The War Cabinet decided:

(a.) That the Secretary of State for War should re-draft his proposed announcement in the Press in regard to the future strength of our armies and the necessity for maintaining forces of a certain size in various theatres, in the sense of the above discussion.

(b.) That the Secretary of State for War should submit, with the least possible delay, a copy of the re-draft to Mr. Bonar Law who should, if necessary, assemble a meeting of the Cabinet or a conference of Ministers to discuss and decide any doubtful points.

Industrial Unrest.

2. At the request of Mr. Bonar Law, Sir Robert Horne outlined to the Cabinet the present position regarding industrial unrest.

Sir Robert Horne said that the worst strikes were in the shipbuilding and engineering trades. These trades were out on the question of the 47-hour week. An agreement had previously been arrived at between the employers and employees on this matter, but the terms as to who should and should not be included in the shorter week were left very loose. For example, it was not clear whether the piece-worker and the piece-worker's helper should be included.

The Federation of Shipbuilding and Engineering Trades met last week and the men's representatives decided to go back to their Unions and recommend a return to work. The men, however, disregarded this advice and the Trade Union leaders turned to the Ministry of Labour for support.

In the meantime the workers on the Clyde arranged to strike for a 40-hour week, and those in Belfast for a 44-hour week. Both these strikes were disavowed by the Union leaders. Communication with Belfast had been difficult, and it was thought that telegraph and telephone lines were being tampered with. Sir Robert Horne said on the N.E. coast the Unions were granting strike pay, but that it had not yet been discovered whether the shipyard Unions were giving strike pay in Glasgow and Belfast. He had a meeting on the following day with the Negotiating Committee, when he hoped it would be agreed to discontinue strike pay.

Sir Robert Horne said that the position was rendered extremely difficult as the Government could not actively interfere in the settlement of these strikes over the heads of the Union Executives, and the men had so far totally disregarded the advice of their leaders; all that it had been possible for him to do was to keep in close touch with the situation and give advice. The workers on the Clyde had telegraphed to him yesterday asking him to go down and negotiate, but he could not deal with these people except through their Union leaders.

Sir Robert Horne stated that another strike had broken out yesterday among the Thames ship-repairers. Some time ago the Committee on Production had allowed them 5s. a week increase when they had asked for 1s., and they were now striking for the extra 15s. This demand had been put forward to individual employers, and had not been submitted formally by the men's Unions.

In his opinion the newspapers were unduly alarmist about the situation. The present sporadic outburst of discontent was not unexpected. He had seen a number of pressmen with a view to allaying their apprehensions.

In answer to a question as to what stage he proposed to interfere, Sir Robert Horne said that if by to-morrow the shipyard position was still at a deadlock, he would feel bound to intervene directly.

Mr. Chamberlain said unfortunately in recent years there had been an increasing reliance placed on the Government as the
ultimate arbiter in labour disputes, with the result that strikes were prolonged by the fact that neither side would say the last word as to what they were prepared to concede, as they expected the Government to be called in at any moment.

Mr. Munro said that he had talked that morning with certain leading Glasgow citizens, who suggested that what was most required in Glasgow was unofficial propaganda.

Mr. Bonar Law agreed with this view and asked the Minister of Labour if he could give certain facts regarding the situation, such as he had just outlined to the War Cabinet, through the Press.

The War Cabinet requested the Minister of Labour to give to the Press, at latest on the following day the full facts regarding the present unrest, laying stress on the unauthorised character of the strikes.

(Initialled) A. B. L.

2, Whitehall Gardens, S.W.1,
January 28, 1919.
APPENDIX.

(G.T.-6674.)

I MUST ask the urgent attention of the War Cabinet to the attached Report that has been presented to me by a Committee that I appointed under the chairmanship of Lieut.-General Sir G. M. W. Macdonogh, the Adjutant-General, to consider the immediate provision of the British Armies of Occupation required in the several theatres of war, and of the home and overseas garrisons.

The recommendations of the Committee in the final form in which they are now presented have secured the general agreement of a full and representative conference held by me at the War Office this morning, which included Sir Eric Geddes, Sir Robert Horne, Sir Douglas Haig, Sir William Robertson, and Sir Henry Wilson.

This is unquestionably the most pressing of the problems with which the Government is faced and immediate decisions are vital.

I also append a letter which I have received from Sir Auckland Geddes.

WINSTON S. CHURCHILL.

January 17, 1919.

REPORT OF A COMMITTEE ON DEMOBILIZATION, ARMIES OF OCCUPATION, AND HOME AND OVERSEAS GARRISONS.

The Committee appointed by the Secretary of State to consider the provision of Armies of Occupation and Home and Overseas garrisons submits the following recommendations and remarks:

1. All men enlisted since the 1st January, 1916, should be held to serve subject to the following exemptions:

(i.) Compassionate (personal) cases and men with three or more wound stripes.

(ii.) Those over 41 years of age, according to date given in their attestations on attaining that age.

(iii.) Demobilizers and pivotal men, other than those whose retention in the Army is essential for demobilization purposes. The Ministry of Labour will forward names of those in the retained classes by 1st February, and agree that the total number of pivotal, whose release shall be demanded, shall not exceed 250,000 for the whole Army. This number will include those whose names have already been sent in, and will apply to all categories of age and enlistment and not merely to the men retained under the Committee's proposals.

(iv.) Subjects of Allied countries and British subjects resident in the Dominions or in foreign countries in the interest of the export trade.

The Committee considered the advisability of releasing Group 43 (students and teachers), but decided that as it would be inadvisable to release students without releasing apprentices, and as the latter were not included in any one industrial group, but would have to be sorted out from all, and besides that, as the release of students and apprentices would destroy the graduated and Young Soldiers' Battalions which it is proposed should form the backbone of the Infantry of the Army of Occupation in France, they could not recommend their release.

2. The Committee estimate that by adopting the date suggested in paragraph 1, 1,727,000 men will be made available before any exemptions are made. They further estimate that approximately the following numbers will be required for the Armies of Occupation, overseas and home garrisons, viz.:—

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These numbers are exclusive of those of the *post bellum* Army which must necessarily be in process of formation during the time the Armies of Occupation are retained, and will gradually replace some of the above.

There may consequently be a margin of about 600,000 men, against which the exemptions, possibly 300,000 men, will be debited.
3. The Committee are of opinion that the figures before them are so approximate that it would not be safe to work to a narrower margin to commence with, but they anticipate that, once the sorting out process has begun, it may be possible to dispense with further categories. Should this be the case, they would propose releasing in turn the higher age categories, i.e., first the men of 46, then those of 39, and so on. They are, however, met with the difficulty that a high percentage of the administrative and transportation services consist of men of these higher age categories, and that, though it may be found possible to replace these men by civilians to a considerable extent in Great Britain, it will not be practicable to do so in the Armies of Occupation or in Ireland, or in the overseas garrisons.

4. The Committee desire to point out that the retention of the categories mentioned in paragraph 3 will require legislative sanction beyond the statutory date fixed for the termination of the war, and suggest that legislation should be asked from year to year for prolonging the liability to service both of these men and of Class Z Reserves. They further consider that recruiting under the Military Service Act should be reopened so as to enable reliefs to be carried out.

5. The Committee consider that their proposals for the retention of men should form the basis for the retention of officers so far as circumstances will permit. These proposals should supply an ample number of the junior ranks, 2nd Lieutenants and Lieutenants, but practically none of the senior regimental or higher ranks. Should volunteers of these ranks be insufficient, which is unlikely, the necessary numbers must be held compulsorily. They feel, however, that reasonable financial terms should be offered.

6. The Committee consider that a sufficiency of junior non-commissioned officers will be provided automatically by their proposals, and that a sufficiency of the higher warrant and non-commissioned ranks is likely to be obtained by volunteering if reasonable financial inducements are granted. Powers should, however, be taken to retain temporarily such warrant and non-commissioned officers as may be wanted.

7. The Committee recommended that all men held under their proposals should receive reasonable financial compensation.

8. The Committee propose that the 46 Graduated Battalions and 23 Young Soldiers' Battalions now in the United Kingdom should be sent to France as soon as General Headquarters are ready to receive them. They further recommend that authority should be given to send boys under 19 years of age to Armies of Occupation or garrisons in Europe.

9. The Committee consider that volunteers should be accepted from those men who are demobilizable under this scheme, and that any such volunteers should be set off against requirements, and consequently will produce a reduction in the upper limit of age for retention.

10. The Committee make the following minor recommendations:

(a.) From a fixed date, say the 1st February, no leave except on urgent compassionate grounds should be given to any men overseas other than those excluded from demobilization.

(b.) Leave on as generous a scale as possible should be granted to those who are held.

(c.) The demobilization of any man guilty of acts of insubordination should be postponed.

(d.) The demobilization of men who are to be released should be according to priority of industrial groups.

11. The Committee consider that the scheme when approved by the War Cabinet should become operative forthwith, so as to prevent the further demobilization of the retained classes. They would suggest that a full statement of the reasons for the adoption of this scheme should be made publicly immediately before orders for its execution are issued. The representative of the Ministry of Labour thought, however, that the date of bringing the proposals into operation should be postponed to 1st February.

12. The Committee are of opinion that all men forming part of the Armies of Occupation, Home and Overseas garrisons, should be liable to general service except that boys under 20 years of age should not be employed outside Europe.

G. M. W. MACDONOGH, Adjutant-General.

January 17, 1919.
My dear Churchill,

January 15, 1919.

I have been studying the existing machinery for demobilizing the armies and have formed the opinion that it is based on wrong principles, and that if it is allowed to continue to operate it will produce results deplorable alike in civil life and in the forces.

I strongly urge that a sufficient number of men to form the transitional army or armies of occupation, with their necessary services, be selected on some perfectly simple principle, and that the rest be demobilized as rapidly as possible.

Many alternative bases of selection of the transitional army will readily suggest themselves to you; for example, all men now under 33 who joined the colours after 1st January, 1916 (roughly the date of clear knowledge as to the terms of the first Military Service Act), might be retained and all others be demobilized. Those retained should, I think, either receive a bonus or increased pay.

The basis of selection decided on must, of course, be one which will allow sufficient numbers of men to be retained for strict military needs. At present, I believe, the worst suspicions of the Army as to the vagaries associated with the word "pivotal" have real foundation. We have all heard of the fried fish salesman released as pivotal and of other doubtful cases. I, myself, believe that the country is far more in need of the return to it of a fair sample of its manhood than of any selective return. It seems to me impossible to begin to get back to normal conditions until the population composition begins to return to the normal. In other words, I am sure that this "pivotal" theory of demobilization is fundamentally unsound.

But even if it were sound in theory, which I am sure it is not, the staff required to work it does not exist and cannot, so far as I can see, be created.

Yours sincerely,

A. C. Geddes.

The Rt. Hon. Winston S. Churchill, M.P.
WAR CABINET, 522.

Minutes of a Meeting of the War Cabinet held at 10, Downing Street, S.W., on Thursday, January 30, 1919, at 3 p.m.

Present:
The Right Hon. A. Bonar Law, M.P. (in the Chair).

The following were also present:
The Right Hon. the Viscount Milner, G.C.B., G.C.M.G., Secretary of State for the Colonies.
The Right Hon. W. S. Churchill, M.P., Secretary of State for War.
Major-General B. E. W. Childs, C.M.G., Director of Personal Services.
Major-General C. F. Romer, C.B., C.M.G., War Office.

The Right Hon. R. Munro, K.C., M.P., Secretary for Scotland.
The Right Hon. J. I. MacPherson, M.P., Chief Secretary for Ireland.
Sir D. J. Shackleton, K.C.B., Permanent Secretary, Ministry of Labour.

Mr. Thomas Jones, Acting Secretary.
Mr. G. M. Evans, Assistant Secretary.
Captain L. F. Burgh, Assistant Secretary.
Mr. Bonar Law stated that the following telegram had been addressed that morning by the Lord Provost of Glasgow to the Prime Minister with regard to the labour situation in Glasgow:

“I have been waited upon by a deputation appointed by a largely attended meeting of those who are dissatisfied with the present working conditions, and which was held in front of the City Chambers. The deputation consisted of eleven members, including Messrs. Shinwell, Kirkwood, and Maclean, M.P. for Govan, and they requested me to represent to the Prime Minister and also to the Minister of Labour that they wished the Government to intervene with the employers in order to secure a reduction of the working hours to forty per week without any reduction in wages, so as to provide for those who had been demobilised and are without employment. It was further stated that they had hitherto adopted constitutional methods in urging their demand, but that, failing consideration being given to their request by the Government, they would adopt any other methods which they might consider would be likely to advance their cause. They have, however, agreed to delay taking any such action until Friday in order that I may be able to communicate your reply. I have just learned from the manager of the electricity department that all the men in the generating stations have been compelled to-day to join the strike, and that only sufficient men will be allowed to run the plant necessary to provide lighting and power for hospitals and infirmaries and possibly lighting of private dwelling-houses.”

Mr. Bonar Law said that he had seen the Minister of Labour, and had prepared with him a draft reply to the above as follows:

“Your telegram has come to me in the absence of the Prime Minister, whose presence in Paris is necessary in the interest of the nation.

“The question of working hours, which forms the subject of the representations forwarded by you, is the precise question which is being dealt with at the present time between the employers and the duly elected representatives of the Trades Unions chiefly concerned. In these circumstances, the Government are unable to entertain requests for intervention made by local members of Unions whose representatives are acting for them in conference with the employers. Such action on the part of the Government could only undermine the authority of those who have been chosen by the men to represent them, and would destroy the co-operation between employers and employed on which the hope of industrial peace depends.”

Mr. Bonar Law said that he had spoken to the Prime Minister on the telephone, who had expressed his approval of the above telegram, and thought that it was the right course for the Government to take. The Prime Minister said that if it were necessary he would come to London, but he was of the opinion that his coming would have the appearance of interfering with Sir Robert Horne’s authority.

Sir Robert Horne suggested that a sentence might be interpolated in the telegram to the Lord Provost informing him of the negotiations that had taken place between employers and workmen.

Mr. Bonar Law pointed out, however, that the object of the telegram was not to influence the Lord Provost, but to show the public that the Government did not mean to intervene. Some other means of communication should be found to bring Sir R. Horne’s point before the public.
Sir Eric Geddes said that, as he understood the position, the object of the reply to the Lord Provost was to reinforce the authority of the Trades Unions, and he was in sympathy with this. He would like to know, however, whether we were quite safe on the merits of the case as between employers and employed.

Sir Robert Horne explained that an agreement had already been arrived at between the employers and employed in the shipbuilding and engineering trades with regard to the 47-hour week, but there was a dispute about the application of the details to the agreement. The present strike in Glasgow, however, was for a 40-hour week, and in Belfast for a 44-hour week, which was in contravention of the agreement reached by the accredited representatives of the masters and men.

Mr. Bonar Law said that he thought it vital for the War Cabinet to be satisfied that there was a sufficient force in Glasgow to prevent disorder and to protect those volunteers or others who could be made available to take over the operation of the generating stations and municipal services. It was certain that if the movement in Glasgow grew, it would spread all over the country.

Mr. Munro said that there were two questions to be decided—

(1.) What was the programme of the Government?
(2.) If the Government was agreed on a programme, who should put it into operation?

As regards taking over the electricity and municipal services of the city, he suggested that the special constables, of whom there were 2,000 in Glasgow, might be more reliable and suitable than soldiers. He assumed that there would be persons who could be found to supervise and direct them. Then there was the separate problem of guarding those who carried out this work. The police force in Glasgow had been much depleted during the war, and it was necessary to get back the 500 men who were now in the forces at the earliest possible moment, and he suggested that instructions to this effect should be issued at once.

Mr. Chamberlain said that it would be impossible to pick out of the vast numbers who were being demobilised each day the 500 constables referred to by the Secretary for Scotland.

Mr. Munro offered no opinion on the problem of demobilisation, but stated that he felt bound to lay this request made to him by the Sheriff before the Cabinet. Continuing, he said that there was the question as to who should take the initiative. The Lord Provost and the Sheriff were jointly responsible for law and order in the city. He suggested, however, that Sir Thomas Munro, who had had unrivalled experience with regard to labour conditions in Scotland, might be attached to the Lord Provost and the Sheriff in a purely advisory capacity, or that, in any event, his services should be utilised to convey to them the views of the Government. In point of fact he was going north the same night.

Mr. Chamberlain said that he thought it would be a great mistake to involve the Ministry of Labour in the responsibility for preserving law and order, and the appointment of Sir Thomas Munro to the position suggested might give this impression.

General Sir William Robertson stated that General McCracken was in command of the troops in Scotland. The military part of the question was quite simple. The civil authorities were responsible for law and order, and the military could not step in except at their requisition in accordance with King's Regulations. This did not apply, however, if martial law were declared. There were in Scotland 10 infantry battalions, which were all Scottish but one. One of these battalions was in Glasgow, one at Greenock, and about 12 in the vicinity of Edinburgh. They were all reserve-finding units, and consisted of all sorts of men, old, young, convalescents and men with wounds. As regards the officers, these were not very efficient. He drew the Cabinet's attention to this in view of the
purposes for which the troops might be used. It would not be legal to use soldiers for taking over and running the generating stations.

It was pointed out that, during one of the big railway strikes in peace time, a few soldiers had been employed as engineers and guards.

General Childs said that this was true; a few men had been so employed, but at that time we had a well-disciplined and ignorant army, whereas now we had an army educated and ill-disciplined.

Sir William Robertson continued that there were certain disadvantages in employing Scottish troops, but on the whole he thought it would be safer to use them than to import English battalions.

Mr. Churchill said that we should not exaggerate the seriousness of this disturbance. In times of peace we had had to go through strikes just as dangerous as this one. There had been a strike at Liverpool in which riots and loss of life had occurred, and this condition of affairs had continued for six weeks, after which a settlement was reached. The present situation in Glasgow had been brewing for a long time. The disaffected were in a minority, and, in his opinion, there would have to be a conflict in order to clear the air. We should be careful to have plenty of provocation before taking strong measures. By going gently at first we should get the support we wanted from the nation, and then troops could be used more effectively. The moment for their use had not yet arrived. In the meantime the Defence of the Realm Act was still in force, and some of the leaders of the revolt should be seized.

Mr. Bonar Law said he did not disagree with a word Mr. Churchill had said. He was only anxious that there should be some responsible person in Glasgow ready to call in the military when necessary, and this person should be told that the military had received orders to hold themselves in readiness. Steps should also be taken to get the Special Constabulary ready. He would like to know in what way Sir Robert Horne suggested the Government could keep in touch with the Lord Provost and the Sheriff.

Sir Robert Horne said that he proposed to send to Glasgow a representative of the Ministry of Labour, and again suggested Sir Thomas Munro might act in this capacity, and keep the Ministry of Labour informed as to the situation. He did not, however, want Sir Thomas Munro to have any responsibility for the direction of affairs.

Mr. Chamberlain said that it was important not to move in advance of public opinion. His recollection of pre-war strikes was that the really effective intimidation was done not at the workshops, but at the workmen's homes. Here we had an insubordinate minority dragging the majority with them. The duration of the strike depended largely on the amount of effective protection which could be given to those who were unwilling participants, and to the Government's success in countering the terrorism of the minority.

Mr. Bonar Law pointed out that such pre-war strikes were sanctioned by a Trade Union, and strike pay was being granted. The present position was different, and intimidation at the homes of the people had not shown itself.

In reply to a question as to whether the police in Glasgow were to be trusted, Mr. Munro replied, on the authority of the Chief Constable, in the affirmative. There had been a little trouble a week or two ago when they had demanded an increase of pay. This increase Mr. Munro had granted, on the recommendation of the municipal authorities.

It was suggested that someone could be sent to Glasgow to keep the Government closely informed of the course of events, and Mr. Munro said that he could send the Assistant Under-Secretary of the Scottish Office, Mr. John Lamb, in whom he had the fullest confidence.
Mr. Bonar Law said that Mr. John Lamb should get in touch with the Lord Provost of Glasgow and the Sheriff. The first responsibility in the whole matter must be taken by the Secretary for Scotland, and he thought Mr. John Lamb should tell the Lord Provost that the Government's view was that the situation should be dealt with patiently but firmly, and the military only called in when asked for in order to prevent serious disorder and intimidation, and to preserve the lighting arrangements of the city.

Sir Robert Home said that he would like to suggest to the Secretary for Scotland that if there were any possibility of seizing the leaders during the strike they should do so. These leaders were not representatives of the Trades Unions at all, and most of them were well-known extremists.

The Lord Advocate undertook to consider this suggestion.

Mr. Churchill said that before taking any action in dealing with the strikers we should wait until some glaring excess had been committed. The moment the revolt advanced over the line of a pure wage dispute, and the strikers were guilty of serious breach of the law, then was the moment to act.

Mr. Munro suggested that we were very near that stage now, and stated that threats had been made to wreck the newspaper offices in Glasgow.

Sir Eric Geddes drew attention to the fact that the President of the Board of Trade anticipated that the railways might shut down on Saturday, as the men were threatening to work only eight hours. This would inevitably disorganise all railway traffic. This might affect the movement of troops into Glasgow.

Mr. Churchill said that the War Office would take all the necessary steps to meet such eventuality, and would consider arrangements for placing troops in the vicinity of Glasgow.

The War Cabinet decided—

(a.) To approve the telegram drafted by Mr. Bonar Law and Sir Robert Home in reply to the Lord Provost of Glasgow.

(b.) That the Secretary for Scotland should inform the Lord Provost and the Sheriff of Lanarkshire that, in the view of the Government, the lighting of the city must be kept up if there is any possibility of doing it; that the military will be in readiness to give their services when requested by the civil authorities; and that firm, but not provocative action should be taken to put down disorder and prevent intimidation.

(c.) That Mr. John Lamb should proceed to Glasgow that evening in order to acquaint the Lord Provost and the Sheriff of the Government's policy, and to keep the Government informed of any development in the situation.

(d.) That the following Committee should be set up for purposes of consultation during the continuance of disorder:

The Secretary for Scotland (Chairman).
The Lord Advocate.
The Minister of Labour.
The Director of Personal Services (War Office).

(e.) That the Lord Advocate should examine the legal grounds for the arrest of the ringleaders of the strike, should it be found desirable to do so.

2, Whitehall Gardens, S.W. 1,
January 30, 1919.
SECRET.

WAR CABINET, 523.

Minutes of a Meeting of the War Cabinet, held at 10, Downing Street, S.W., on Friday, January 31, 1919, at 3 P.M.

Present:
The Right Hon. A. Bonar Law, M.P. (in the Chair.)


The following were also present:
The Right Hon. the Viscount Milner, G.C.B., G.C.M.G., Secretary of State for the Colonies.
The Right Hon. W. S. Churchill, M.P., Secretary of State for War (for Minutes 1-6).
Major-General C. F. Romilly, C.B., C.M.G., War Office (for Minutes 1-6).
Major-General Sir C. H. Harrington, K.C.B., D.S.O., Deputy Chief of the Imperial General Staff (for Minutes 1-3).
Major-General B. E. W. Childs, C.M.G., Director of Personal Services (for Minutes 1-6).
The Right Hon. C. Addison, M.D., M.P., President, Local Government Board (for Minutes 3-8).
Sir H. C. Monro, K.C.B., Permanent Secretary, Local Government Board (for Minutes 7, 8).

The Right Hon. E. S. Shortt, K.C., M.P., Secretary of State for Home Affairs (for Minutes 1-8).
The Right Hon. Sir A. Stanley, M.P., President, Board of Trade (for Minutes 4-6).
The Right Hon. Sir R. S. Horne, K.B.E., K.C., Minister of Labour (for Minutes 1-6).
Sir D. J. Shackleton, K.C.B., Permanent Secretary, Ministry of Labour (for Minutes 1-6).
The Right Hon. R. Munro, K.C., M.P., Secretary for Scotland (for Minutes 1-8).
The Right Hon. J. L. Macpherson, M.P., Chief Secretary for Ireland (for Minutes 1-8).

Mr. Thomas Jones, Acting Secretary.
Mr. G. M. Evans, Assistant Secretary.
Lieutenant-Colonel L. Stoke, C.B., Assistant Secretary.
Captain L. F. Burges, Assistant Secretary.
Industrial Unrest.

1. With reference to War Cabinet 522, Minute 1, the Chief Secretary for Ireland said that as regards the situation in Belfast he had received a telegram from Lord French saying that the situation was satisfactory as far as it could be. The workmen had formed a "Soviet" Committee, and this committee had received forty-seven applications from small traders for permission to use light. There were, however, signs which indicated that the strike would not be of long duration.

With regard to the situation in Glasgow the Minister of Labour said that his latest information was to the effect that a crowd had met in front of the Municipal Buildings in order to receive the Government's reply to the Lord Provost's telegram. He had no details, but understood that foot and mounted police had charged the crowd in order to quell a riot and casualties had resulted.

The Secretary for Scotland said that, in his opinion, it was more clear than ever that it was a misnomer to call the situation in Glasgow a strike—it was a Bolshevist rising. It was, he thought, of limited dimensions in numbers if not in effect. He would put the malcontents at 10,000, and this was an outside figure. There was no doubt that public opinion would support the Government in quelling any disorder. Further, there was a feeling of resentment on the part of many who wished to return to work that they were prevented from doing so. The crisis would probably be reached today. The Secretary for Scotland added that he had received information from the office of the Commissioner of the Police to the effect that the strike gave the appearance of breaking up at an early date, and that there was a strong feeling against the leaders.

General Bonier stated that the necessary orders had been given to the G.O.C., Scotland, with regard to the movement of troops. An officer had been sent to the headquarters of the Scottish Command last night to explain the situation. The number of troops which could be put into Glasgow at short notice was about 12,000.

The Deputy Chief of the Imperial General Staff said that 6 tanks and 100 motor lorries with drivers were going north by rail that night.

The Lord Advocate, with regard to the possibility of arresting and making examples of some of the leaders in the strike, said that there were three possible lines of action—first, Defence of the Realm Regulation No. 14, under which the leaders could be deported if the Army Council gave the necessary instructions to a competent military authority.

Mr. Churchill said that the authority could be given in a very few minutes, if necessary.

The Lord Advocate, proceeding, said the second course was to proceed under Defence of the Realm Regulation No. 42, and arrest a person with a view to prosecution for causing disaffection among the civil population. This might be used in the present case if sufficient evidence was available. The third course was to proceed under Defence of the Realm Regulation No. 55, by which any police constable was empowered to make an arrest if he had the suspicion that a past act had been committed or a future act was contemplated against the law. There were, however, difficulties in the way of this course, inasmuch as mistakes might be made which would place both himself and the Government in an uncomfortable position. In his view deportation was practically the only means of procedure if instant action were required.

The First Lord said that he had received satisfactory news from Scotland through the Naval Intelligence Department. This was to the effect that, even if the men were prepared to stand out, the women would not let them. Many men wanted to return to work, but were prevented from doing so owing to the stoppage of electric power. The Naval Intelligence Department also understood that
the agitation was badly organised, and there was widespread ill-feeling against the strikers' leaders.

The War Cabinet decided—
That for the moment no further action was necessary by the Government.

2. The Secretary of State for War stated that the trouble at Calais had been mastered. Two divisions had been moved to the area and order had been restored. The three ringleaders would be tried by court-martial to-morrow. The trouble had arisen over the railwaymen and the Ordnance Corps refusing to work. These men had also managed to involve the troops, who were on board ship waiting to proceed to England. He added that it would greatly ease disaffection of this sort in France if we could obtain the use of the Rhine and the Scheldt for the transport of armed troops to Cologne. Negotiations to this end were already taking place through the usual diplomatic channels. He feared it would take some time before the necessary permission could be obtained. In the meantime, however, the War Office was making the necessary preparations, and the Acting Secretary for Foreign Affairs on the 23rd January had approved of this course. It was important to bring all possible diplomatic pressure on the Dutch Government with a view to securing the facilities asked for.

The War Cabinet decided—
That the Acting Secretary of State for Foreign Affairs should telegraph to Paris informing Mr. Balfour of the preparations which the Secretary of State for War was making, and adding that unless Mr. Balfour advised to the contrary, it was proposed to inform the Dutch Government that we would make use of the Scheldt and Rhine.

3. The Minister of Labour said that Sir Albert Stanley and himself had met the representatives of the coal-miners that morning with regard to their demand for a six hours' day. The deputation also demanded exceptionally favourable demobilisation terms, viz., that miners returning from the forces should receive full wages until they obtained employment, and also that the men turned out of the mines to make way for the returning miners from the forces should receive similar treatment until they found work. In addition they asked for an advance of 30 per cent. on their wages and the nationalisation of the mines. The delegates had said that unless a reply on the wages issue was received by Monday trouble would ensue. It was pointed out to them, however, that the whole wage question was closely connected with that of a six-hour day, and the position would be considered by the Government as rapidly as possible, and a reply would be given if possible by the end of next week.

4. Sir Albert Stanley entered at this stage and stated that within the last few minutes the London railwaymen had threatened to go on strike on the following day. The question in dispute was whether the eight-hour day should be inclusive or exclusive of meal-time. The general settlement arrived at a few weeks ago provided for the acceptance of the principle of an eight-hour working-day (to come into operation on the 1st February), and it was also agreed that the men's conditions of service should remain unchanged pending negotiations.
He then explained the varying conditions as to meal-times on the different railways. The men on the engines worked what they called "an all-over time" of ten, eleven, or twelve hours, which meant the work was continuous and the meals were taken on the engines whenever opportunity offered. This applied also to certain signalmen and shunters. It had been agreed that under the eight-hour day the same practice with regard to meals would be continued. Other grades on the railway, however, had a definite time "booked off" for meals. The men now said that unless their demands for inclusion of meal-time in the eight hours were conceded they would only work eight hours (meal-time inclusive) and then cease work. He had told the Railway Executive to dismiss any men who carried out this threat. Messrs. Bromley and Hudson, the representatives of the men's Unions, had agreed that the Government's interpretation of the eight-hour day was in conformity with the agreement, i.e., that it should be eight hours' work, exclusive of meals. The railwaymen were however, in some measure out of hand, and although they had been instructed by their leaders to observe this interpretation of the agreement it could not be guaranteed that they would do so. On the whole it was hoped that, except in London, to which he would presently refer, no serious difficulty would be experienced in the case of the larger railway companies.

Sir Albert Stanley stated that the drivers on the London Tubes had previously had somewhat better conditions of service than the others. They had had a nine-hours' day and were allowed to take thirty to fifty minutes off for meals, and these meals were not taken on the train. These men now asked that with the eight-hours' day the same conditions should apply. In Sir Albert Stanley's opinion this demand struck at the very principle of the eight-hours' working day, and if their point was conceded it would become a source of further general concessions. The men threatened to stop all the underground trains that night.

The Secretary of State for War said that nothing would put public opinion more against the strikers than a two or three days' stoppage on the tubes. In his opinion this was a most unjustifiable demand.

The First Lord said that a number of engine-drivers on the main lines would prefer to work ten or twelve hours consecutively, as this enabled them to make a double journey and thus they were able to sleep at their own homes; whereas if they left their engines after eight hours, it generally necessitated their finding a lodging in some town away from home. On the other hand, the engine-drivers on the tube railways were able to sleep at home every night.

Some discussion ensued as to whether, by insisting that the meal-times of these men should not be included in the eight-hours' day, the Government were not, in fact, breaking their promise that the conditions of service should continue unchanged.

In reply to a question as to whether the Union leaders were supporting the Government in their interpretation of the agreement in this particular instance, Sir Albert Stanley said he could not be sure.

Sir Albert Stanley said there was another matter with regard to the railway situation, to which he desired to draw the War Cabinet's attention. There was a dispute with the Railway Clerks' Association. This Union included a large percentage of grades, from station-masters down to low-grade clerks in booking-offices. This Union was asking that the Railway Companies should give complete recognition to it. The Railway Executive were unanimously against conceding this demand. The Railway Executive would not object to recognising a Union consisting only of station-masters and
other supervisory grades, but they maintained that the Railway Clerks' Association, in including station-masters and similar grades as well as ordinary clerks, undermined the discipline of the railway. There would be men occupying high positions on the railway who would belong to the same Union as the men to whom they had to give orders. In fact, the employers would be in the same Union as the employees—an impossible situation.

He supported the Railway Executive in the position they had taken up. He had made a suggestion, however, that the Railway Clerks' Association should meet the Railway Executive and try to arrive at an agreement as to which grades should and should not be allowed to join their Union. They had, however, refused this, and were calling a national conference.

Sir Eric Geddes said that this was a very important principle. The National Union of Railwaymen had never claimed to speak for any of their members who were foremen. These men, and all who had been promoted from non-supervisory grades, were allowed to remain in the Union, but only for the purpose of receiving benefits. The Railway Clerks' Association had started years ago with the very lowest grade of clerk, but the members found that as promotion came along the Railway Executive, before promoting them made it a condition that they should resign from their Union. If these supervisory grades were now recognised in the Railway Clerks' Association it would result in the Trade Union running the railway. He thought the conference which Sir Albert Stanley had suggested in order to determine which grades should remain in the Union was bound to fail.

In answer to a question by Mr. Bonar Law as to why the same principle which obtained in the National Union of Railwaymen, i.e., that the men should remain members of a Union but not take an active part, could not be applied in this case, Sir Eric Geddes replied that the numbers of the higher grades were much bigger.

It was pointed out that in other industries foremen and men in one workshop belonged to the same Union, and this had no deleterious effect on discipline.

Sir Eric Geddes said that the discipline on the railways and in workshops was necessarily very different. In the former it had to be of a very high order, and it would be impossible for station-masters to get their orders observed if the men under them belonged to the same Union.

Sir David Shackleton said that if this question was fought out, and it resulted in the railway clerks having to form two or more Unions, all that would happen would be that these Unions would federate, and in that way defeat the Government. In his opinion the Government could not face a strike on the cry that it refused to acknowledge a Union.

Mr. Bonar Law thought that this strike looked less dangerous than some of the others, but he would not like to face it if it were based on a refusal to recognise a Union. He suggested that Sir Albert Stanley might protract the negotiations, and in the meantime discuss the matter with the Minister of Labour.

Sir Albert Stanley thought that only compromise would result from such a course, and in this case he saw no possibility of compromise. The answer had to be given immediately. The question had been under consideration for several years. He asked if the Government was going to recognise this Union in face of the advice given by the Railway Executive.

Attention was drawn to the fact that the Government had asked the managers to enter into negotiations with the men, and that being so the Government could hardly disregard the policy recommended by the Railway Executive. It was important that the Glasgow trouble should subside before entering upon a new conflict with labour.

Sir Albert Stanley said that if we delayed action it would lend
encouragement to the men, inasmuch that they would think the Government would give way. It was not a question of concessions any longer. He thought that if this came to a strike the men would be beaten, as the other railway Unions would not come out in sympathy.

Sir Eric Geddes also thought that a strike could be faced on the present issue.

It was suggested that a big general strike was probably coming sooner or later, and if and when it came the strike would be on ground chosen by the Government.

Sir Albert Stanley replied that he did not think this present strike would develop into the big conflict which was apprehended.

Some discussion then took place as to the number of station-masters who now belonged to the Railway Clerks' Association, but no information was available as to the exact number.

Lord Reading said that if the numbers were great, then the point made regarding the necessity for station-masters to remain outside the Union in order to maintain discipline would seem to be somewhat weakened.

Sir R. Horne said the Government's policy was to stand by the Trade Unions and support their executive authority. It was important not to object to the Union as such, but to including particular classes of persons in it.

Sir David Shackleton said that he had worked both in the position of a workman and a foreman, and his experience was that both grades belonging to the same Union never affected discipline, but if the Government refused to recognise this Union, it was in opposition to their avowed policy, and the Government should not try to decide who was and who was not to be in the Union. In his opinion they should trust to the honour and loyalty of the men.

Dr. Addison said that he agreed with the view of Sir David Shackleton. If a considerable portion of the station-masters were now in the Union and it had not affected the efficient working of the railways, he could not see that the Government had a case.

Sir Albert Stanley pointed out that the Railway Clerks' Association had been recognised for the last year or two. The dispute now was whether it should be recognised in respect of the supervisory grades who claimed to belong to it.

The War Cabinet decided—

That the Government could not at the present moment interfere with the negotiations which were now going on, but that, if possible, Sir Albert Stanley should prolong the negotiations until the Prime Minister had been acquainted with the position.

7. The War Cabinet had before them a memorandum by the President of the Local Government Board (G.T-6718) in respect of candidates' expenses at municipal and other local elections, to which was attached the draft of a Bill to amend section 5 of the Municipal Elections (Corrupt and Illegal Practices) Act, 1884, by substituting the words “3d. for each elector” for the words “2d. for each elector,” in the subsection prescribing the maximum amount of the expenses of a candidate at municipal elections.

The President of the Local Government Board said that the reasons for asking consent of the Government to the introduction of the said Bill were briefly explained in his memorandum now before the War Cabinet. The amendment had been urged upon him by the London County Council and the County Councils Association, and it appeared to him a reasonable proposal, which, in his opinion, would not meet with any opposition. He therefore asked for permission to
bring in the accompanying Bill with a view to its being passed at the earliest possible moment.

The War Cabinet decided—
To sanction the introduction of the proposed Bill.

8. The War Cabinet had before them a Memorandum by the President of the Local Government Board (Paper G.T. -- 6726) on the subject of local elections in the year 1919. In his Memorandum Dr. Addison pointed out that local elections in the United Kingdom would be held in 1919 for the first time in four years. In the case of the Municipal Boroughs and the majority of District Councils and Guardians one-third of the Councillors and Guardians retire each year. In addition, the Aldermen, who are co-opted by County or Borough Councils, are elected for six years, one-half of them retiring every third year. It appeared desirable, therefore, that there should be a complete new election in 1919, on the grounds particularly of prolonged tenure of office and the presence of a new electorate. A draft Bill (which was annexed to the Memorandum) had been prepared on these lines, although it was confined to the case of Councillors and omitted any reference to Aldermen, owing to the anticipated opposition of the Boroughs, and the fact that it was not possible to get the Bill passed in time to affect the County Council Aldermen.

Mr. Bonar Law observed that he thought that the opinions of the local authorities should mainly determine the decision of the Government on the matter. It was a question which he thought could be referred to the Home Affairs Committee.

The War Cabinet decided—
To refer this Bill to the Home Affairs Committee as soon as the Prime Minister had approved setting it up again.

9. With reference to War Cabinet 514, Minute 3, the War Cabinet took note of the Prime Minister's appointment of Sir Auckland Geddes, as Minister in charge of the Co-ordination of Demobilisation and the Rehabilitation of Industry, vice Sir Eric Geddes.

2, Whitehall Gardens, S.W. 1,
January 31, 1919.
Minutes of a Meeting of the War Cabinet held on Monday, February 3, 1919, at 10, Downing Street, S.W., at 12 noon.

Present:
The Right Hon. A. Bonar Law, M.P. (in the Chair).


The following were also present:

The Right Hon., The Viscount Milner, G.C.B., G.C.M.G., Secretary of State for the Colonies.

The Right Hon. Sir A. Stanley, M.P., President, Board of Trade (for Minutes 2-6).


The Right Hon. R. Munro, K.C., M.P., Secretary for Scotland.

The Right Hon. J. I. Macpherson, M.P., Chief Secretary for Ireland.

Major-General Sir C. H. Harington, C.B., D.S.O., Deputy Chief of the Imperial General Staff (for Minute 2).

Major-General B. E. W. Childs, C.M.G., Director of Personal Services (for Minute 2).


Mr. Thomas Jones, Acting Secretary.

Mr. Pembroke Wicks, Assistant Secretary.

Captain L. F. Burges, Assistant Secretary.
Committee of Home Affairs.

1. With reference to War Cabinet 518, Minute 5, the War Cabinet took note that the Prime Minister had approved of the reassembling of the Committee of Home Affairs, the members of the Committee to be as follows:

Mr. H. A. L. Fisher, President of the Board of Education (Chairman).
Mr. Shortt, Secretary of State for Home Affairs.
Dr. Addison, President Local Government Board.
Sir A. Stanley, President Board of Trade.
Sir R. Horne, Minister of Labour.
Sir A. Geddes, Minister of National Service and Reconstruction.
Mr. Munro, Secretary for Scotland.
Mr. Stanley Baldwin, Joint Financial Secretary, Treasury.
Sir G. Hewart, Attorney-General.
Sir E. Pollock, Solicitor-General.

Railway Situation.

2. With reference to War Cabinet 523, Minute 5, Sir Albert Stanley informed the Cabinet that practically the whole of the following London Electric Railways had come out on strike:

- Electrical Services on the Brighton Railway.
- Central London.
- City and South London.
- Piccadilly.
- Hampstead and Highgate.

The Metropolitan District Railway was, however, still running. The men had held meetings late last night and passed resolutions in favour of continuing work, leaving their demands to be discussed by their Executive. The drivers, however, did not agree with this proposal and withdrew from the meeting, and afterwards held a further meeting amongst themselves, when they decided to come out on strike.

The question in dispute was whether the time allowed for meals, which varied from thirty minutes to one hour, should be included in the eight hour working day. The agreement arrived at some time ago between the employers and the men laid down that the time allowed for meals should be exclusive of the eight hours. Sir A. Stanley added that the managers said that the men were downhearted and not enthusiastic.

In answer to a question by Lord Curzon as to why the strike had only broken out in London, and whether it would affect other electrical services besides the railways, Sir Albert Stanley said that the strike would not affect other electricity works; the London men were affected because they had not the same opportunity of taking their meals on the train as the steam-engine drivers.

Lord Curzon asked whether if the drivers' demands were conceded, it would mean pressure by the other electric railways all over the country for a similar concession. Sir Albert Stanley said that it might mean more than that. When the eight hour agreement was accepted, the men specifically reserved the question of the inclusion or exclusion of meals in the eight hours for further negotiation when their national programme was being considered. If the drivers' demands in this case were conceded, it would mean that the whole meal time question would be prejudiced.

Mr. Bonar Law said that it was important that the press should receive a statement as to the position.

The War Cabinet decided:

(a.) That the President of the Board of Trade should prepare, in consultation with Mr. Bonar Law and the Minister of Labour, a statement on the position for issue to the press.
(b.) That the following Committee should be set up for purposes of consultation during the period of the strike:

The President of the Board of Trade.
The Home Secretary.
The Minister of Labour.
A representative of the War Office.

3. With reference to War Cabinet 523, Minute 1, the Secretary for Scotland said he had received a letter from the Lord Advocate with regard to affairs in Glasgow, which was fairly satisfactory. The strike was not yet over, but the disorders were dying down.

4. With reference to War Cabinet 523, Minute 1, the Chief Secretary for Ireland said that he had received a letter from Lord French saying that there was little change in the Belfast situation. The railway men had refused to come out, and, in the opinion of the Commissioner of Police in Belfast, the men would be glad of an excuse to return to work.

5. Sir Robert Horne said that a London engineers' strike was threatened. A section of the men were having a ballot on the next day as to whether they should come out or not. This was being done, however, without the approval of the Amalgamated Society of Engineers' executive, who were taking steps to prevent the issue of strike pay. The men were demanding a 40 hour week. Sir Robert Horne added that a deputation, consisting of Macmanus and a few others, had left Glasgow for Manchester in order to try and stir up trouble in that city with regard to the 40 hour week.

6. With reference to War Cabinet 523, Minute 6, Mr. Bonar Law stated that a Committee, presided over by Sir Albert Stanley, had met on the previous day to consider the demands of the Railway Clerks' Association, and the discussion had been adjourned until five o'clock that afternoon.

Sir Albert Stanley said there were indications that the miners and railwaymen generally might strike in the course of next week.

7. The War Cabinet had before them a memorandum by the Home Secretary (G.T.-6730), in which he suggested that there should be an enquiry by an impartial body into the whole question of police pay, both in London and the rest of the country, and proposing that the best form for such an enquiry would be a committee consisting mainly, if not entirely, of Members of Parliament.

Mr. Shortt said that Sir Nevil Macready attached great importance to attracting a high class and loyal body of policemen; and the Commissioner of Police doubted whether this was possible under present conditions.

Mr. Bonar Law had some doubts as to whether the inclusion of the provincial police in the Committee's terms of reference would not cause very great delay, and he thought that unrest might be caused among the Metropolitan Police if they imagined the settlement of their claims was being hindered by enlarging the scope of the enquiry.

Mr. Shortt thought that it might be quicker to confine the enquiry to the Metropolitan Police, but a second Committee would then have to be set up to deal with the provincial police.
Mr. Munro supported the proposal made by the Home Secretary, and expressed the hope that Scotland would be included in the enquiry.

Lord Curzon said there were several sorts of Committees that might be appointed to deal with this question (1) a Committee of the House of Commons, (2) a Joint Committee of both Houses, (3) a Royal Commission, and (4) a Committee with Parliamentary authority. There was a good deal to be said for the second form, inasmuch as one of the Law Lords might then serve on the Committee.

Sir Nevil Macready, in answer to a question by Mr. Bonar Law, as to whether a general reference to the Committee, which included an enquiry into the pay of the provincial police, might take too long an investigation to satisfy the London police, said that the London police were at this moment fairly content with their pay, and he thought would be patient during a general enquiry. It was true that the London police were passing heated resolutions, but he thought that this was caused by the extremists who were out to capture the next representative Board, which was to be elected on the 21st of March. A general enquiry was, in his opinion, essential, especially as he had heard, for example, that the Municipal Authorities of Nottingham were going into the question of extra pay for their police that day, and the men's demands were in some respects higher than the scales which at present were paid in London. These demands, if granted, would cause a good deal of dissatisfaction among the Metropolitan police.

The War Cabinet decided:—

(a.) To appoint a Committee, on which both Houses of Parliament should be represented, to enquire into the question of the pay of the Metropolitan, Provincial, and Scottish police.

(b.) That this Committee should make its report to the War Cabinet.

(c.) That the Home Secretary should draft the terms of reference for the approval of the War Cabinet, and should also submit suitable names for the Committee.

2, Whitehall Gardens, S.W. 1,
February 3, 1919.
WAR CABINET, 525.

Minutes of a Meeting of the War Cabinet held at 10, Downing Street, S.W., on Tuesday, February 4, 1919, at 11.30 A.M.

Present:

The Right Hon. A. Bonar Law, M.P. (in the Chair).

The Right Hon. the Earl Curzon of Kedleston, K.G., G.C.S.I., G.C.I.E.

The Right Hon. A. Chamberlain, M.P.

The following were also present:

The Right Hon. the Viscount Milner, G.C.B., G.C.M.G., Secretary of State for the Colonies.

The Right Hon. W. S. Churchill, M.P., Secretary of State for War (for Minutes 1-4).

The Right Hon. Sir A. Stanley, M.P., President, Board of Trade (for Minutes 1-3).

The Right Hon. Sir A. Geddes, K.C.B., M.P., Minister of Reconstruction and National Service (for Minute 1-8).


Sir D. J. Shackleton, K.C.B., Permanent Secretary, Ministry of Labour (for Minutes 1-3).


The Right Hon. J. I. MacPherson, M.P., Chief Secretary for Ireland (for Minutes 3-8).

The Right Hon. Sir J. Maclay, Bt., Shipping Controller (for Minutes 1-4).

The Right Hon. A. H. Illingworth, M.P., Postmaster-General (for Minutes 1-4).


Vice-Admiral S. R. Fremantle, C.B., M.V.O., Deputy Chief of the Naval Staff (for Minute 4).

Mr. Thomas Jones, Acting Secretary.

Captain L. F. Burgess, Assistant Secretary.

Brigadier-General S. H. Wilson, C.B., C.M.G., Assistant Secretary.

Lieutenant-Colonel L. Storr, C.B., Assistant Secretary.

Mr. G. M. Evans, Assistant Secretary.
1. With reference to War Cabinet 524, Minute 6, Mr. Bonar Law said that when the question of the recognition of the Railway Clerks' Association last came up for discussion, the War Cabinet decided to appoint a small Committee to go into the question. This Committee had met on Sunday last and again on the previous night, and he understood that all present, with the exception of Sir Albert Stanley, had come to the decision that recognition of the Association, with certain conditions, should be given.

Sir Albert Stanley said that, after the meeting of the Committee last Sunday, he took steps, after consulting Sir Herbert Walker and Sir A. Butterworth, to request Mr. Wardle, who was friendly with the Association of Railway Clerks, to see the General Secretary, Mr. Walkden, and find out whether it was possible to arrive at a compromise. No instructions were given to Mr. Wardle, but he was to obtain clearly the Association's views. The compromise now suggested, as a result of Mr. Wardle's conversation, was that recognition should be given to the Association, and permission for them to represent all grades of employees; but with regard to stationmasters and certain supervisory grades there should be autonomy within the Union. This autonomy should ensure that when demands were put forward by the supervised grades they should not represent the views of the supervisory grades. This would, in effect, result in the members belonging to the same Union, but there would be separate sections, and these separate sections would safeguard, as far as possible, the vital question of discipline.

Sir Robert Home stated that, if this question was being investigated afresh, his attitude would be in sympathy with Sir Albert Stanley. He thought it very detrimental to discipline if the supervisors and the supervised belonged to the same Union, and the general practice throughout the country had been not to allow Unions to speak for the former. This applied to the Amalgamated Society of Engineers and the Shipyard Unions. This was a sound principle. The present situation was rendered difficult inasmuch as five-eighths of the stationmasters were at present members of the Railway Clerks' Association, and this fact made it possible for the case to be presented to the public on the ground that the Government refused to recognise a Union. The Government could not hope to win through present and future labour battles unless they had the support of the Trade Union Executives, and if the Government took up the line which the Railway Executive wanted them to take up, there was no doubt that the sympathy of the Trade Unions would be abated. His predecessor in office, Mr. Roberts, was in favour of accepting the compromise suggested by Mr. Walkden. In the following week there was probably to be a Trade Union Congress, and if the Government refused the suggested compromise there was no doubt that the discussions at that Congress would go against the Government, and the men taking part in the Congress were those upon whom the Government relied. He therefore recommended compromise, and if it was possible to segregate the stationmasters and the supervisory grades in the Union and ensure that these sections should, when they had demands to put forward, represent their own case and choose their own spokesmen, we should, in his opinion, have achieved most of our object.

Lord Curzon asked what was the real value of complete autonomy.

Sir Robert Horne replied that the stationmasters and supervisory grades were not asking for a separate Union, but that it was our suggestion that they should have autonomy. If the Association of Railway Clerks decided on a strike, he doubted whether it would be possible for the stationmasters not to come out.

Mr. Bonar Law said he thought that it would be part of the attempted compromise that stationmasters should not join in a strike without their own approval.

Sir Robert Horne thought it would be difficult to achieve that,
although there was to be no compulsion for anyone to join the Association.

Lord Milner pointed out that the Secretary of the Association had intimated that they would agree to a certain number of confidential clerks, &c, who held high positions, not joining the Association.

Mr. Illingworth drew attention to Mr. Wardle's remarks at the Conference held at the Board of Trade on the previous afternoon, in which he said that this was the first time that there had been a hint of a strike in this Association. They did not want a strike, and it was not their policy, and he (Mr. Wardle) doubted whether clerks calling out station masters on strike would really arise in practice, adding that it might be possible to come to an agreement that the stationmasters should have the right to decide by themselves whether they should strike or not.

Mr. Bonar Law said this was by far the most difficult labour problem they had yet had to solve. Up to now, in any decisions they had had to arrive at with regard to industrial troubles, there had been no doubt as to what was the right action. In this case, whatever the Government decided was bound to cause considerable political trouble. The only chance of coming through was to have public opinion on our side. If recognition of this Union were refused, opponents of the Government would say it was the old trouble of refusing to recognize Unions cropping up again. Hitherto a section of the press usually opposed to them had been on the side of the Government, but should the compromise be refused this press would turn against the Government, and there was no doubt that the bulk of Trade Unionists would also be against the Government. He did not, however, overlook the seriousness of the position which would result from accepting the compromise. Employees would regard it as giving away the pass and making it impossible for them to fight in the future a similar demand in other industries. There would be an outcry when the decision was known, and they would be accused of the same weakness of which they were accused during the war. He had tried to explain the position to the Prime Minister on the telephone, but this had not been easy. On the whole, the Prime Minister had been strongly opposed to a strike on the refusal to recognize a Union. Mr. Bonar Law said that he had seen the members of the Railway Executive, and thought that they exaggerated the seriousness of the concession. We must say either "Yes" or "No," and on the whole he was of opinion that it was right to agree to the compromise. When the question had last come up before the Cabinet, it was not known that there would be a complete strike on the railways if recognition were not given to the Railway Clerks' Association. Sir Albert Stanley had informed him that this would now happen. Perhaps the right course now was to allow negotiations to take place on the basis that the Government was ready to recognize the Union provided that safeguards were obtained regarding the maintenance of discipline and that strong guarantees were given in this direction. These negotiations with the Railway Clerks' Association would probably have some success, as Mr. Walkden would be delighted at the recognition of his Association. The balance of disadvantage seemed to be in refusing to recognize the Association. This was attended by the danger of the employers saying that we had given away the pass, but if we did not take the course he suggested the whole of the Trade Union movement would be against the Government.

Mr. Chamberlain said that he agreed with Mr. Bonar Law. A fight on the ground of refusing recognition was the worst that could be chosen. If we were attacked by the employers it might be pointed out to them that the majority of stationmasters were now members of the Union.

Mr. Bonar Law, continuing, said he thought we should go the length of saying that we recognize the Union in general terms, but
that recognition depended on receiving the safeguards considered necessary for the maintenance of discipline.

Mr. Chamberlain thought that it should be explained that this discipline was really a question of life and limb, and necessary for the public safety. On the whole, he thought the presence of the older men, occupying responsible positions, would tend to exercise a moderating influence on the policy of the Association.

Sir Albert Stanley said it was true that a large number of stationmasters were members of this Association, and mixed up with other employees. This decision did not mean that stationmasters alone would be allowed to join the Association; the permission would have to be extended to other supervisory grades. What was true about stationmasters in this Association applied equally to foremen in other industries and Unions. It meant, in effect, not only recognition of supervisory grades in this Association, but it would raise the whole question of the position of foremen in the railway companies and in other industries.

Mr. Bonar Law said that if we agreed to this compromise, our business was to minimise the effect of the decision as much as possible, and to avoid its importance being magnified in the press.

Sir Joseph Maclay said he was strongly in favour of the compromise. With reasonable safeguards he did not see that there would be much danger.

Sir Robert Horne said that the employers were frightened because in certain industries the foremen fixed the amount of the piece-rate on the spot, and if the foremen and the men belonged to the same Union and the men were dissatisfied with the piece-rate and decided to deal with the foreman in a disciplinary way, an impossible position would result. He knew of cases where foremen had been fined by their Union for reporting some of the men under them.

Sir Albert Stanley said that, when he was with the underground railways, a fatal accident had resulted from a foreman failing to report one of his men. When asked why he did not report the man, the foreman replied that he would rather resign his position in the Company than face the censure of the Union.

Mr. Bonar Law pointed out that, as the supervisory grades were now in the Railway Clerks' Association, this evil would exist whether the Association were recognised or not.

Sir Albert Stanley urged that the policy of unlimited recognition would, in effect, make the officials servants of the Association rather than of the Companies, and it was impossible to control the conduct of the Union. For example, in negotiations with the leaders of the National Union of Railwaymen, agreements were arrived at, but the leaders found that they could not control their different branches and make them observe the agreements. Agreements had been arrived at with prominent leaders, only to be repudiated by their Executives.

Mr. Churchill said that the Trade Union organisation was very imperfect, and the more moderate its officials were the less representative it was, but it was the only organisation with which the Government could deal. The curse of Trade Unionism was that there was not enough of it, and it was not highly enough developed to make its branch secretaries fall into line with the head office. With a powerful Union either peace or war could be made. He did not see how this particular proposal would make it more difficult to deal with the Railway Unions.

Sir Joseph Maclay said he thought better discipline would result from having the older and more responsible men as members of the Union. We had been labouring under many delusions with regard to the workmen of the country.

Mr. Bonar Law thought that the Trade Union organisation was the only thing between us and anarchy, and if the Trade Union organisation was against us the position would be hopeless.
Sir Albert Stanley held that this problem was not to be looked upon merely as a railway problem. It was quite an accident that this question of supervisory and supervised grades belonging to the same Union had been put forward first by the Railway Clerks' Association. It was a matter which affected all industries. Then this grave question affected the Railway Executive in other directions, as the Railway Company Chairmen were closely connected with other industries. It was not a question of the principle of recognition, but a question of the range of membership in the Union. There would be no objection to the supervisory grades forming their own separate Union.

Lord Curzon thought that there was great force in what Sir Albert Stanley said, and that the present difficulty would extend to other industries, but, on the whole, he yielded to the way in which Mr. Bonar Law had stated the position.

Mr. Illingworth said he shared the views expressed by Mr. Bonar Law. He saw no satisfactory way out of the difficulty, except by the compromise suggested. If the Government forced a conflict they would be beaten, and a worse situation would arise.

Lord Milner suggested that Mr. Walkden should be informed that the Government were disposed to recognise the Union as representing the supervisory as well as the supervised grades, provided that the Association was prepared to make internal safeguards within their Association for the efficient maintenance of discipline and public safety.

Mr. Bonar Law said that what they had now to do was to make sure that the case was presented to the public in a form that would do the least harm to other trades.

The War Cabinet decided that—

The President of the Board of Trade, together with the Minister of Labour, should inform the General Secretary of the Railway Clerks' Association that the Government was prepared to recognise the Association as representing the supervisory and supervised grades, provided that the Association would give the necessary safeguards with regard to the maintenance of discipline and public safety within the Association.

2. With regard to the Underground strike at present in progress Sir Albert Stanley informed the Cabinet that he had received the following letter from Mr. T. Bromley, the General Secretary of the Associated Society of Locomotive Engineers and Firemen:—

"I am instructed by my Executive Committee to inform you that my Executive have taken charge of the strike on the London Electric Railways caused by the departure from the terms of the eight hours' day agreement by Sir H. Walker acting, we presume, on behalf of the Railway Executive Committee, and that we are making our headquarters at the Imperial Hotel, Russell Square."

3. Mr. Shortt informed the Cabinet that he had arranged with the Commissioner of Police and Sir Edward Ward to ascertain how many Special Constables would be available to work the electric power stations in the event of a strike.

Sir Robert Horne said that, when there was a question of an electrical strike during the war a Committee had been assembled to take the necessary measures to meet the situation (War Cabinet 492).
Minute 14). He was of opinion that some such Committee should be formed to meet the present emergency and make the necessary arrangements.

Some discussion then took place as to whether it would be possible to employ the military to run the power-stations, now that the war was over and it was no longer a question of national safety.

Mr. Churchill said that he was not prepared to say that soldiers could not be obtained, but he had always tried to keep the Army out of an affair of this kind, if possible. He understood that the Navy was in a position to break any strike affecting the public municipal services. He could not see, however, the distinction between the war and a great civil emergency, though that emergency had not yet been reached. At a certain point he would not hesitate to use soldiers if it was a question of saving lives. It seemed to him that the Government should face this challenge, and he had no doubt of the substantial loyalty of the mass of the nation. The threatened electrical strike was one of a series of attempts of a well-organised minority to obtain extravagant concessions. If we allowed this sort of thing to go on, the day would arrive when all authority would be discredited. He would fight in this instance, and use Parliament as the weapon. It was intolerable that a few men should be allowed to throw thousands into confusion. It was essential, however, to be backed by the people. He would frame legislation to deal with the situation, and make the agitators amenable to law by fine and imprisonment. If the addresses of these agitators were known, they would be visited by the public, and the reverse of picketing would result. This happened in the railway strike of 1910.

Sir Robert Horne said that legislation such as that suggested by Mr. Churchill was in existence under an Act of 1875. This Act enabled the Government to imprison any persons engaged in the supply of gas and water who deserted their posts without reasonable notice. Under the Defence of the Realm Act it would be possible to pass a regulation applying this section of the Act to electricity.

Lord Curzon thought that it was necessary to appoint not merely a temporary but a permanent Committee to sit during this period of labour unrest. The time of the War Cabinet was much taken up with settling details which might well be decided by a Committee such as he suggested. Questions of principle would, of course, come before the War Cabinet. This Committee might consist of representatives from the Admiralty, the War Office, the Home Office, the Board of Trade, the Ministry of Labour, and the Commissioner of Police. He would like to suggest that this Committee should take in hand not only the preparations and organisation necessary to meet a strike, but also publicity and propaganda. A good press was capable of influencing public opinion in favour of the Government. There was no doubt that the present agitations were organised by a very small number of persons, and the community in general supported the Government.

Mr. Bonar Law said he agreed with Lord Curzon’s suggestion, and thought the Committee should be set going that day in order to make preparations for the situation which might arise next Thursday, and the Committee should ascertain whether the Navy would be able, if required, to run the electric power stations.

Lord Milner said he thought that all agreed that the services of the Army and the Navy, and especially of the Army, should be used for the maintenance of order. They should not, unless the situation was desperate, be used for industrial operations. If it was possible to find civilians to operate voluntarily the affected services it would be infinitely preferable, and it should be done.

Mr. Churchill said that he thought the Government could depend on the loyalty of the Army. So far as the trustworthiness
of the troops was concerned, conditions had improved considerably during the last fortnight. In dealing with recent disturbances the troops had shown great steadiness.

The War Cabinet decided that—

A Committee should be appointed to make the necessary arrangements for dealing with any situation that might arise from industrial unrest both at the present moment and in the future, the Committee to consist of:—

The Home Secretary (Chairman),
The President of the Board of Trade,
The Minister of Labour,
The Secretary for Scotland,
and Representatives of
The Admiralty and
The War Office.

Mr. S. W. Harris, C.B., C.V.O., 
Captain Burgis, 

Secretaries.

This Committee should have power to give decisions which did not involve important questions of principle. The Committee should devote especial attention to making any arrangements that might be necessary for dealing with the threatened electrical strike on the following Thursday, and should immediately examine and report to the War Cabinet the possibility of applying the Act of 1875 to the present situation.

4. The War Cabinet had under consideration Memoranda prepared by the War Office (Paper G.T.-6449), the Admiralty (Papers G.T.-6538 and 6689), the Air Ministry (Paper G.T. 6826), the Board of Trade (Paper G.T.-6658), and the Post Office (Paper G.T.-6645), relative to a proposed Communications Board.

Mr. Illingworth said that matters would be complicated if the control of communications were to be given to any Department other than the Post Office, and he thought that the proposed Board should be under the control of the Postmaster-General. In this way the consideration of all questions in connection with telegraph communication would be carried out under one roof. If the Board were to be under the Committee of Imperial Defence, was it not possible that the three fighting Departments would be represented, and that the views of the other Government Departments would not carry the same weight? The situation as regards wireless telegraphy was at present very unsatisfactory.

Mr. Chamberlain said that everyone was agreed as to the desirability of having a Communications Board. The Treasury was not specially interested, but he thought the proposed Board possibly ought to be under the Post Office.

Mr. Bonar Law reminded the Cabinet that three of the Government Departments had suggested that the Board should be a Sub-Committee of the Committee of Imperial Defence. If it was decided that this should be so, it did not by any means necessarily follow that the views of the Civil Departments would not carry the same weight as those of the fighting Departments, and he pointed out that on a previous occasion, when a similar question had been considered by a Sub-Committee of the Committee of Imperial Defence, all the interested Departments were represented on the Committee, i.e., the Admiralty, the War Office, the Indian Office, the Post Office, the Colonial Office, the Board of Trade, the Treasury and the Foreign Office.
Vice-Admiral Fremantle was of opinion that a Government Department dealing with home affairs was not a suitable Department under which to have a Board dealing with world-wide communications. Whatever was done, it was most desirable to have some machinery for co-ordinating the work which was now going on.

After some discussion as to the original Admiralty proposal that certain members of the Board should be permanent and others non-permanent, it was pointed out that there had been some misunderstanding as to the reason for this proposal, and it was agreed that all Departments represented on the Board should be on exactly the same footing.

Mr. Illingworth said that, in these circumstances, he was quite satisfied, and on the whole he thought it would be better to have the Board free from any special Department, and to have a Chairman appointed by the War Cabinet.

Mr. Chamberlain said that, although one talked of the Committee of Imperial Defence, it was not very clear how that body was going to be constituted under the new machinery of Government, and in this Lord Milner agreed, and said that the Committee of Imperial Defence was for the time being in abeyance.

Mr. Bonar Law said his idea was that, by putting the Board under the control of the Committee of Imperial Defence, it would be in a stronger position, in so far as the Prime Minister was Chairman of that Committee.

Mr. Churchill supported the Admiralty and War Office views, which were that the Board should be under the control of the Committee of Imperial Defence, but on general grounds was averse from taking away from Departments their responsibilities. Moreover, as pointed out by Lord Milner, the Committee of Imperial Defence was in abeyance for the time being.

Lord Milner said that, in any case, a Chairman must be appointed, and if he was to be selected from one of the Government Departments he would suggest his being chosen from one of the fighting Departments.

Mr. Chamberlain suggested that in the Admiralty Memorandum the Terms of Reference to the proposed Committee were somewhat wide, and that their discussions should be confined to considering the Government's policy as regards wireless telegraphy, submarine cables, and visual signalling. He was in favour of all members of the Committee being on an equal footing, and it would be open to the Committee to appoint a Sub-Committee of experts.

The War Cabinet decided that—

A Committee of the Cabinet, with Lord Milner as Chairman, and with representatives of—

- The Treasury,
- The Foreign Office,
- The Admiralty,
- The War Office,
- The Air Ministry,
- The Colonial Office,
- The India Office,
- The Post Office,
- The Board of Trade,

should be appointed to consider questions of policy as regards overland telegraphy, wireless telegraphy, submarine cables, and visual signalling.
5. The War Cabinet had before them two Memoranda on the subject of the Civil Liabilities (Demobilisation) Scheme; the first (G.T.-6740) by the President of the Local Government Board stated that in the past the Civil Liabilities Scheme had been administered by the Military Service (Civil Liabilities) Department. This Department was an independent department and was not a branch of the Local Government Board, although the President of the Local Government Board had hitherto been responsible to Parliament for the administration of that Department. The new scheme, however, was essentially one of demobilisation, and the hope was expressed that the Minister of Labour, who was responsible to Parliament for the demobilisation scheme, would be prepared to take over the Department. As an additional reason for transferring the Department to the Ministry of Labour it was observed that the new scheme was closely connected with the question of Officers’ Resettlement.

The second Memorandum (G.T.-6741) was by the Minister Co-ordinating Demobilisation, expressing agreement in the view that the scheme should be under the control of the Ministry of Labour through the Director-General of Demobilisation and Resettlement, and asking that the matter should be definitely settled without delay, as the present uncertainty was hampering administration and was prejudicial to the interests of applicants.

Mr. Bonar Law suggested that the War Cabinet should concur in the above proposal, provided that the Minister of Labour and the President of the Local Government Board were in agreement with the proposals made by the Minister Co-ordinating Demobilisation.

After a brief discussion the War Cabinet decided:

That the question should be referred to the Home Affairs Committee for early settlement.

6. The War Cabinet had under consideration a Memorandum by the Minister of National Service (G.T.-6737) regarding the future administration of the Retail Business Licensing Order under the Defence of the Realm Regulation S.A., stating that hitherto the Order had been administered by the Headquarters and Regional Staffs of the Ministry of National Service, with the assistance of the police and various public bodies. In view, however, of the cessation of the main functions of the above Ministry and the consequent disbandment of its officials, it was suggested that the administration of the Order ought, in the interests of public economy, to be carried out by the existing staff and machinery of some other Government Department.

The War Cabinet decided—

That the question should be referred to the Home Affairs Committee.

7. The Chief Secretary for Ireland said that he had received that morning the following telegram from the Lord Lieutenant:

"Please ask acting Prime Minister if he approves following: If gas remains stopped in Belfast I propose proceeding thither to-morrow and seeing Strike Committee. If they will come I will personally warn them that municipal works will be taken over by the Government on Thursday morning, and that consequences must be on their own heads. If necessary I will then proceed to secure the complete liberty of all citizens. I propose also to see picked bodies of working men, whom leaders select, and address them on the situation without argument or promises. If Government agree I will go to Belfast early to-morrow and return at night. In my opinion the time has
arrived when the law should be vindicated. Government may think that my position as Viceroy precludes personal interference. If so I am prepared to use force if Government will authorise. Situation in Belfast otherwise quiet and orderly."

Mr. Macpherson, proceeding, said that he had taken the opportunity of consulting Mr. Bonar Law before the Cabinet meeting as to the action to be taken in regard to this telegram, and that after some discussion Mr. Bonar Law had suggested the following reply:

"I have shown your telegram to Mr. Bonar Law, who after consultation with his colleagues, is of opinion that it would not be wise, at this stage at least, to take the course suggested. The view he had taken was that with patience there was a fair chance of the situation in Belfast coming right, and this was confirmed by the reports he had seen which have come to Craig. What news do you get from Hackett-Pain?"

Mr. Macpherson said that, just before the War Cabinet assembled, he had received a telephone message from the Lord Lieutenant's Private Secretary to the following effect:

"All the Lord Lieutenant requires is authority to act in case of necessity."

The War Cabinet decided—

To approve the terms of the reply as proposed by Mr. Bonar Law.

8. With reference to War Cabinet 519, Minute 1, the Chancellor of the Exchequer said that the following notice on the subject of the supply and prices of beer had inadvertently appeared in the press before he had an opportunity of laying it before the War Cabinet:

"It is officially announced that the War Cabinet has decided to allow an increase of 25 per cent. on the present permitted statutory barrelage and an increase of 2 degrees in the permitted average gravity, to take effect as from the 1st January, 1919.

"The schedule of retail prices, which will come into force on the 24th February, brings within its scope all gravities on a scale ranging from the rate of 3d. to 8d. a pint for draught beers in public bars. Bottle beers, which have hitherto been uncontrolled, will be included, but on a separate scale.

"A part of the schedule deals with the prices that may be charged when beer is sold in parts of licensed premises other than public bars.

"The brewing trade should understand that the new scale of prices is sufficiently liberal to leave room for an increase in duty if and when the Government may see fit to impose it. This position precludes the adoption of a still lower range of maximum prices, but the new regulations, as a whole, will provide a larger supply of beer of better average gravity, at lower prices than those now obtaining in the case of beer of very low gravity, and at the same time will limit the prices of the better beers, and more particularly those sold in bottle."

The Chancellor of the Exchequer explained that, as requested by the War Cabinet, a Committee of the Treasury, the Board of Customs and Excise, and the Ministry of Food, had agreed upon a schedule of prices. In coming to an agreement the Committee had decided that it was necessary further to increase the taxation on
beer in the forthcoming Budget, and they had considered carefully
whether the increase should be 10s. or 11. per standard barrel. They had decided to recommend to the War Cabinet that the
taxation should be increased by 10s. per standard barrel, as an
increase of 11. per standard barrel would have the effect of reducing
the quality of the beer to a very low level, and this would cause a
great deal of unrest.

The War Cabinet took note of the arrangements made by the
Chancellor of the Exchequer.

(Initialled) A. B. L.

2, Whitehall Gardens, S.W. 1,
February 4, 1919.
MINUTES OF A MEETING OF THE WAR CABINET HELD AT 10, DOWNING STREET, S.W., ON
TUESDAY, FEBRUARY 4, 1919, AT 6.30 P.M.

PRESENT:
The Right Hon. A. Bonar Law, M.P. (in the Chair).
The Right Hon. the Earl Curzon of Kedleston, K.G., G.C.S.I., G.C.I.E.

The following were also present:
The Right Hon. the Viscount Milner, G.C.B., G.C.M.G., Secretary of State for
the Colonies.
The Right Hon. W. S. Churchill, M.P.,
Secretary of State for War.
Lieutenant-General Sir G. M. W. Macdonogh, K.C.M.G., C.B., Adjutant-
General to the Forces (for Minutes 1 and 2).
Major-General B. E. W. Childs, C.M.G.,
Director of Personal Services (for Minutes 1 and 2).
Major-General C. F. Romer, C.B., C.M.G.,
War Office (for Minutes 1 and 2).
The Right Hon. Sir A. Mond, Bart., M.P.,
First Commissioner of Works (for Minutes 1 and 2).
The Viscount Peel, Under-Secretary of State for War (for Minutes 1 and 2).

The Right Hon. E. Shortt, E.C., M.P.,
Secretary of State for Home Affairs.
The Right Hon. Sir A. C. Geddes, K.C.B.,
M.P., Minister of Reconstruction and National Service.
The Right Hon. R. Munro, M.P., Secretary for Scotland (for Minutes 1 and 2).
The Right Hon. Sir A. Stanley, M.P.,
President of the Board of Trade.
The Right Hon. J. I. MacPhererson, M.P.,
Chief Secretary for Ireland.
Vice-Admiral Sir H. L. Heath, K.C.B.,
M.V.O., Second Sea Lord (for Minutes 1 and 2).

Mr. Thomas Jones, Acting Secretary.
Captain L. F. Burgess, Assistant Secretary.
Lieutenant-Colonel L Storl, C.B., Assistant Secretary.
Industrial Unrest:
Tube Strike.
Threatened London Electrical Strike.

1. With reference to War Cabinet 525, Minutes 2 and 3, Mr. Shortt said that the Committee appointed that morning by the Cabinet had gone into the question of dealing with the Underground Railway and the electrical power stations. With regard to the power stations, he had seen representatives of the companies concerned and had arranged for the formation of a Committee of engineers from these power stations, under the Chairmanship of Sir Hamar Greenwood. It was calculated that not more than ten or twelve men at each power station would remain loyal, but with this staff and voluntary assistance, which they were endeavouring to obtain from the educational institutions in London, it was hoped to maintain a sufficient supply for the streets, hospitals, and cold storage. With regard to the Underground Railway, Sir Albert Stanley and the Railway Executive were satisfied that it would be impossible to keep these services going with voluntary drivers, and only confusion would result if this were attempted. The only alternative was to develop the surface routes, and the Committee were strongly of opinion that motor lorries should be obtained from the Army and the Air Force, with military drivers. These lorries would ply along the main arteries leading into London. At the same time the Committee considered that a statement should be issued to the press, pointing out that these were not bond fide strikes, but a Bolshevik attack upon the whole public, and therefore the Government were taking steps to meet the situation, which they would not have taken in an ordinary industrial dispute. It was considered that if an announcement on these lines were issued in the press, the Army would not regard the utilisation of their services as strike-breaking. In reply to a question, Mr. Shortt said that it was estimated that 1,000 lorries and 200 Ford vans and ambulances could be obtained. Mr. Blain, the head of the London General Omnibus Company, and Mr. Elliott, of Scotland Yard, were now working out a service for these motor lorries, and if the War Cabinet sanctioned their use it was hoped to start operations on the following morning. There was then the danger that the 'bus drivers themselves might strike, but Mr. Blain was of the opinion that the 'bus drivers might strike in any case, and the Government's action would have a steadying influence.

Mr. Churchill said that he favoured the action suggested by the Home Secretary. He gathered from his Military Advisers that the men would support the Government's action, provided that the matter was properly handled in the press. This action was undoubtedly crossing the frontier line, and, if decided upon, should be carried out vigorously. It settled the question of principle, and, in his opinion, the Government should only be deterred if any question arose as to the loyalty of the soldiers. He was a little doubtful with regard to Air Force mechanics manning the power stations. The press should be at once prepared for the Government's policy.

Mr. Bonar Law considered that the statement to the Press should say that the Government could not countenance sudden strikes of this kind, which were organised by a minority for the purpose of penalising the innocent, and not for the purpose of influencing the employers, and that these were not proper strikes but a deliberate anti-social movement. With regard to applying the Act of 1875 to the present situation, Mr. Bonar Law said that a Privy Council was being summoned on the following day for this purpose. In his opinion this was a more serious step than the decision to use motor lorries, as the Trade Unions would say that it was a power which the Government could resort to in any strike. He hesitated to take this step without the advice of the Law Officers of the Crown, and they were at present in Paris.

Mr. Shortt explained that the intention was to make a Regulation under the Defence of the Realm Act, and the Order would be limited to the breaking of contracts in connection with
the statutory power to supply public necessities. It was not like an Act of Parliament, which would have to be repealed.

Mr. Munro suggested that had electricity been as far developed as gas and water works in 1875, it would have been included in the Act.

Sir Robert Horne said it was at present a penal offence to cut off the electric supply.

Mr. Churchill said he was in favour of adapting the 1875 Act, and using it in the present circumstances. It was very important to stigmatise as illegal the conduct of the strikers. It would show the disaffected minority that the Government meant to deal with the situation with a firm hand. He was of the opinion that, if this was realised, the rowdy element would collapse very shortly.

Mr. Bonar Law said that the 1875 Act should be used with caution, as it might frighten every form of organised labour, and it had never been used in previous strikes.

Mr. Chamberlain thought the application of this Act in the present circumstances was a less dangerous step than the use of motor lorries with soldier drivers. If, however, the military authorities thought the army would carry out orders, then he was satisfied. It should, at the same time, be realised that if the attempt to use soldiers for this purpose failed it might well lead to soldiers refusing to act in support of law and order, which they had hitherto, and notably at Glasgow, never failed to do.

General Childs thought there was little doubt that the army would carry out its orders, provided the situation was put to them in the right way, and that the press was favourable.

The Adjutant-General agreed with this view, but said there was always the possibility that the men would disobey orders, though they would be dealing now with a different class of men to that which marched to Whitehall demanding to be demobilised. He suggested that orders might be issued to army lorry-drivers, proceeding along the streets in the ordinary course, permitting them to pick up people travelling to business.

Sir Auckland Geddes pointed out that the lorries had that day been used, unofficially, to carry people, and that should be done increasingly. It would be a useful index of the soldiers' attitude.

Mr. Churchill said he would want two or three days' notice before the order regarding the use of the lorries was issued, in order that the Press might be effectively used.

General Homer said it would greatly assist to have at least two days' notice. He could not guarantee the condition of the troops, as there had been trouble at Kempton Park, Battersea, and Blackheath.

Mr. Chamberlain said it must be remembered that we were not asking soldiers as soldiers to drive these lorries; they were skilled men who, although in uniform, might argue that they were being used to break a strike in which the strikers might be in the same union as themselves.

Some discussion then took place as to whether a statement as to the position should be issued to the press, and, if so, whether it should be communicated that evening or the following day.

Lord Curzon said he could not share these alarms regarding the steadiness of the soldiers. In his opinion the proposed orders would be very popular amongst them. The public would want to know if the Government was going to act, and there would not be much information to give them on this point until the Order in Council regarding the 1875 Act had been sanctioned on the following morning.

Mr. Churchill said it would not do any great harm if the press did call for action by the Government. In any case, it would appear in the papers that the War Cabinet had met that evening to consider the situation, and to this announcement might be added
words to the effect that it was learnt that immediate action of a far-reaching character had been decided on.

The War Cabinet decided that—

(a.) All preparations for the use of Army and Air Force motor lorries with military drivers to relieve the present situation should be made, but that the orders to use these lorries should not be given without further instruction from the War Cabinet;

(b.) The Secretary of State for War should at once inform Army lorry drivers who happened to be proceeding along the streets that they were permitted to pick up passengers;

(c.) The 1875 Act regarding the arrest of persons employed on gas and water services leaving their posts without permission should be adapted by Order in Council to meet the present circumstances;

(d.) An unofficial communique should be made to the press on the following lines:

The Cabinet met again this evening and had under consideration the grave condition caused by some of the present strikes on the part of comparatively small sections of men which aim at inflicting the greatest possible distress on the community, and are not in any sense in the nature of industrial disputes. It is understood that the Government contemplate taking immediate action in the matter.

2. With reference to War Cabinet 525, Minute 2, Mr. Bonar Law read to the War Cabinet a letter he had received that afternoon from Mr. T. Bromley, the General Secretary of the Associated Society of Locomotive Engineers and Firemen, in which he asked that Mr. Bonar Law or the War Cabinet should receive a deputation from the Society in order that their case in regard to the eight-hour day might be presented. Mr. Bromley alleged that the War Cabinet were not fully acquainted with the men's side of the question, and that their position had been unfairly represented. Mr. Bromley also accused the Government of a breach respecting the Eight-hour Day Agreement. Mr. Bonar Law said he proposed to reply to this communication in the sense that he would be glad to find time to receive the deputation, but that his doing so would be misleading, and would have the effect of making the position worse, adding that the War Cabinet were fully informed as to the position.

The War Cabinet approved the reply Mr. Bonar Law proposed to send.

3. The War Cabinet had under consideration three memoranda on the subject of the release of Irish men and women interned in English prisons; the first, by the late Chief Secretary (Paper G.T.-6560), the second, by the late Colonial Secretary (Paper G.T.-6571), the third, by Mr. Barnes (Paper G.T.-6660). The Chief Secretary for Ireland said that both Mr. Shortt and Mr. Barnes had, a few weeks back, recommended the release of Irish prisoners in England. Their view had now been accepted by the Lord Lieutenant, who was pressing very strongly for their release that very day. Mr. Macpherson said that he was in agreement with Lord French, and he would urge the Cabinet to give their approval.

Mr. Bonar Law said that ever since the Coalition Government was formed it had persistently acted, with regard to Irish affairs, on
the advice of the Irish Government. Lord French, who had previously been resolutely opposed to the release of these prisoners, now appeared to have completely changed round.

Lord Curzon said that a short time ago Lord French had seen him personally, and had implored him to urge the War Cabinet to stand firm and not give way to any agitation for their release. He thought it could hardly be in the interests of public order in Ireland that these men should be let out.

Mr. Macpherson said that he also had seen the Lord Lieutenant a few days before, when the whole question had been fully discussed, and the conclusion they had both reached was that the men should be released. There was a strong agitation in Ireland demanding that these men should be granted their freedom, and this agitation had now reached the Church. He wished to point out that John MacLean, who had been given five years' penal servitude for sedition, had been released during the recent election; whereas of these twenty-eight Irishmen, all of whom had been interned without any trial, not one had been allowed to fight his own election. As had been pointed out in Mr. Shortt's Paper, the provisions under which these men were interned were as follows:—Section 1 of the Defence of the Realm (Amendment) Act, 1915, can be suspended:—

(a.) In the event of invasion, or
(b.) In the event of other special military emergencies arising out of the present war.

Where action was so suspended, as had been the case in Ireland since the rebellion of Easter, 1916, any person suspected of acting or being about to act in a manner prejudicial to the public safety or the Defence of the Realm, could be arrested and interned without trial. The arrest and internment of these men had taken place thirteen to fourteen months after the Easter rebellion. Having regard to the present state of feeling in Ireland, it was, in his judgment, no longer possible to keep these people locked up by maintaining the suspension of Section 1 of the above Act.

Lord Curzon maintained that, when the Cabinet had considered the question of the release of John MacLean, they were generally reluctant to let him out, and they had particularly consulted Lord French as to whether MacLean's release would prejudice the Lord Lieutenant's position, and Lord French had replied in the negative (War Cabinet 508, Minute 9).

The Chief Secretary for Ireland said that Lord French had that very day sent three urgent telephone messages pressing for the release of all the twenty-eight that night. Mr. Macpherson then read a letter from the governor of Reading gaol to the Home Secretary, to the effect that it was practically impossible to maintain any discipline among the Sinn Fein prisoners, and unless there was an immediate prospect of their release, special steps would have to be taken to restore discipline. There were, moreover, signs that they would resort to a hunger strike.

The Secretary of State for War hoped that the Cabinet would not be in any way influenced by the possibility of the present authorities having to resort to forcible feeding. In the case of the suffragettes a few years back the Government had stood firm, and they ought to do so in the present instance. The prison authorities ought themselves to be capable of keeping order in gaols, and the Government should not be asked to arrive at an important decision because those authorities were afraid of disturbances. He himself did not contemplate any trouble in Ireland. In his view there was no place in the world where there was less danger at the present time, and he was satisfied that the troops there could be relied upon. He thought that the Cabinet could not be expected to come to a lightning decision on so important a political question.

The Chief Secretary for Ireland said that his point was that
these twenty-eight men were detained in prison without having been convicted of any crime or given any trial. Moreover, they had since been elected as Members of Parliament, and consequently could claim privilege if they chose.

The Secretary of State for Home Affairs said that, as his Paper showed, he himself had been in favour of their release when he was Chief Secretary, but this view had not been shared at the time by Lord French. Lord French had now changed round, and he thought that the reason why he was pressing for the immediate release of these men was that the new Parliament had assembled that day.

Lord Curzon thought that the War Cabinet should not come to a decision without knowing the reasons which had caused the Lord Lieutenant to make such a volte-face.

Mr. Bonar Law concurred in Lord Curzon's view, and thought that the Chief Secretary should inform the Lord Lieutenant that the War Cabinet were unable to understand this sudden change of view on his part, and until he could submit his reasons for his altered opinion the War Cabinet did not feel in a position to arrive at a decision. The War Cabinet must have more details than were given in the telephone messages. As the Cabinet were aware, granting these men their freedom would be interpreted by the country generally as an act of weakness, and the present moment was most inopportune for any apparent surrender on the part of the Government to agitators.

The War Cabinet decided that—

The Chief Secretary for Ireland should reply at once to the Lord Lieutenant, saying that the Cabinet must be placed in possession of the latter's reasons for his change of opinion in regard to the release of the twenty-eight Irishmen interned in England before they could decide so important a question.

2, Whitehall Gardens, S.W. 1,
February 5, 1919.
WAR CABINET, 527.

Minutes of a Meeting of the War Cabinet held at 10, Downing Street, S.W., on Wednesday, February 5, 1919, at 4.30 P.M.

Present:
The Right Hon. A. Bonar Law, M.P. (in the Chair).
The Right Hon. W. S. Churchill, M.P., Secretary of State for War.
Major-General B. E. W. Childs, C.M.G., Director of Personal Services (for Minute 1).

The following were also present:
The Right Hon. R. Munro, K.C., M.P., Secretary for Scotland (for Minute 1).
The Right Hon. J. I. Macpherson, M.P., Chief Secretary for Ireland.
The Right Hon. A. H. Illingworth, M.P., Postmaster-General (for Minute 1).

Mr. Thomas Jones, Acting Secretary.
Lieutenant-Colonel L. Store, C.B., Assistant Secretary.
Captain L. F. Burtis, Assistant Secretary.
Mr. Pembroke Wicks, Assistant Secretary.

Industrial Unrest:
1. With reference to War Cabinet 526, Minute 1, the Home Secretary said that the traffic situation was less hopeful. When the arrangement had been come to on the previous day to use army motor lorries, Mr. Blain, the General Manager of the London General Omnibus Company, had stated that he did not think the use of army lorries would cause a strike, but to-day Mr. Blain said that the bus drivers would probably strike if the lorries were used. The men, however, had no objection to the lorries picking up Government employees. The Committee on Industrial Unrest therefore felt that it would be unwise to start the lorry service on the following day, especially in view of the fact that the Transport Workers were holding a conference then regarding the position they were going to take up. In answer to a question by Lord Curzon as to what reason the bus drivers would give for striking, Mr. Shortt replied that he could think of no reason other than sympathy with strike on the Underground Railway.
The First Lord of the Admiralty said that he had just seen the Financial Secretary to the Admiralty, who had asked him to state that he shared the view that the use of Government lorries would be interpreted as a strike-breaking act, and might cause trouble, unless carried out with care and tact. Mr. Long said, however, that, unless we acted soon, the situation would become worse and worse each day. There was no doubt that we were up against a Bolshevist movement in London, Glasgow, and elsewhere. He had just returned from one of the naval ports where there had been a little trouble, which was purely of a Bolshevist nature. It was important to note that, simultaneously with these movements here, there was a change of attitude on the part of the Germans. He had no doubt that a skilful organisation was behind the revolt, and that the public would support the Government in putting it down with a firm hand.

The Home Secretary informed the War Cabinet that if once the Lot's Road power-station were started, it would be possible to run about ten additional trains on certain lengths of line on the Metropolitan District Railway, and he had hopes of starting this power-station, the trains, and the lorries simultaneously on Friday morning. Arrangements had been made with the Admiralty to bring to London as soon as possible 650 stokers, and these stokers should be available by seven o'clock on the following evening for the purpose of working at the power-stations and keeping two-thirds of the electricity supply going. This supply would be enough to safeguard the street lighting, hospitals, and cold storage. A further source of assistance was available, and that afternoon 450 electrical students and 40 special constables with electrical knowledge were being examined. With regard to propaganda, he had asked Lord Burnham to undertake this work. There had been a question as to whether the propaganda should be started on the following day or on Friday, but, on the whole, his committee had come to the conclusion that Friday would be the better day, in view of the fact that the other measures that were being taken would then begin.

The First Lord said that the Admiralty had been asked to supply electrical mechanics. There were, however, very few of these available (about seventeen or eighteen), and it would be very undesirable to make use of them as they had been badly reported upon and might refuse to obey orders. As to the stokers, the Admiralty had no doubt as to their reliability if the position were rightly explained to them, but it was essential that they should receive proper protection. These men were unable to protect themselves. Mr. Long added that the Admiralty would undertake that no group of men would be put into any power-station, except under an officer, and it must be understood that these men were not to associate with anyone else. He would like to make it clear that the Admiralty were not prepared to permit the use of these stokers, unless other forces of the Crown were used simultaneously.

The Director of Personal Services said that, with regard to the electricians in the army, General Robertson had grave doubts about employing these men. They were waiting to be demobilised, and many were members of the Amalgamated Society of Engineers.

Mr. Bonar Law thought that every available means of employing voluntary electricians should be used before these men were called upon, and that, if it was found necessary to use them, the matter should again come before the War Cabinet.

The First Lord then drew attention to the fact that thousands of soldiers were arriving daily in London on leave, and had no means of transport to the various stations to which they wished to go. He suggested that lorries might be used for this purpose immediately, without any adverse effect on the bus drivers.

The Director of Personal Services said he thought that this was already being done by the Motor Transport Volunteers, but he would make enquiries.

The Chief Secretary for Ireland said that there were 1,100 Middlesex Motor Volunteers, who would be available for this service, if necessary.
Mr. Bonar Law asked if any steps were being taken to prepare for using the services of soldiers as 'bus drivers, if and when the 'bus drivers went on strike.

The Home Secretary replied that his committee was going into this question, but the difficulty was that a certain amount of practice was required before men could drive a motor omnibus, and amateur drivers might only succeed in injuring the 'buses and putting them out of action.

It was suggested that the Royal Automobile Club could supply a number of motor volunteers, and that they might take action without being asked by the Government. Everything that showed that the public were fighting against the strike was to the good. An appeal might also be made to private owners to place their cars at the disposal of the working classes for the purpose of conveying them to and from their work.

The Home Secretary said he understood that skilled men from the Air Force could be drawn on, and that they would be more reliable than the Admiralty electricians. The London Electricity Companies knew many of these men, and believed they could be depended on.

The Secretary of State for War stated, with regard to the suggestion to use skilled men from the Air Force, that they were the least disciplined and most trade-unionised of His Majesty's forces. They were not trained soldiers, and were hardly distinguishable from trade unionists. They were awaiting demobilisation, and not, like the men in the navy, serving a long engagement. He deprecated their use in industrial disputes, except in the last resort. On the other hand, if it were merely a question of releasing known reliable men, that could be done at once. He understood that before orders were issued by him to any doubtful skilled men there would be a further meeting of the War Cabinet to which he would be summoned.

Mr. Bonar Law said that was so. There should, however, be a list prepared of available skilled men who could and would do industrial work. Then, if a moment arrived when the Home Secretary thought they should be employed, a War Cabinet would be called.

The Minister of Labour said he was seeing representatives of the press that evening at 7 o'clock, and proposed to explain to them the meaning of the regulation which had been passed that morning by Order in Council, under the Defence of the Realm Act, extending the Conspiracy and Protection of Property Act of 1875 to electricity. He also proposed to draw their attention to the Electric Lighting Act of 1882, which provided that any person who unlawfully and maliciously cuts or injures any electric line or work with intent to cut off any supply of electricity shall be guilty of felony, and be liable to be kept in penal servitude for any term not exceeding five years. Sir Robert Horne added that one favourable feature in the situation was the fact that the Amalgamated Society of Engineers Executive had met and suspended their district committees in Glasgow, Belfast, and on the Thames, for permitting these unauthorised strikes.

The Chancellor of the Exchequer thought it was very important to get the greatest amount possible of voluntary assistance. It must be remembered that we were proposing to count on the skilled artisans in the army. We could not be certain of them: they might come in, and they might not. We were asking the War Office to do that which required them to use that part of the army upon which the least reliance could be placed. On the next day—if they failed, we might ask them to quell a riot, and, having refused before, they might refuse again. He wished to impress upon the Committee of Industrial Unrest that it was of the greatest importance to secure civilian help, and their efforts to do so should be redoubled.
The War Cabinet decided—

(a.) To confirm the decision arrived at by the Industrial Unrest Committee to use 650 naval stokers at the various power-stations after 6 p.m. on the following day, if found necessary, and that the Home Secretary should arrange with the Commissioner of Police and the War Office for the employment and proper protection of these men.

(b.) That the electricians in the navy and the army should not be used except in the last resort, but that, if it was considered necessary to employ them, the sanction of the War Cabinet should first be obtained.

(c.) That the Secretary of State for War should utilise army motor- lorries for meeting men coming home on leave, and conveying to the various railway termini.

With reference to War Cabinet 526, Minute 3, the War Cabinet had before them a memorandum by the Chief Secretary for Ireland, conveying a further message from the Lord-Lieutenant in favour of the immediate release of the Irish prisoners (Paper G.T.-6749).

The First Lord said that he was of opinion that it might conceivably have been wise to release the Irish prisoners a month ago, and it might be wise to do so a month hence, but to release them now, because the Irish Government said it was necessary, would be a great and grave danger. He greatly feared the effect in Great Britain, when everybody was expecting the Government to use firmness in dealing with the industrial unrest in England and Scotland, and were all asking what the Government was going to do. It would have a marked effect for good if it were known that the Government were determined to stop the Bolshevist movement. On the other hand, if the Sinn Feiners were released, for some unknown reason which the Cabinet had not before them, the moral effect on this country would be disastrous.

The Secretary of State for War agreed that it would be a disastrous sign of weakness to let out the Sinn Fein prisoners at the present time. There never was a time when it was more necessary to take every possible precaution for the public security. To release them would be taken as a sign that the Government was terrified.

The First Lord asked what was the information which had caused the Lord-Lieutenant to change his views. He had had access to all sorts of information from Ireland, both secret and public, and he had heard nothing from any source to the effect that de Valera and his colleagues would be likely to lead the people along the right path.

The Chief Secretary for Ireland said that everybody in Ireland was denouncing the fact that the British Government was keeping these prisoners locked up in England.

The First Lord remarked that, while the majority did so, there was a considerable section which differed, both in the south of Ireland as well as in the north.

The Chancellor of the Exchequer said that he had been unable to understand the Viceroy's change of mind, but, as the War Cabinet had placed the government of Ireland in his hands, it was difficult not to accept the Viceroy's advice. He had, however, been much impressed by what had been said as to the effect on the situation in England, and suggested that the Viceroy should be told what that effect would be, and that, whatever might be the advantage to Ireland of releasing those prisoners, it would be fatal to the restoration of order in England and Scotland. He would not challenge the Viceroy's view as to what was desirable in Ireland, but would point out the inevitable effect in this country.
Lord Curzon said that, on the last occasion when it was decided to release Irish prisoners who had been interned, he had yielded to the general sentiment that it was politic at the moment to create a favourable atmosphere before the Convention, and he was convinced, on looking back, that the Cabinet had never made a more deplorable mistake, and one which he did not wish to see repeated. He suggested that the matter could not be arranged by telephone. The War Cabinet did not know what the Viceroy meant, and it was essential that he should come over and personally state his case to the Cabinet. The whole country was appealing to the Government for some evidence of firmness in the presence of universal disorder. If the Government suddenly announced that they had released the Sinn Fein prisoners, the effect on public opinion would be most serious.

The Home Secretary said that, in his opinion, the proper moment to release the prisoners would have been the day after the declaration of the poll. He was Chief Secretary at the time and he advised it, but Lord French wanted the matter adjourned. He had himself been in close touch with the Sinn Feiners in his unofficial capacity, and knew what the various leaders were likely to accept. He had come to the conclusion that the efforts of certain leaders, if released, would be valuable to the Government of Ireland, and would prove a moderating influence. They were terrified of the responsibility their colleagues were taking, and were very anxious to recede from it. From the Irish point of view, his opinion still was that release might save bloodshed in Ireland, and if he were Chief Secretary he would strongly press it. From the point of view of the Home Office, he added, he did not think the adverse effect upon the English position would be as serious as was foreseen, but, in view of his short experience at the Home Office, he did not wish to press that view.

The First Lord thought it would be regarded as absolute madness to release these men while we were lighting the forces of disorder in various parts of the country.

Mr. Bonar Law pointed out that, since the time Lord French went to Ireland, the responsibility of the War Cabinet had been confined to saying that he must advise and that the War Cabinet would take the responsibility of supporting his policy. On the other hand, on the merits of the present situation, he took the same views as his colleagues, that this was the worst possible moment, from the British point of view, to release the interned men, and that the one chance of the Government was to show the people that they were going to use every possible weapon in their hands to preserve order. He felt also that, as regards Ireland, the trouble in Belfast would be enhanced by the release of Sinn Feiners. He would not like summarily to reject Lord French's advice, and would rather to speak with the Viceroy himself, if possible.

The Secretary of State for War felt sure that, if a message were despatched to Lord French, pointing out the difficulty the Government were placed in by the acute situation in England, Lord French would accept the explanation, and agree to bear the extra burden in Ireland.

Mr. Bonar Law said that if, after he had spoken to Lord French, he still said that the retention of the prisoners would make the government of Ireland impossible, he had no doubt the Cabinet would take a different view.

The Chancellor of the Exchequer said that he felt very strongly that, in the last resort, Lord French should come over and state his case before it was decided to release the prisoners.

The Chief Secretary for Ireland said that he desired to emphasize the fact that the great difficulty was that the men had never been convicted; they were simply interned and deported, without conviction or trial. On all other occasions, men had been imprisoned after trial.

The First Lord pointed out that there were more than a
hundred other cases of men interned without trial under the Defence of the Realm Regulation 14 B.; he asked whether it was proposed to release them, as they seemed to be in the same position.

The Home Secretary said that there was a difference. In Ireland section 1 of the Defence of the Realm Act was suspended, and it was only necessary to suspect a man of being about to do an act hostile to the State in order to authorise his internment.

The First Lord pointed out that Englishmen interned under section 14 B of the Defence of the Realm Act were examined by a judicial committee after internment. The same privilege had been offered to the Irish, but they had refused it.

The Chief Secretary for Ireland asked what reply would be given in Parliament if reference were made to the release of John MacLean, as distinguished from the continued imprisonment of the Sinn Feiners.

The First Lord reminded the Cabinet that, at the time when John MacLean's case was under discussion, the decision was that he was not to be released if the Viceroy objected, and the Viceroy had agreed that his release would not make any difference to the Irish situation.

Mr. Bonar Law undertook to discuss the situation with the Lord-Lieutenant.

(Initialled) A. B. L.

2, Whitehall Gardens, S.W. 1,
February 6, 1919:
WAR CABINET, 528.

Minutes of a Meeting of the War Cabinet held at 10, Downing Street, S.W., on Thursday, February 6, 1919, at 6 p.m.

Present:
The Right Hon. A. Bonar Law, M.P. (in the Chair).
The Right Hon. the Earl Curzon of Kedleston, K.G., G.C.S.I., G.C.I.E.

The following were also present:
The Right Hon. W. S. Churchill, M.P., Secretary of State for War (for Minutes 1-3).
General Sir J. S. Cowans, G.C.M.G., K.C.B., M.V.O., Quartermaster-General to the Forces (for Minutes 1-3).
Lieutenant-General Sir G. M. W. Macdonogh, K.C.M.G., C.B., Adjutant-General to the Forces (for Minutes 1-3).
Major-General B. E. W. Childs, C.M.G., Director of Personal Services (for Minutes 1-3).
The Right Hon. R. Munro, K.C., M.P., Secretary for Scotland.
The Right Hon. J. I. Macpherson, M.P., Chief Secretary for Ireland.
The Right Hon. Sir A. H. Stanley, M.P., President, Board of Trade.
Sir H. Walker, K.C.B., Chairman, Railway Executive Committee (for Minutes 1-3).

Mr. Thomas Jones, Acting Secretary.
Lieut.-Colonel L. Store, C.B., Assistant Secretary.
Captain L. F. Burais, Assistant Secretary.
With reference to War Cabinet 527, Minute 1, Mr. Bonar Law stated that the President of the Board of Trade had informed him that the Railway Executive had drawn up a proposal with regard to the eight-hour day dispute with the Underground drivers to which the men had expressed themselves willing to agree. This proposal was as follows:

"The Underground motormen to be booked on for eight hours' work. The Company to arrange the work so as to afford time within the eight hours to meet the reasonable necessities of the men."

This proposal, if accepted, would cover the interim period between now and 12th February, when the Railway Executive met the two railwaymen's Unions for further negotiation. This formula, although not giving anything away in effect, did so in appearance, and it was important, in the present disturbed state of the country, that the Government should give no justification for the suggestion that it was yielding to the strikers. The Underground drivers were now willing to accept the substance of what the Government had been fighting for, and they were being afforded the same conditions as to meals as the drivers of the steam trains.

The Minister of Labour said that he had seen the representatives of the men during the day, and was convinced that there had been an honest misapprehension with regard to the interpretation of the Agreements of 6th December and 30th January. He had seen the men's Rules, which described the nine-hour day as a "nine-hour working day," although half an hour had been taken off for meals. On the steam railways the driver stopped his engine, or otherwise arranged to take time during the eight hours for a meal, and this was reckoned as working time, and paid for. The Underground drivers thought that they were in an analogous position, and this was how the misunderstanding had arisen. He felt that the Government would be in a very serious position if they now rejected the present proposal. The Cabinet should keep in view the fact that the Agreement to which the Government was pledged was not the original Agreement of the 6th December. It omitted the word "working" before "eight hours," and its second clause contained the words "All existing conditions of service to remain unaltered, pending the decision of a Committee to be set up as soon as possible to review wages and other conditions of service of railway men in Great Britain." Mr. Bromley, of the Associated Society of Locomotive Engineers and Firemen, was willing to have the conditions reviewed on the 12th February, but wanted to hold the Government to the Agreement of the 30th January, which laid down an eight-hour working day, and provided that "all other conditions of service should remain unaltered." If the issue were raised, the public were certain to lay the greater stress on the original Agreement.

Mr. Bonar Law said that this did not get over the present difficulty. There had been doubt as to the interpretation of the original Agreement, but it had been cleared up on the 30th January. What the Cabinet had intended to resist had been deductions of meal time of from 30 minutes upwards from the eight hours. They had not contested that the men should have time for a "snack" after the manner of the steam locomotive drivers. The Cabinet had really been placed in a false position.

Sir Robert Horne said that the National Union had repudiated Mr. Hudson's signature to the Agreement of the 30th January. Only 1 per cent. of the railwaymen were affected by the present proposal, and the Unions maintained that they were only fighting the case of those who found it difficult to get a "snack" within the eight hours. They did not make any general claim for all railwaymen.

The First Lord of the Admiralty said that, in comparing the conditions of the Underground drivers with the steam locomotive
drivers, the many disadvantages of the latter ought to be borne in mind. If the present proposal were accepted, it would only camouflage a defeat for the Government. In his opinion the extremists were beginning to realise this, by the firm action of the Government they were beaten, and therefore strongly advocated that the Government should not accept the Agreement now suggested.

The Secretary of State for War said that, at a time when everyone should be working harder to make up for the waste of war, it was monstrous that men should be demanding what was in reality a seven and a half-hours' day. An eight-hours' working day was not too much for any man, and he failed to see how the wealth of the country could be made up if interpretations such as that now proposed were put upon an Agreement which had laid down an eight-hours' working day. On the other hand, the whole principle of allowing men to take their meals during working hours was an objectionable one, and it was not surprising that the whole of the railways were seething with discontent. These Underground men should have special places provided for them by the Companies in which they could eat their meals in comfort, and proper intervals for such meals outside the working day should be arranged. It would be useful if the Government put some conditions of this kind into the Agreements with the Companies and the men.

The President of the Board of Trade pointed out that the custom of taking meals during working time was a very old one on the railways, and could not well be disturbed.

The Postmaster-General said that he was in favour of fighting the battle right through. If any concession were made now, it would only be the prelude to further lightning strikes, more especially in the Postal Services.

Mr. Bonar Law asked Sir Herbert Walker (who had just entered) how he could justify the compromise proposed by the Railway Executive, in view of his (Mr. Bonar Law's) correspondence with Mr. Bromley.

Sir Herbert Walker replied that the meal time within the eight hours had not been conceded, and the Railway Executive did not propose to concede it. The time it was now proposed to allow of was not a meal time, would not be recognised as such, and would not be "booked off." The understanding was that some ten minutes would be taken off. He admitted that they were skating on thin ice. Unless this was accepted, the strike would certainly extend over the Firemen's Union, and possibly over the National Union of Railwaymen.

The First Lord and the Secretary of State for War concurred in the opinion that it was hardly possible to have a more unsatisfactory arrangement.

Mr. Bonar Law said that the Government were on weaker ground than was originally thought, and had the facts as now presented been before them at an earlier stage, they would not have chosen the present ground on which to fight, especially since the Railway Executive were prepared to accept the formula set out above.

Lord Curzon said the position was extremely regrettable, and, if the Government yielded, their position in relation to the electrical strike would be adversely affected.

The Chancellor of the Exchequer was of opinion that the proposed arrangement did not in fact give away the principle for which the Government had contended, viz., an eight-hours working day. The men were not now claiming meal time, but only necessary facilities for their physical requirements. But the proposed formula must be altered to make this clear. He suggested a form of words for this purpose.

The President of the Board of Trade said it was important for the Cabinet to direct their minds to the negotiations which would open on the 12th February. The Underground drivers were now
only asking for what had been conceded to the steam drivers, and he thought the Cabinet could fairly agree, without prejudice to the attitude which it would have to take up if, later on, an hour for meals was demanded within the eight-hour day.

After considerable discussion, the following amended formula was drafted, and the President of the Board of Trade was requested to negotiate with the representatives of the men with a view to its acceptance:

"The Underground trainmen to be booked on for eight hours' work. Meal time will not be included in the eight hours, but in the new conditions of the eight-hour day the Companies will offer all reasonable facilities to meet the ordinary physical needs of the men."

Threatened Electrical Strike.

2. With reference to War Cabinet 527, Minute 1, the Secretary of State for Home Affairs informed the Cabinet that, should the electrical strike materialize, arrangements had been made to keep the power stations going with but little reduction in the supply of electricity. His information, however, was to the effect that if the strike occurred, it would probably be only partial. Steps had also been taken, in the event of a strike, to arrest three or four of the leaders under the new Defence of the Realm Act Regulation passed by Order in Council on the previous day. There were several charges which could be made against these men. Naval stokers were available to start work at Lots Road Power Station as soon as they were required, and it was hoped that a restricted service would be started on the Central London Railway on the following morning, and on the District Railway on the following afternoon.

The Under-Secretary of State for the Royal Air Force said that 700 Royal Air Force men were arriving in London that evening, 400 of whom were electricians. He had received numerous offers of help from Royal Air Force officers with technical knowledge.

The Secretary of State for War said that satisfactory reports had been received regarding the attitude of the Air Force electricians.

Lorry Situation.

3. With reference to War Cabinet 527, Minute 1, the Secretary of State for Home Affairs said that a section of the bus drivers at Battersea had threatened to strike. Their Executive, however, had told them to continue at work, but the men were holding a meeting at 11 o'clock that night to decide upon their action. The Executive had informed Mr. Blain, the General Manager of the London General Omnibus Company, that, if a regular service of lorries was run, there was no doubt that the men would come out, but it was not thought that they would take exception to a restricted lorry service for the purpose of assisting Government employees. Another consideration with regard to the bus men had to be remembered, which was, that if they heard that the leaders in the electrical strike had been arrested this might cause the bus men to come out.

The Quartermaster-General stated that 289 lorries were now running for the use of Government employees, and that it would be possible to put on a further 500 by the following morning, and another 500 by the following evening.

It was suggested that a number of vehicles could be obtained from the Road Board.

The War Cabinet decided that:

The Secretary of State for War should place on the roads on the following morning, and during the day, all the available lorries he could obtain.
4. The War Cabinet decided—
To authorise the expenditure by the Minister of Labour of such
sums as might be necessary to defray the cost of propaganda
by his Department during the present industrial unrest.

5. With reference to War Cabinet 324, Minute 7, the Secretary
of State for Home Affairs said that, as directed by the War Cabinet,
he had drawn up the following Terms of Reference to the proposed
Committee on the Pay of the Police:

"To consider and report on whether any or what changes
should be made in the method of recruiting for, the conditions
of service of, and the rates of pay, pensions and allowances of,
the Police Forces of England, Scotland and Ireland."

The War Cabinet approved the above Terms of Reference.

(Initialled) A. E. L.

2, Whitehall Gardens, S.W. 1,
February 7, 1919.
Minutes of a Meeting of the War Cabinet, held at 10, Downing Street, S.W.,
on Friday, February 7, 1919, at 12 noon.

Present:
The Right Hon. A. Bonar Law, M.P. (in the Chair).
The Right Hon. the Earl Curzon of Kedleston, K.G., G.C.S.I., G.C.I.E.
The Right Hon. A. Chamberlain, M.P.

The following were also present:
The Right Hon. R. Munro, K.C., M.P., Secretary for Scotland.
Sir D. J. Shackleton, K.C.B., Permanent Secretary, Ministry of Labour (for Minute 6).
Mr. H. J. Wilson, C.B.E., Secretary Committee on Production (for Minute 6).

Sir Hamar Greenwood, Bart., M.P., Under-Secretary of State for Home Affairs (for Minutes 1, 2, 3, 4, and 5).
The Right Hon. Sir A. Stanley, M.P., President, Board of Trade.
Sir Guy Calthrop, Bart., M.P., Coal Controller (for Minute 6).
Sir A. Nimmo, Coal Controller's Department (for Minute 6).

Mr. Thomas Jones, Acting Secretary.
Mr. Pembroke Wicks, Assistant Secretary.
Lieutenant-Colonel L. Storr, C.B., Assistant Secretary.
Miners' Claims:
Spokesman of Government in Labour Disputes.

1. The War Cabinet had before them a joint memorandum by the Secretary of State for Home Affairs, the President of the Board of Trade, and the Minister of Labour (Paper G.T.-6745), upon the miners' claims for an advance in wages, a reduction in hours, &c, and a note by the Acting Secretary of the War Cabinet (Paper G.T.-6750), with reference to the above memorandum.

The President of the Board of Trade said that the position briefly was as follows: An application had been made by the Miners' Federation for an increased wage, and also to the Prime Minister for a 6-hours' day and nationalisation of mines and minerals, which latter request had been referred to the Minister of Labour, who had conferred with the Secretary of State for Home Affairs, himself, and the Executive Committee of the Miners' Federation, and they had agreed that it was desirable that these various questions should be settled at one and the same time. The miners were now awaiting a reply from the Coal Controller and Sir Robert Horne's Committee. In reply to a question by Mr. Bonar Law as to which Department should be responsible for negotiating with the Miners' Federation, Sir Albert Stanley replied that, in his view, it should be the Ministry of Labour, but it was possible that the Miners' Federation might refuse to treat with that Department.

The Coal Controller said that a big question was involved. Hitherto, the Miners' Federation had declined to deal with the Ministry of Labour, but there were indications that this attitude would not be maintained. Whatever decision was reached by the Cabinet in regard to the Department deputed to deal with the miners, he trusted that that decision would be resolutely adhered to. The special position hitherto occupied by the latter was no longer tenable.

The Minister of Labour said that the miners had always claimed direct access to the Prime Minister. This claim, in his view, should now be definitely rejected.

Sir David Shackleton pointed out that the reason this claim was advanced was that the Minister of Labour had, during the war, the power of enforcing compulsory arbitration, which had not been admitted by the miners. Now that that power was gone, it was possible that they would change their minds.

The Minister of Labour pointed out that so long as the Government controlled the mines, &c, the position of his Department would be seriously compromised, as it would be regarded in the light of an antagonist and not in that of conciliator. The decision which the Government was asked to take that day was what wages were to be paid in the future, and how the price of coal should be adjusted so as to enable any increase, if granted, to be met.

The President of the Board of Trade, in reply to a question by Mr. Bonar Law as to what would happen supposing that a 30 per cent increase were granted, said that the owners would accept this as the act of Government, and reminded the Cabinet that the Government had so far guaranteed the owners' profits.

Lord Curzon said that his view was that the Ministry of Labour represented the Government in all labour questions. The War Cabinet or the Prime Minister might decide certain questions, but any preliminary enquiry must be made by that Ministry. He said he did not understand upon what ground the Miners' Federation should object to negotiating with the Labour Ministry.

The Chancellor of the Exchequer said that during the war various Labour Sub-Departments had been formed in some of the chief Departments of State, viz., the Admiralty, the War Office, the Board of Trade, and the Ministry of Munitions, and that these Sub-Departments had taken decisions so far as their own scope extended. No Sub-Department, however, was qualified to deal with so important a question as that now before the War Cabinet, which, in his view, must be handled by the Ministry of Labour.
Sir David Shackleton thought that somebody representing the employers should, in the first instance, give a decision upon the wage question, and that if this were not satisfactory to the Miners' Federation the latter body should approach the Ministry of Labour. 

Sir Adam Nimmo pointed out that the present application had been made direct to the Government and not to the mine-owners. 

Sir David Shackleton suggested that it was for the Board of Trade now to say if they agreed to the 30 per cent. advance, and that if they were unable to do so the matter should be referred to the Ministry of Labour. 

The Coal Controller said in any case his own Department and the Board of Trade would necessarily render all assistance to the Labour Minister. 

The War Cabinet decided that—

In all labour disputes the Minister of Labour, in close accord and touch with the Board of Trade, or other Government Departments involved, should act as the spokesman of the Government. 

Miners' Claim for Advance in Wages and Reduction in Hours, &c.

2. The Minister of Labour said that the present demands of the Miners' Federation fell into three main categories:—

(a.) Demobilisation.
(b.) Wages.
(c.) Hours of labour.

To which should be tacked on a general request for nationalisation of coal mines. Among the claims put forward by the Federation were:—

(i.) That all demobilised mine workers should be fully discharged from the Army and Navy, and reinstated in the mines as soon as they are able and desire to resume work.
(ii.) Any such mine workers as are not able to perform an ordinary day's work; or are unable to get it; or are displaced to make room for discharged soldiers shall be paid full miners' wages.

In regard to these demands, he proposed that the Government should take a clear stand. As regards demobilisation there was no room for discussion. It was impossible to concede preferential treatment to miners over the rest of the workers of the country. As a matter of fact there had been less dislocation of labour in the mines than elsewhere, except possibly in the shipyards. In regard to wages, the demand was for an additional 30 per cent. This would have a crippling effect on industry. The wage demand alone would amount to about 40,000,000l. per annum; probably 3s. 6d. to 4s. per ton would have to be added to the present price of coal; and, incidentally, about 15s. per ton to be added to the price of steel. In one respect, however, the miners had a reasonable claim for consideration. Their last advance had been in June 1918, when the Prime Minister had promised them that their wages would be reconsidered if the cost of living rose. Since then, increases of pay had been made to other trades. On the whole, looking at pre-war conditions, in comparison with other trades, the miners had not suffered, but there was the Prime Minister’s pledge to be considered, and in order to make them square with other industries they were perhaps entitled to receive an extra 1s. per day. He suggested that two alternative offers should be made to them:—

(i.) An increment of 1s. a day.
(ii.) That their claims should be examined by the Interim Court of Arbitration which had succeeded the Committee on Production.
What he proposed was that they should be empowered to offer the miners a full and impartial enquiry into the whole question of their wages. Such an offer to hear and investigate all their various pleas could not fail, he thought, to have a favourable effect. He ventured to suggest the Committee of Enquiry might be composed somewhat on the following lines:—

- The head of a Government Department in the chair,
- Two representatives of the Miners' Federation,
- Two representatives of the coalowners,
- Two representatives of other trades,
- Two representatives of other trades unions,

and, to complete the Committee,

- A prominent banker and a well-known economist.

This Committee should also go into the question of hours. The miners' plea was that a reduction of the present hours would afford employment to all miners who were being returned from the army. He himself did not apprehend any difficulty about their reinstatement in any case. He further suggested that the Committee should submit, as soon as possible, an Interim Report on the question of wages and hours, and that it should then consider the further and wider question of joint control, or the nationalisation of mines. The coalowners themselves had asked for a full enquiry into the whole mechanism of the coal industry, and into the question of profits.

Sir Adam Nimmo said he did not object to the Terms of Reference to the Committee including the nationalisation of mines, but, speaking for the coalmasters, he could say that they would be much influenced by the character of the Committee, which must include men of undoubted experience and ability, as their enquiries would not be confined to the coal industry alone. He deprecated the Terms of Reference including too precise details, as he thought they should be covered by the general term 'organisation.'

Lord Curzon said that the Cabinet were now being asked to decide a very big question. The Committee's enquiries, to be complete, must extend over a period of four or five months. In the meantime, he understood that a Government decision about the nationalisation of mines would be postponed. If the Committee's enquiries were to extend to the question of the nationalisation of mines, the coalmasters must be adequately represented thereon.

Mr. Bonar Law doubted whether it was expedient that the Committee appointed to investigate the question of hours and wages should also deal with the bigger problem of nationalisation. The whole matter required the most careful handling, and it was essential that public opinion should be on the side of the Government. The Committee, besides comprising members who would represent both the coalmasters and the miners, should also include others not directly interested, or connected with, mines, e.g., judges and economists; and, further, other members who would regard it from the point of view of other industries. He agreed with the Minister of Labour that the proposed Committee should envisage the problem from the point of view of the general trade of the country.

The Chancellor of the Exchequer said that the objection to setting up two separate Committees was that there would be two bodies simultaneously investigating coal problems. It was important that the Committee dealing with the nationalisation of mines should have the advantage of being in possession of the result of the enquiries of the committee on hours and wages. He suggested that a Committee should be set up to deal, in the first instance, with hours and wages, and that later its membership should be expanded in order to enable it to deal adequately with the larger question of nationalisation. He thought there was an unanswerable case for this suggested accretion to deal
with the larger matter, and he was sure that the miners would see the necessity. He hoped that the Committee would also consider the effect of nationalisation on our foreign trade. Incidentally, he would refer to a statement which had been made to the effect that increased cost of living justified a further increase in pay. He would ask whether it was not possible now to do something to reduce the price of food. There were at present enormous stocks in this country, and he thought that the time had come to remove food restrictions.

Sir Adam Nimmo thought that the Committee must include two or three employers' representatives, the same number of workers' representatives, and an equivalent number of consumers' representatives. To these should be added a certain number of members who would exercise a balancing influence in order to knit the Committee together. He attached great importance to this balancing influence to enable all important interests in the country to be represented. His view was that the miners would prefer one Committee only, so that the same members would deal with both problems.

The Minister of Labour said that it must be made clear to the miners that it was essential that, before the question of meeting their demands on the question of nationalisation could be properly considered, there must be a previous enquiry as to existing conditions. He would here remark that these present claims might only be regarded as an "affair of outposts"; the big battle would be joined later. Those responsible for the present industrial unrest now regarded, he believed, the recent sporadic outbursts as a mistake. The moral he would draw was that the Government must take immediate steps to develop their plans in order to meet a much more serious situation later. As regards the present claims, a promise had been made to the Miners' Federation that a reply would be given by the end of this week. He suggested that representatives of the Federation should be invited on the following Monday to a conference, when the views of the Government should be communicated to them. Were these views to be communicated verbally or in a written statement? The advantage of verbal communication was that it would give a chance of the miners' representatives making various suggestions, e.g., in regard to the Terms of Reference to the proposed Committee.

The First Lord of the Admiralty, with reference to the Chancellor of the Exchequer's point in regard to reducing the price of food, said that this raised the question, in a more acute form, of the position of the producers in the country. He pointed out that wages had been raised during the war, not by competition, but by Government action, and the new Parliament would be certain to wish to know how the interests of the producers were to be safeguarded.

The Coal Controller said that the Minister of Labour might be correct in stating that the big battle was to come later, but his own information was to the effect that the miners in South Wales, at any rate, were out for a fight now.

Mr. Bonar Law thought that possibly the present would be a favourable time for the Government to meet a strike. The essence of the present problem was, in his view, the case the Government would be able to present to the country. The miners were claiming to fix their own rates of pay, irrespective of the effect that this might have on other trades, and they were taking up a very selfish position. He thought it most desirable that the Ministry of Labour should at once carefully prepare their case for presentation to the public, and in doing so, they should make a strong point of the affect of a rise in miners' wages upon other wage-earners in the kingdom.

Sir Adam Nimmo agreed that it was essential that a clear statement of the Government's position should be published all over the country. As regards the form in which the views of the
Government should be communicated to the miners' representatives, he feared that a verbal statement alone would only result in hopeless misunderstanding and confusion. He suggested that the verbal message should be at once followed by a printed memorandum to be placed in the hands of the delegates, and to be widely published immediately after the conference.

Sir David Shackleton hoped that the communication would not be in too cut-and-dried a form, and elastic rather than rigid.

The War Cabinet decided that—

The Minister of Labour should prepare, in consultation with the President of the Board of Trade and Home Secretary, a draft communication to be made by him to the representatives of the Miners' Federation on the following Monday, the said draft to be submitted to Mr. Bonar Law for the approval of the Prime Minister before being communicated to the miners' representatives; and the communication, as finally approved, to be widely circulated immediately after the conference.
Mr. Bonar Law had agreed that this should be done, and suggested that Sir Hamar Greenwood's Committee should carry out this proposal.

Sir Hamar Greenwood said that his Committee had registered the names and addresses of large numbers of outside skilled men who would form the nuclei of an organisation such as that suggested by the Minister of Labour. According to his information, the men in the electrical power plants were generally averse from striking, but they and their families had been intimidated by the revolutionary elements.

The War Cabinet decided—

(a) To sanction the establishment of a permanent organisation as suggested by Sir Hamar Greenwood;

(b) To express to Sir Hamar Greenwood and his Committee the thanks of the Government for the admirable work they had performed.

At a later stage the President of the Board of Trade read a letter which he had received from the Executive of the National Union of Railwaymen asking for a conference, and stated that he was arranging to see them at 3 o'clock that afternoon.

4. The Chancellor of the Exchequer referred to recent articles in the "Times" and other newspapers which suggested the agreement signed by Mr. Bromley was not in the same terms as the one signed by Mr. Hudson on the eight-hours' question.

The War Cabinet decided that—

The President of the Board of Trade should announce that it was identically the same agreement.

Local Investigating Commissions.

5. The Minister of Labour suggested that it was desirable that the Local Commissions formed in 1916 to investigate the conditions which led to industrial unrest during the war should be re-established, as the said Commissions had undoubtedly performed admirable work. It was particularly necessary at the present juncture that there should be responsible local bodies who should examine and report on local grievances. The special question demanding a solution was why there was so much revolt against the authority of the Trade Unions. In this connection he had obtained the views of Mr. Clynes, Sir Allan Smith, and others, who had all expressed themselves in favour of re-establishing the Local Commissions.

The War Cabinet decided that—

The Minister of Labour should submit definite proposals for their consideration.

6. The Coal Controller said that there were two points in regard to which he desired to consult the War Cabinet. The first was, in the event of the miners "downing tools," could the colliery owners rely upon the Government affording adequate protection to their mines? and, secondly, should Allied and neutral Governments be informed, in view of the possibility of a strike on the part of the coal-miners of the United Kingdom, that they would be well advised to take the necessary steps to place advance orders for coal in the United States and elsewhere?

The War Cabinet decided that—

(a) The Coal Controller should refer the matter of protection to the Committee on Industrial Unrest (War Cabinet 525, Minute 3).
(b.) It was undesirable that any representations should be made to Allied and neutral countries at this stage.

Seditious Speeches.

7. The War Cabinet considered a Memorandum by the Home Secretary (Paper G.T.-6755) on the question of prosecuting seditious speakers.

The Home Secretary said that, up to the present time, the Home Office had been of the opinion that to prosecute for seditious speeches made at small anarchists' meetings did more harm than good. It was felt, however, that the situation had now changed. There were Bolsheviks in the country with German money, and he was of opinion that, in the different circumstances, it would be wise to prosecute for seditious speeches. He pointed out that the leaders of the agitation in Glasgow had been prosecuted, and he had been prepared, had it been necessary, to arrest those responsible for the unrest amongst the electrical engineers. The alien violinist, Svermus, who had been going about the country making violent speeches, had also been arrested. The Home Office had fairly reliable information about two Swedes who had come into this country with German money. He thought that if some persons of this description were arrested, and at the same time a few men of the type of David Hamilton, whose speeches were referred to in his Memorandum, it would do a great deal to show the country the kind of men who were making mischief. He would single out the most influential and prominent for prosecution.

Mr Bonar Law said that he took the same view as the Home Secretary. In ordinary times prosecutions did more harm than good, but the present circumstances were exceptional. Anything that would impress public opinion with the revolutionary nature of the present agitation would be an advantage. He hoped the Home Office in ended to deal with men of the type of McManus. They should endeavour to get at the real leaders of the movement.

Mr. Chamberlain hoped that the Home Office would take care, when selecting expressions of opinion on which to prosecute, to eliminate those which were less strongly worded. He felt that if attention were confined to only half of the objectionable passages, the strongest half being selected, it would have more effect on public opinion.

It was suggested that the Government should aim at prosecuting persons who were not directly associated with the Trade Unions.

The First Lord pointed out that it was desirable to get at those who were carrying on an agitation under the guise of Trades Unionism. He was informed by the naval authorities that the sailors, while they were extraordinarily loyal, and had expressed their willingness to help in the prevention of disorder, could not understand why agitators, to whose speeches they listened when on shore-leave, were allowed to say things which no man would be permitted to say on board ship.

Sir Auckland Geddes suggested that power should be taken to prosecute aliens coming to this country and indulging in propaganda, and would even go the length of taking power to inflict the death sentence. During the Election the country was very excited on the subject of aliens. He suggested that a sharp distinction should be drawn between British subjects and aliens.

The Home Secretary agreed, but pointed out the legal difficulty, that so many who were aliens by parentage and upbringing had been born on British soil and were British subjects.

The Secretary for Scotland said he was sure that the Lord Advocate was in agreement with the proposal contained in the Home Secretary's Memorandum so far as it concerned Scotland. He strongly expressed the hope, however, that if convictions were obtained, the Government would not allow prisoners to be released
before they had served their sentences. The release of MacLean had had unfortunate results. MacLean was again making most outrageous speeches, and would probably have to be rearrested.

The War Cabinet decided—

(a.) To approve the recommendations contained in the Home Secretary's Memorandum;
(b.) To request the Home Secretary to draw up proposals on the lines suggested by Sir Auckland Geddes, for consideration by the Cabinet.

2, Whitehall Gardens, S.W.,
February 7, 1919.
WAR CABINET, 530.

Minutes of a Meeting held at 10, Downing Street, S.W., on Monday, February 10, 1919, at 11:30 A.M.

Present:

The Prime Minister (in the Chair).

The Right Hon. the Earl Curzon of Kedleston, K.G., G.C.S.I., G.C.I.E.

The Right Hon. A. Chamberlain, M.P.

The Right Hon. G. N. Barnes, M.P.

The Right Hon. A. Bonar Law, M.P.

The following were also present:

The Right Hon. E. S. Montagu, M.P., Secretary of State for India.


The Right Hon. W. S. Churchill, M.P., Secretary of State for War.

The Right Hon. Sir A. Stanley, M.P., President of the Board of Trade.


The Right Hon. C. Addison, M.D., M.P. President Local Government Board.

The Right Hon. the Lord Ernle, M.V.O., President, Board of Agriculture and Fisheries.


The Right Hon. R. Munro, K.C., M.P., Secretary for Scotland.

The Right Hon. J. I. Macpherson, M.P., Chief Secretary for Ireland.


The Right Hon. H. A. L. Fisher, LL.D., M.P., President of the Board of Education.

Mr. Thomas Jones, Acting Secretary.

Mr. Pembroke Wicks, Assistant Secretary.

Lieutenant-Colonel L. Storr, C.B., Assistant Secretary.
1. The War Cabinet had under consideration a draft of the King's Speech for the forthcoming Opening of Parliament. After some discussion the War Cabinet decided that—

The draft Speech, in its amended form (Appendix), should be submitted to His Majesty the King and to the Privy Council for delivery by His Majesty on the occasion of the Opening of the new Parliament on the following day.

2. Mr. Bonar Law informed the War Cabinet that it was usual, at the Opening of Parliament, to give a list of certain Bills which the Government proposed to place before the House during the Session. The following list, which related to Bills ready for immediate action, have been received from the Chief Whip's office:

- Housing Bill.
- Land Acquisition Bill.
- Land Settlement Bill.
- Health Ministry Bill.
- Re-election of Ministers Bill.
- Ways and Communications Bill.
- Civil Flying Bill.
- Army of Occupation Bill.

The War Cabinet decided:

To delete from the list the Bill relating to Civil Flying, and to add to the list the War Pledges Bill.

3. With reference to War Cabinet 525, Minute 7, the Chief Secretary for Ireland said that he had received a telegram from Belfast to the effect that it was proposed to make immediate use of troops for gas and electric works, and that the Commander-in-Chief in Ireland had dissented from this proposal. Mr. Macpherson said that the Lord Mayor would not take any responsibility upon himself for calling for volunteers or for soldiers to protect them. He (Mr. Macpherson) had already urged that the situation should be dealt with in a manner similar to that adopted in Glasgow, and he had suggested that volunteers should be enrolled to carry on the essential services of the city. Nothing had, however, been done.

The First Lord of the Admiralty said that, although the authorities in Ireland had always shown apathy in dealing with a situation of this kind, one should not forget that the Lord Mayor of Belfast was in a different position from the Lord Provost of Glasgow, as much as the Irish Constabulary was a Government Force, and totally different from the Municipal Police in this country. The attitude of dependence on the Government had steadily increased during the past 20 years.

It was suggested that the Lord Mayor of Belfast should form a Joint Committee, consisting of members of the Belfast Corporation and Government officials, to consider what could be done to meet the situation.

The War Cabinet approved of the formation of a Joint Strike Committee in Belfast, and the Chief Secretary undertook to send an official from Dublin to Belfast in order to take the organisation in hand.

4. The Home Secretary stated that the Industrial Unrest Committee had met that morning, and was taking steps to meet the situation that would arise in the event of a coal strike. The Committee had considered that it was desirable to build up stocks of
coal by the diversion of a portion of the exports at present destined for France, Italy, and Scandinavia.

The Prime Minister said that he agreed with this proposal, and he thought it was important to have available every possible ounce of coal. He had given a good deal of consideration to the possibility of the miners attempting to hold up the life of the community, and if they chose starvation as a weapon they must not complain if society made use of the same weapon. We could control the bread and foreign supplies, and we had sufficient troops to guard the main centres, but he was a little anxious as to the protection of herds of cattle in the open country.

The First Lord of the Admiralty said that the navy had ample supplies of coal and, as far as possible, were saving coal at the present time. Instructions to "coal up" had been given and our supplies were being increased.

The Prime Minister added that he would be glad if the Industrial Unrest Committee would devote their immediate attention to the following subjects in connection with the possible coal strike:

- The conservation of the coal supply and the possibility of using fuel other than coal;
- The protection of the various centres where coal, food, and petrol supplies would be concentrated;
- The extent to which electric trains and motor transport could be used for the distribution of food supplies;
- The protection of herds of cattle in the open country;
- The use of the navy;
- The use of the G. R. Volunteers.

Mr. Chamberlain suggested that an enquiry should be held into the possibility of lowering food prices. We had large stocks of certain commodities, and he thought we might possibly lose more money by selling these goods at a price which would recoup the Government for the amount they had paid for the goods than we should by throwing the goods on the market. He wished, if possible, to break the world market prices.

The First Lord said that he apologised for bringing the question of more beer before the Cabinet again, but, although the Cabinet had authorised increased supplies, the beer was not available, and he thought there must be a hitch somewhere.

The War Cabinet decided that—

(a.) The Coal Controller, in conjunction with the Shipping Controller, should arrange for a reduction in the exports of coal to France, Italy, and Scandinavia.
(b.) The Food Controller should be requested to report on the general food situation, the possibility of liberating stocks on a large scale, and on the distribution of beer, at the Meeting of the War Cabinet on Wednesday next, the 12th February, 1919.
(c.) The Committee on Industrial Unrest should examine the suggestions made by the Prime Minister and enumerated above.
Effect of Seditious Speeches on Naval Men on Leave.

5. The First Lord of the Admiralty said that sailors were now obtaining twenty-eight days' leave. During the war these men had had practically no leave at all. Although the discipline of the navy was magnificent, his naval advisers were a little anxious as to the effect of seditious speeches on these men during their leave, and he would therefore strongly urge that the makers of these speeches should be prosecuted with the utmost vigour.

The Home Secretary stated that, in accordance with the decision come to by the War Cabinet (War Cabinet 529, Minute 7), steps in the direction indicated by the First Lord were being taken.

2, Whitehall Gardens, S.W. 1,
February 10, 1919.
APPENDIX.

MY LORDS AND GENTLEMEN,

THE dissolution of the last Parliament followed almost immediately upon the collapse of Germany under the ceaseless blows of the Allied Armies. Since that date the terms of the Armistice, which have been more than once renewed, have been perseveringly enforced. The enemy forces have retired behind the Rhine, and have surrendered much of their armament. The Allied Armies have occupied the bridgeheads across that river, thus laying open the road into Germany should she attempt to renew the war. During the same period the might of the German Navy has been shattered by the surrender of the enemy's submarines and the internment of his main fleet in My ports.

These great results, which give practical securities that the struggle between German tyranny and European freedom is at an end, and that a new era has dawned, have been achieved by the vigilance and disciplined efficiency of the British and Allied Fleets, and by the courage, the endurance, and the determination of My Armies and the Armies of the many Nations fighting with them. Among the resolutions to be submitted to you will be one asking you to give solemn expression to the gratitude of My People for the achievements and sacrifices of those who have suffered for the Country's cause by land, and sea, and air.

In order to reap the full fruits of victory and to safeguard the peace of the world an adequate Army must be maintained in the field, and proposals which will be necessary to secure the forces required will be submitted to you in due course.

For the last month a Conference of My Plenipotentiaries and of the Representatives of all the Allied and Associated Powers has been assembled in Paris to deliberate upon the terms of a just and lasting peace. Their discussions have been marked by the utmost cordiality and goodwill and by no disagreement. They have made good progress with the examination of the numerous and varied problems which will require settlement in the Terms of Peace, and I trust that before the Session is far advanced Preliminaries of Peace will be signed. I rejoice particularly that the Powers assembled in the Conference have agreed to accept the principle of a League of Nations, for it is by progress along that road that I see the only hope of saving mankind from a recurrence of the scourge of war.

I took an early opportunity to visit France and to convey to the President of the Republic the heartfelt enthusiasm with which My People acclaimed the final liberation of her territories and the vindication of the national unity of our faithful friend and ally. I was deeply moved by the demonstration of cordial affection which I received during My visit.

It has also given Me great pleasure to receive in this country the President of the United States of America. The enthusiastic welcome accorded him is a proof of the goodwill which all sections of My People feel towards the great Republic of the West, and an earnest of the increasing understanding with which I trust they will act together in the future.

For the last few months the Imperial War Cabinet has been in continuous session, and My counsels in regard to the War and external affairs have been both strengthened and enlightened by the presence of the leading Ministers of My self-governing Dominions, and of representatives of My Indian Empire. The inspiring sacrifice and the invaluable service which have been rendered by the Peoples of the Dominions and of India during the War have won for them an important place in the councils of the world, and it has been a source of especial satisfaction to Me that their title to representation has been fully recognised in the Paris Conference.

I trust that the Reports of the Committees which are now enquiring into matters connected with Indian Constitutional Reform will be received in time to enable a Bill on the subject to be presented in the course of the Session.
The position in Ireland causes me great anxiety, but I earnestly hope that conditions may soon sufficiently improve to make it possible to provide a durable settlement of this difficult problem.

GENTLEMEN OF THE HOUSE OF COMMONS,

You will be asked to make further provision for meeting the permanent charges resulting from the War, and the new expenditure required for purposes of reconstruction.

MY LORDS AND GENTLEMEN,

The aspirations for a better social order which have been quickened in the hearts of My People by the experience of the War must be encouraged by prompt and comprehensive action. Before the War, poverty, unemployment, inadequate housing, and many remediable ills existed in our land, and these ills were aggravated by disunion. But since the outbreak of War every party and every class have worked and fought together for a great ideal. In the pursuit of this common aim they have shown a spirit of unity and self-sacrifice which has exalted the nation and has enabled it to play its full part in the winning of victory. The ravages of War and the wastage of War have not yet, however, been repaired. If we are to repair these losses and to build a better Britain, we must continue to manifest the same spirit. We must stop at no sacrifice of interest or prejudice to stamp out unmerited poverty, to diminish unemployment and mitigate its sufferings, to provide decent homes, to improve the nation’s health, and to raise the standard of well-being throughout the community. We shall not achieve this end by undue tenderness towards acknowledged abuses, and it must necessarily be retarded by violence or even by disturbance. We shall succeed only by patient and untiring resolution in carrying through the legislation and the administrative action which are required. It is that resolute action which I now ask you to support.

A large number of measures affecting the social and economic well-being of the nation await your consideration, and it is of the utmost importance that their provisions should be examined and, if possible, agreed upon and carried into effect with all expedition. With this object in view, My Government will invite the consideration of the House of Commons to certain proposals for the simplification of the procedure of that House which, it is hoped, will enable delays to be avoided and give its Members an increasing opportunity of taking an effective part in the work of legislation. You will be asked to approve a Bill for the creation of a new Ministry to deal with public health, with a view to the establishment throughout the land of a scientific and enlightened health organisation to combat disease and to conserve the vigour of the race; also a Bill to establish a Ministry of Ways and Communications with a view to increasing and developing the industrial and agricultural resources of the country by improved means of transport. You will be asked to consider measures for effecting a speedy increase on a large scale in the housing accommodation of the country, for the fulfilment of the pledges given to Trade Unions, for the prevention of unfair competition by the sale of imported goods below their selling price in their country of origin, and for increasing industrial and agricultural output, without which a considerable and permanent betterment in the national condition cannot be effected. Proposals will also be laid before you for encouraging settlement on the land, particularly by those who have been in the fighting forces of the Crown, for providing suitable men with the necessary agricultural training and for enabling them to stock and equip their holdings, and for the reclamation of land and the promotion of a comprehensive scheme of afforestation.

Finally, I commend to your earnest consideration the industrial problems of the time. That the gifts of leisure and prosperity may be more generally shared throughout the community is My ardent desire. It is your duty, while firmly maintaining security for property and person, to spare no effort in healing the causes of the existing unrest, and I earnestly appeal to you to do all that in you lies to revive and foster a happier and more harmonious spirit in our national industrial life.

I pray the Almighty God may vouchsafe His Blessing on your Labours.
SECRET.

WAR CABINET, 531.

Minutes of a Meeting of the War Cabinet, held at 10, Downing Street, S.W., on Wednesday, February 12, 1919, at 11:30 A.M.

Present: The Prime Minister (in the Chair.)

The Right Hon. the Earl Curzon of Kedleston, K.G., G.C.S.I., G.C.I.E.

The Right Hon. A. Chamberlain, M.P.

The Right Hon. A. Bonar Law, M.P.

The following were also present:

The Right Hon. W. S. Churchill, M.P., Secretary of State for War.

General Sir H. H. Wilson, G.C.B., D.S.O., Chief of the Imperial General Staff (for Minutes 3 to 5).

The Right Hon. E. Shortt, K.C., M.P., Secretary of State for Home Affairs (for Minutes 1 and 2).

The Right Hon. R. Munro, K.C., M.P., Secretary for Scotland (for Minutes 1 and 2).

The Right Hon. J. I. Macpherson, M.P., Chief Secretary for Ireland (for Minutes 6 and 7).

The Right Hon. the Lord Eelde, M.V.O., President, Board of Agriculture and Fisheries (for Minutes 1 and 2).

The Right Hon. A. H. Illingworth, M.P., Postmaster-General (for Minutes 6 and 7).

Sir George Saltmarsh, Vice-Chairman of the Royal Commission on Wheat Supplies (for Minutes 1 and 2).


Rear-Admiral S. R. Fremantle, C.B., M.V.O., Deputy Chief of the Naval Staff (for Minutes 4 and 5).

The Right Hon. Sir A. Stanley, M.P., President, Board of Trade (for Minutes 1, 2, 6, 7, 8).

The Right Hon. Sir R. S. Horne, K.B.E., K.C., M.P., Minister of Labour (for Minutes 1, 2).

The Right Hon. Sir A. Beveridge, M.P., Secretary, Ministry of Food (for Minutes 1 and 2).

Mr. C. Harmsworth, M.P., Foreign Office (for Minutes 6, 7, 8).

Sir A. Norman Hill, Port and Transit Executive Committee (for Minutes 1 and 2).


Mr. Thomas Jones, Acting Secretary.

Lieutenant-Colonel L. Storey, C.B., Assistant Secretary.

Captain L. F. Burgess, Assistant Secretary.

Mr. G. M. Evans, Assistant Secretary.

Mr. Pembroke Wicks, Assistant Secretary.
The Food Situation

1. With reference to War Cabinet 330, Minute 4 (b), the War Cabinet had before them memoranda by the Food Controller (Papers G.T.-6773 and 6783) on the general food situation.

The Food Controller stated, in bis memoranda, that he had had under his consideration the question of revoking the Food Hoarding Order, so as to increase the distribution of foodstuffs in the interior of the country and to relieve the congestion of the ports. He had already granted certain concessions to householders, but did not consider it advisable to go further at the present time. Any further relaxation of the Order might seriously interfere with the equality of distribution, and act to the prejudice of the less well-to-do members of the community in localities where, for any reason, there was a temporary shortage of any commodity; nor did he think that such relaxation would materially relieve the congestion at the ports, which was due to the great increase of imports consequent upon the cessation of hostilities, inland difficulties of transport, and the shortage of labour both at the ports and warehouses.

Sir Norman Hill said that, at the present moment, the ports were stored to their utmost capacity, and it was impossible for them to hold any more stocks. He had been informed that all storage facilities in the country were already taxed to their utmost limit, so that they could not be expected to afford any relief to the congested ports.

It was generally agreed that the present congestion of the ports was a serious matter, in view of the fact that industrial unrest might at any moment make it difficult to relieve these ports of their accumulated stocks, and it was thought that some system should be devised by the Ministry of Food by which it would be possible to increase the present storage accommodation in the large inland centres.

The President of the Board of Trade said that, should anything happen to the railways, it would be difficult to arrange facilities for the stocks at the ports to be distributed in the usual manner. If facilities could be found in the big inland towns for the storage of food, he thought it would greatly relieve the situation at the ports.

The War Cabinet decided that—

The Shipping Controller, in conjunction with the Minister of Food, should examine the possibility of relieving the present congestion at the ports by distributing the accumulated stocks among the various inland centres.

The Meat Situation

2. The War Cabinet had before them a memorandum by Sir Thomas Robinson (Paper G.T.-6781) in which he suggested that the Ministry of Food should increase the civilian meat ration and reduce the price of meat.

The Minister of Food said that he was in favour of this proposal, and had already appointed a Committee to go into the question of the lowering of price, but this might result in his having to make a heavy call upon the Chancellor of the Exchequer.

The Chancellor of the Exchequer said that he hoped that new food subsidies, like that which had been given for wheat, would not be considered. This was, however, a different question from the Government cutting its loss on the existing stocks. The whole subject required very close examination.

The War Cabinet decided that—

A Committee, with the Food Controller as Chairman, should be appointed to examine the possibility of reducing the price of food. The Committee should be convened by the Ministry of Food and, in addition to representatives of the Ministry, should include representatives of the Board of
The War Cabinet took note of the fact that the Food Controller proposed shortly to increase the present civilian meat ration, as supplies became available.

3. The War Cabinet had under consideration a memorandum by the Treasury (Paper G.T.-6611) on Financial Provision for the Greek army during 1919.

The Chancellor of the Exchequer explained that, at an Inter-Allied Conference held in November last, under the presidency of Lord Milner, this question of financial assistance had been postponed until information could be obtained as to the probability of the demobilisation of the Greek forces. Since that time no military decision had been taken, and, the existing Agreement having expired on the last day of 1918, the Treasury had made arrangements for a Conference with the French Treasury and with representatives of the American Treasury in Paris early in 1919. The British representative was holding up this Conference pending instructions from the War Cabinet on certain points. The project of the French General Staff to embark two Greek divisions to Odessa for use in Russia raised the question of responsibility for supplies to these forces, which would be employed under General Franchet d'Esperey in the French sphere of operations. We were not concerned in the employment of Greek troops at Odessa, and, in his opinion, ought not to take any responsibility for financing them.

Mr. Bonar Law said that up to the end of the war we were responsible jointly with the French and Americans for the finances of the Greek army.

The Chancellor of the Exchequer stated that the cost during 1918 had amounted to £35,000,000, of which the Americans had contributed £5,000,000, the remainder being shared between the French and ourselves. It was improbable that the Americans would contribute further, and certain that they would not contribute to the expenses of the troops in Russia.

The Chief of the Imperial General Staff said that this was a matter of high policy, and it would depend upon the decisions the Allies took as to intervention in Russia. If we were not going to intervene, we should not be called upon to bear the expense.

The Prime Minister said that the Allies were determined not to intervene in Russia. There was not a single advocate of intervention amongst the Allies. Before coming to a decision Mr. Balfour should be consulted, as it was most undesirable to tie Mr. Balfour's hands. He suggested that Lord Curzon should telegraph to the Foreign Secretary, explaining that, subject to any observations he had to make, it was proposed to instruct the British representative in the sense indicated by the Chancellor of the Exchequer.

Lord Curzon said that he understood these Greek divisions had already landed at Odessa.

The Chief of the Imperial General Staff said that the Greek troops had landed in Russia. With regard to stores, it had been arranged that we should land these at Salonica, from where the French undertook to ship them to Russia.

Mr. Bonar Law said that he had given instructions a month before to stop payment, and he did not think any money had been paid since then. The Greeks were, however, using our stores.

The Chancellor of the Exchequer said that the next point upon which instructions were desired was with regard to demobilisation of the Greek army. The Greeks had expressed a desire to demobilise their forces as soon as possible, unless the Allies wished the contrary. He suggested that the War Cabinet should express themselves in favour of the Greek army being demobilised as soon as possible,
and should add that the British Government would be responsible for financing it only during the transitional period.

The Prime Minister pointed out that this was a military question, and that before deciding we ought to know the probable effect of the demobilisation of the Greek army.

The Secretary of State for War said that we were demobilising our own army very rapidly. It was considered that we required about 175,000 men to hold the places in the Mediterranean and Russia which we now occupied. Our own troops were being steadily diminished. In the circumstances, was it wise to limit the number of Greek troops in this area who could relieve our own men while our policy was still undecided? One division of British troops had been sent to the Dobrudja. The Greeks could very well be there instead of us.

It was suggested that this was a question for the Allies to settle generally at Paris, and that it was not for the War Cabinet to take the initiative. Further, the Greek troops would probably be of little use anywhere in the Balkan area as they would only create trouble.

The Chief of the Imperial General Staff said that he understood that it had been decided that the Allies were not to go to Odessa. The Greeks, however, were there, and he thought that it was a question for the Supreme War Council.

The War Cabinet decided that—

Until the general military position had been cleared up and the Allied policy in Russia more definitely settled the instructions issued by Mr. Bonar Law should hold good.

4. The Secretary of State for War said that we were committed in various directions in Russia. We had forces both in the north and in the south of Russia, and in Siberia. The men there were entitled to know what they were fighting for, and were entitled to proper support from home. Our enterprises in all these directions were crumbling. The situation in the north was not yet serious, although it might very easily become so. The Bolsheviks were getting stronger every day. In the South, General Denikin's army had greatly deteriorated. Krasnoff was discouraged, and believed the Allies had thrown them over completely. The situation in Siberia was exactly the same. There was complete disheartenment everywhere. The Great Powers were still delaying the decision on this matter. If we were going to withdraw our troops, it should be done at once. If we were going to intervene, we should send larger forces there. He believed that we ought to intervene.

The Prime Minister said he understood the military view to be that, if we were going to do any good, we should need a million men at least, and these should be despatched in the spring.

Mr. Churchill, continuing, said that he did not suggest intervention on that scale, but we ought to try and keep alive the Russian forces which were attempting to make headway against the Bolsheviks.

The Prime Minister said there were various courses open. As regards intervention, in order to be successful it was necessary to have a million men advancing from Odessa or through Poland. Another policy was to supply the Russian forces with guns, equipment, &c., but every opinion he had heard expressed was to the effect that guns alone would be of no use, as it would be necessary to send in addition at least 150,000 men.

The Secretary of State for War said that he agreed that intervention on a large scale was not possible, but we ought to continue to help the anti-Bolshevik forces in Russia as much as we could. The alternative was to withdraw at once.
The Chancellor of the Exchequer said that, as he understood the position, the chances of any good results had greatly diminished in the last few weeks. The anti-Bolsheviks in Russia had expected far more help than the Allies had sent them. Our information now was that both Denekin's and Krasnoff's forces were untrustworthy. The English troops in Siberia were very tired, and the Czechs were less willing to fight. With regard to Archangel, the Russian forces there were useful as a fighting force only in conjunction with the Allies, and the position appeared to be serious. With regard to Odessa, he referred to a telegram from Lord Granville, dated the 19th January, 1919, announcing the despatch of Greek troops to Odessa (No. 55). M. Venizelos wished to demobilise his army, but, in order to retain the good will of the Allies, was prepared to allow them to serve in Russia. As it was, 41,000 Greek troops were under orders to go to Odessa, of whom 3,000 were already on the spot. If they got into trouble, it would be impossible for France and England to leave them to their fate, and we might be involved at any moment against our will.

The Prime Minister said that he would like to have the military point of view on the question of the various alternatives which were before the Government. He had already indicated two possible policies, namely, that of intervention and that of supplying the Russian forces with guns and money. He would like to know what this latter policy meant—how much money it would mean, and whether it would involve sending more forces. There was a third policy, namely, to withdraw altogether. He would like to know also what it would mean, from the military point of view, if we had to defend these States which would come under the protection of the League of Nations. In reply to a question, he said that Siberia was not amongst these States, as it did not now claim independence.

The Secretary of State for War said that the War Office would prepare a paper on this question. He thought that, if we came to the conclusion that if we had no effective means of helping these people, the sooner they were told the better it would be. On the other hand, if the Allies would not help Russia, Japan and Germany would certainly do so, and in a few years' time we should see the German Republic united with the Bolsheviks in Russia and the Japanese in the Far East forming one of the most powerful combinations the world had ever seen.

The Prime Minister said that the Russian non-Bolshevik armies were inferior to the Bolsheviks neither in men nor guns, and if the Russian population had been behind them they would certainly have made headway. For months the Bolsheviks had had none of the essentials of a disciplined army, yet the Russians had made no effective use.

Lord Curzon said at present there was no doubt that the Bolsheviks were in the ascendant militarily, and we had to consider how far we were responsible for this. The Czechs maintained that the position was due largely to the lack of decision and uncertainty of the Allied policy. As regards the non-Bolshevist groups inside Russia, there was no doubt they considered the invitation to the Conference at Prinkipo as a recognition of the Bolshevik Government on an equality with themselves. The Prime Minister had put before them three policies. That of a determined and thoroughgoing intervention was held to be impossible. Before deciding on the other extreme, a complete withdrawal, the War Cabinet should be perfectly clear that they were doing all they could in what he would call the bolstering policy. In any case, we could only provide forces for Russia by means of volunteers, not only British volunteers but men of other nationalities. M. Scavenius had mentioned to him the possibility of getting Swedish volunteers.

The Chancellor of the Exchequer said that the question of finance had to be considered. President Wilson had made it clear that he was opposed to intervention of any kind, and the United
States would take no financial responsibility, so that France and Great Britain between them would have to sustain the whole cost.

The First Lord drew attention to a letter from Colonel John Ward, which had appeared in the press, and which he said had made a great stir in the country. It conveyed the impression that the men in Siberia had been forgotten.

Lord Curzon said that a Blue Book was being prepared at the Foreign Office, containing an account of the Bolshevik activities in Russia.

The Secretary of State for War said he thought the War Office should be definitely instructed as to the policy to be pursued. They should be told either to intervene or to help the Russian forces with guns and equipment, or to withdraw.

The Prime Minister said that no alternative plans had been submitted to the War Cabinet. He thought that a paper should be submitted showing the military effect of the alternative policies. In addition, he would like to know the extent of the obligation we had undertaken in promising the protection of such States as Poland, Estonia, and Lithuania. This was an obligation which America had also undertaken.

The Chancellor of the Exchequer said there was also a political factor to be taken into consideration. He understood that no one believed that the non-Bolshevik Governments in Russia could by themselves stand for a moment.

The Prime Minister, continuing, said he would like to have the War Office Paper, which the Cabinet had now decided to ask for, in time for discussion on the next day. A request could then be made that it should be discussed in Paris on Friday. He thought it was essential that this matter should be decided before President Wilson left for America on Saturday. It was a question which could not be decided here in London, but they could send an expression of their opinion to Paris.

The War Cabinet decided that:

The Chief of the Imperial General Staff should prepare a statement showing the military effect which would ensue from the adoption of each of the following policies with regard to Russia:

(i.) Intervention.
(ii.) Evacuation.
(iii.) A middle policy of giving all possible help by way of arms and money to the anti-Bolshevik Governments of Russia.
(iv.) The defence of all those States which depended upon the Great Powers for their protection.

4A. Admiral Fremantle gave the War Cabinet certain information as to the position in the Baltic Provinces. He said that in Finland the situation was very promising. They were actually contemplating a raid on Petrograd, and some men had been pushed across the Gulf of Finland. The Letts, also, were showing activity. They had already mobilised their officers, and were trying to mobilise their men.

At the request of the Prime Minister, Admiral Fremantle undertook to furnish Mr. Lloyd George with a statement giving such information as was in the possession of the Admiralty in respect of the situation in the Baltic Provinces.

5. The War Cabinet had under consideration a memorandum from the Admiralty (G.T.-6752), on the subject of British Naval assistance in North Russia, in which authority was asked to make
provision for such shipping as may be necessary for river operations in North Russia, upon the opening of navigation.

The War Cabinet decided to sanction the provision of the shipping for which authority was requested (vide concluding paragraph of Paper G.T.-6752).

Proposed Abolition of Censorship.

6. The War Cabinet had under consideration two memoranda by the President of the Board of Trade (G.T.-6493 and 6678) and a memorandum by the Postmaster-General (G.T.-6723), recommending the abolition of the censorship of telegrams and letters.

The President of the Board of Trade said that he was asking for the abolition, or relaxation, of the censorship in the interests of the trade of the country. The Board of Trade had been urged by a number of the Chambers of Commerce to press for the relaxation of censorship restrictions. The development of the export trade to its pre-war condition was hindered, not only by the delay involved in censoring, but also by the expenditure incurred in sending open messages in place of the abbreviated commercial codes employed before the war.

It was pointed out that the continuance of the censorship was vital to the maintenance of the blockade, and unless it was decided to abandon the blockade, the censorship must be maintained.

The Postmaster-General said that, if Government Departments would, wherever possible, communicate by letter instead of by cable, it would make a great difference to the business community. A very large number of cables were being sent by Government Departments many of which, in his opinion, could be sent by post. He added that, as an example, on a recent occasion the Government telegrams for one day had occupied the Eastern Telegraph Company's lines for a day and a quarter.

The War Cabinet decided on the advice of the Acting Secretary of State for Foreign Affairs—the First Lord of the Admiralty and the Secretary of State for War concurring—that it was premature to abolish the censorship.

Proposed Closing of the Press Bureau.

7. The War Cabinet considered a memorandum by the Home Secretary (G.T.-6742) in which it was proposed that the Press Bureau should be closed.

The War Cabinet decided that, in view of their decision that the censorship must be maintained it was necessary that the Press Bureau should continue.

Blockade and the United States of America.

8. Mr. Cecil Harmsworth requested that it be brought to the notice of President Wilson that attempts were being made in certain quarters not only to lift the censorship, but also to break down the blockade. The situation in regard to blockade matters would be precarious until the Supreme War Council decided that the blockade was no longer necessary.

The Prime Minister suggested that Lord Robert Cecil, who was in close touch with President Wilson in connection with the League of Nations, should be directed to discuss the matter with him.

The President of the Board of Trade asked whether it was agreed that we must make every attempt to maintain the blockade.

Lord Curzon stated that he had had a strong appeal from Lord Derby not to allow any relaxation of the blockade against Germany,
which he regarded as our chief weapon in maintaining control over that country.

Mr. Bonar Law pointed out that if we were unable to weaken the blockade, it would place our manufacturers in a difficult position. We must not make it too difficult to export manufactured goods from this country.

Mr. Chamberlain was of the same opinion, and hoped that the President of the Board of Trade would do everything possible to permit the export of goods to neutral countries. He drew particular attention to the case of exporting coffee to Sweden. While we should continue to prevent exports to Germany, it was urgently necessary to encourage exports to neutral countries.

The War Cabinet decided that:

1. The Acting-Secretary of State for Foreign Affairs should request Lord Robert Cecil to discuss with President Wilson the necessity for maintaining the censorship of communications to South America, and for not relaxing the blockade against Germany.

2. That the Board of Trade and the Ministry of Blockade should do everything possible to encourage the export of goods to neutral countries consistently with the maintenance of the blockade against Germany.

9. Lord Curzon requested the authority of the War Cabinet to relinquish the Chairmanship of the Committee on a Physical Research Institution for the navy, to which he had been appointed by the War Cabinet (War Cabinet 479, Minute 12). Owing to the heavy duties entailed by his work as Acting-Secretary of State for Foreign Affairs, he found it impossible to devote sufficient time to the work of the Committee. Mr. H. A. L. Fisher was willing to undertake the Chairmanship of this Committee, and was anxious to have Sir Auckland Geddes associated with him on the Committee.

Lord Curzon added, in reply to a request by Mr. Churchill that the Air Ministry should be represented, that the Air Ministry was already represented on the Committee.

The War Cabinet authorised the appointment of Mr. H. A. L. Fisher as Chairman of the Committee, with Sir Auckland Geddes as Vice-Chairman.

10. The War Cabinet directed the Acting-Secretary that copies of Bills about to be introduced into Parliament should be circulated in order that they might be discussed as early as possible, and requested that the Bill for the Ministry of Ways and Communications should be circulated at once.

11. The War Cabinet considered and approved the recommendations of the Gibraltar-Ceuta Committee (115 c.)

2, Whitehall Gardens, S.W.,
February 12, 1919.
WAR CABINET, 532.

Minutes of a Meeting held at 10, Downing Street, S.W., on Thursday, February 13, 1919, at 12 noon.

Present:
The Prime Minister (in the Chair).
The Right Hon. the Earl Curzon of Kedleston, K.G., G.C.S.I., G.C.I.E.
The Right Hon. A. Chamberlain, M.P.
The Right Hon. A. Bonar Law, M.P.

The following were also present:—
The Right Hon. E. S. Montagu, M.P., Secretary of State for India.
Vice-Admiral S. R. Fremantle, C.B., M.V.O., Deputy Chief of the Naval Staff.
The Right Hon. T. J. Magnamara, LL.D., M.P., Financial Secretary, Admiralty.
Sir C. Harris, K.C.B., Assistant Financial Secretary, War Office.

Mr. Thomas Jones, Acting Secretary.
Mr. G. M. Evans, Assistant Secretary.
1. The War Cabinet had under consideration a memorandum by the Deputy-Chairman of the Soldiers' and Sailors' Pay Committee (Paper G.T.-6774) containing the recommendation of the Committee that, for the purpose of the supplementary separation allowance granted to childless wives who are not earning wages, an unmarried wife of a soldier should be treated on exactly the same basis as a married wife. The recommendation was based upon the fact that the unmarried wife, in the case of the ordinary separation allowance at 12s. 6d. per week, was treated exactly the same in every respect as the married wife, but only after most stringent enquiries had shown an approved domestic basis.

The War Cabinet decided—

To approve the recommendation of the Soldiers' and Sailors' Pay Committee.

2. With reference to War Cabinet 514, Minute 1, the War Cabinet had under consideration a memorandum by the Deputy-Chairman of the Soldiers' and Sailors' Pay Committee (Paper G.T.-6776) making recommendations in regard to the scale of gratuities to temporary medical officers of the Royal Navy and Royal Naval Volunteer Reserve to permanent medical officers of the Royal Naval Volunteer Reserve, and to dental surgeons of the Navy, Army, and Air Force.

The War Cabinet decided—

To approve the recommendation of the Soldiers' and Sailors' Pay Committee.

3. With reference to War Cabinet 509, Minute 3, the War Cabinet had before them a memorandum by the Admiralty (Paper G.T.-6780), which recommended that full monthly increments should be made to the war gratuities of warrant officers, petty officers, non-commissioned officers, and men of the Navy, Army, and Air Force, who draw service pensions and pay concurrently, instead of the half gratuities which had previously been decided upon; and also a memorandum from the Soldiers' and Sailors' Pay Committee, in which it was stated that this matter had been brought up before the Committee, but as no agreement could be reached it had been decided to refer it to the War Cabinet.

Sir Charles Harris said that the War Office were preparing a further paper, setting forth their point of view on this matter.

The War Cabinet decided—

To adjourn the discussion on this question until the War Office paper had been circulated.

2, Whitehall Gardens, S.W.1,
February 13, 1919.
Minutes of a Meeting of the War Cabinet held at 10, Downing Street, S.W., on Friday, February 14, 1919, at 12 noon.

Present:

The Prime Minister (in the Chair).

The Right Hon. A. Bonar Law, M.P. | The Right Hon. A. Chamberlain, M.P.

The following were also present:


The Right Hon. C. Addison, M.D., M.P., President, Local Government Board.

The Right Hon. Lord Inverforth, Minister of Munitions (for Minute 1).

Sir J. Stevenson, Bart., Ministry of Munitions (for Minute 1).

Sir J. M. Dudds, K.C.B., Under Secretary for Scotland (for Minute 2).

The Right Hon. E. S. Montagu, M.P., Secretary of State for India.


The Right Hon. E. Shortt, K.C., M.P., Secretary of State for Home Affairs (for Minutes 1 and 2).

The Right Hon. H. A. L. Fisher, LL.D., M.P., President, Board of Education (for Minutes 2, 3 and 4).


The Right Hon. Sir A. Mond, Bart., M.P., First Commissioner of Works (for Minutes 1 and 2).

Mr. Thomas Jones, Acting Secretary.

Mr. Pembroke Wicks, Assistant Secretary.

Lieutenant-Colonel L. Storr, C.B., Assistant Secretary.

Captain L. F. Burgess, Assistant Secretary.
1. With reference to War Cabinet 514, Minute 5, the War Cabinet had before them a Memorandum by the Minister of Munitions regarding the disposal of National Factories (Paper G.T.-6782).

The Minister of Munitions stated that, in his Memorandum, he had divided the class A factories (i.e., those which it might prove necessary to retain permanently) into two sections. Section (1) contained the three Royal Ordnance Factories, the Royal Aircraft Establishment and three factories for the manufacture of machine guns, of special types of small-arms ammunition and of box-respirators, which, in the opinion of the Secretary of State for War, should be retained definitely in Government possession and under direct Government control. The fifteen factories in section (2), Lord Inverforth suggested might be disposed of, if favourable opportunities presented themselves, for diverting them to industrial purposes, subject to satisfactory conditions with regard to their re-conversion on demand to the manufacture of munitions.

The Prime Minister said he would view with regret the diversion to other uses of factories such as Queensferry and Avonmouth. He understood that in the latter sulphuric acid had been produced in considerable quantities for the first time in this country. This sulphuric acid would be most useful for agricultural purposes. The continuance of its manufacture would mean the development of an industry we had not hitherto possessed. Enormous expense had been incurred in setting up this factory, and he would urge that if a factory such as Queensferry were disposed of by sale or lease, the industry associated with it should be continued by the purchaser or lessee.

The Chancellor of the Exchequer said that, in the list of factories which it was proposed to retain permanently, too large a number (e.g., Woolwich, Enfield, Waltham Abbey), appeared to him to be in the danger zone, and, if there was a choice, he suggested that factories should be retained that were further away from the East Coast. Political objections would be urged against the removal of Woolwich Arsenal, but, if this were not possible, the use of Woolwich as a filling factory might be discontinued. A factory of this kind in such close proximity to the Capital was a danger to the whole population of London. He agreed with the Prime Minister that it was desirable to continue, by arrangement with some private firm, if possible, the industry begun at Queensferry.

Sir James Stevenson said that, in view of probable developments in aircraft, the question of location would be of less importance in future. If, however, filling was discontinued at Woolwich, it would leave the country without a single filling establishment.

The Prime Minister then enquired what arrangements had been made to guard these factories, and the enormous quantity of munitions and of guns which was distributed about the country.

Sir James Stevenson said that he could give the Prime Minister a complete list of the places where explosives were stored.

Sir Robert Home hoped that discretion to lease the factories would be given to the Minister of Munitions, as their early use was important in view of the growing unemployment problem.

The War Cabinet decided that—

The Minister of Munitions should proceed with the disposal of the factories on the principles laid down in his memorandum, subject to the following limitations:

(i.) The factories at Queensferry and Avonmouth should be leased or sold to firms prepared to continue the manufactures now carried on there.

(ii.) These two factories, and similar class A chemical factories, should not be leased or sold for other industrial purposes without the consent of the War Cabinet being first obtained.
Proposed Industrial Enquiry.

2. The War Cabinet had before them a memorandum by the Minister of Reconstruction (Paper G.T.-6779), in which he suggested that a special enquiry into the present state of industry in this country should be immediately started.

The Minister of Reconstruction said he proposed to appoint three committees, with identical terms of reference: (1) composed of representatives of all sections of labour opinion (2) composed of representatives of employers, and (3) a body of technical experts in economics and finance. The terms of reference he suggested were as follows:

To enquire into—

(i.) The conditions of employment of the workers.
(ii.) The means by which the workers may be assured of an adequate return for their labour.
(iii.) The basis on which the workers should participate in the control of conditions governing industrial life.

The President of the Local Government Board said he was in favour of an enquiry being held, but suggested that the Whitley Councils and Joint Interim Reconstruction Committees, of which there were from fifty to sixty, should be made use of for this purpose. It would please these bodies if the Government asked them for their advice. He had not, however, found in the past that they were very helpful with constructive suggestions. He had obtained certain proposals from them such as the weekly half-holiday and the annual holiday, which questions had been before the Home Affairs Committee in September and had been deferred.

The First Lord of the Admiralty said he doubted the desirability of segregating the different Committees. When Labour representatives met together in the same room they were all suspicious of each other, and it rarely happened that they produced any useful proposals.

The Chancellor of the Exchequer said that, if three enquiries were set up, the members would be influenced in their proposals by the fact that their suggestions would be used as the jumping-off point for negotiations, and this would result in neither side disclosing their real views, and would only lead to the putting forward of exaggerated demands.

The Minister of Reconstruction said that he hoped from these Committees to get a clear statement from Labour regarding its constructive policy. At the present moment their policy was all critical and negative. Even extreme proposals from the proposed Labour Committee would be useful, as they would probably be condemned by public opinion.

The Minister of Labour said that he was doubtful whether the three separate Committees would be very productive. The Labour Committee would put forward proposals not because they believed in them, but in order to get as much as they possibly could; there was a danger that the Employers' Committee would be reactionary, while the economists would be despised as academic. In his opinion the only way was to unite the Committees, and he suggested that a representative gathering of capital and labour, such as that held at the Caxton Hall two days after the Armistice, should be arranged. The Prime Minister might make a speech and then suggest that the employers and the workmen appoint twenty-five members each to sit upon a Joint Committee. This Committee might appoint Sub-Committees to go into the questions of wages and hours, and be
3. The Secretary of State for India said that, in the King's Speech at the opening of the present Parliament, the hope had been expressed that the reports of Committees which were now enquiring into matters connected with Indian constitutional reform would be received in time to enable a Bill on the subject to be presented in the course of the session. He had circulated to his colleagues a copy of a draft Bill to amend the Government of India Act, together with a covering note by himself (Paper G.T.-6698) (Appendix), asking that a Cabinet Committee might be appointed, with instructions to recommend to the Cabinet a Bill to be laid before Parliament as a Government measure. The preparation of this measure would take some time, and much preliminary work would have to be done before the Committee would be ready to receive the reports of the Committees on the franchise, division of functions, and the India Office, which were now sitting. He did not propose to ask assent to the introduction of a Bill before these Committees had reported.

The War Cabinet decided—

To approve the appointment of a Committee, with terms of reference as proposed by the Secretary of State for India, and that the following should be invited to become members of the Committee:—

Mr. Montagu (Chairman),
Lord Curzon,
Lord Milner,
Mr. Chamberlain,
Mr. H. A. L. Fisher,
Lord Sinha,

and directed—

The Acting Secretary to issue the necessary invitations.

The Secretary of State for India said that, if Lord Curzon and the Chancellor of the Exchequer consented to become members of the Committee, it would naturally not be expected of them that they should attend every meeting, but only when crucial decisions had to be taken.

4. The War Cabinet had before them certain Memoranda by the Soldiers' and Sailors' Pay Committee (Papers G.T.-6775, 6780 and 6794) on the subject of War Gratuities to men in receipt of pensions and pay concurrently.

The Prime Minister said that he understood the papers before the War Cabinet had now been submitted to them because the Committee were unable to reach a decision on the subject. This
might be due to the fact that during Mr. Barnes' absence in Paris the duties of Chairman of the Committee had devolved upon the Parliamentary Secretary to the Admiralty, who was placed in the difficult position of having to adjudicate upon questions which were the subject of controversy between his own department and the War Office. Mr. Lloyd George suggested that this difficulty might be met by asking the Minister of Reconstruction to act as Chairman of the Committee until the return of Mr. Barnes.

The Minister of Reconstruction having signified his willingness to act during Mr. Barnes' absence, the Chancellor of the Exchequer said that he wished to submit for Sir Auckland Geddes' consideration the following point. At present, papers dealing with matters under review by the Committee were circulated to the War Cabinet, and relegated to the Committee for decision. He made no objection to this course being followed, but he desired to draw the Chairman's attention to the large sums which were sometimes involved and to the fact that concessions made to the fighting services might greatly affect civilian arrangements. Thus the proposal before the Committee for a bonus on Officers' and Widows' pensions would force him to grant a similar bonus to civil service pensioners—a request which he had already refused—and would add two or three millions to our expenditure. The contention of those who made the suggestion was that the salaries of Civil Servants had been fixed with a view to enable them to live according to a certain standard of comfort appropriate to their station. The war had raised the cost of living all round, and it had been represented to him that if the Government did not take this into consideration and make it up in some way or other to their salaried servants, they were in effect breaking what was regarded by the latter as an unwritten contract. He had resisted the claim, as all persons drawing fixed incomes had similarly suffered on account of the war.

Mr. Bonar Law said that, in regard to the particular question raised in the papers before the Cabinet, his own view was that, if any bonus or gratuities were given to non-commissioned ranks, a proportionate sum must also be accorded to officers. From his knowledge of cases which came before the Officers' Families Fund, he was aware that many families and dependents of deceased and serving officers were now living on the narrowest possible margin.

The War Cabinet decided that—

The Minister of Reconstruction should act as Chairman of the Soldiers' and Sailors' Pay Committee, with full powers of decision, during the absence of Mr. Barnes.

2, Whitehall Gardens, S.W. 1,
February 14, 1919.
I circulate to my colleagues a copy of a draft bill* to amend the Government of India Act, which has been prepared at the Prime Minister's direction. The bill is designed to carry out the Montagu-Chelmsford Scheme of Indian Reform. It is accompanied by draftsmen's notes on clauses.

I would call my colleagues' attention to the form of bill. In 1915 the Government of India Acts were consolidated with infinite labour by a joint committee of both Houses. Such amendments as Parliament may now make in the Indian constitution it is suggested should be automatically included in the Consolidated Act. This device seems to me an admirable one which I hope it will be found possible to adopt, in order to avoid a new complication of Statutes, and, it seems to me, affords an admirable example which could be applied in other matters for the simplification of our Statute Book.

Let me hasten to add that the bill was not drafted in order to suggest to the Cabinet that it should "swallow whole," and without amendment, the proposals of the Montagu-Chelmsford Report, which were published for criticism. It was drafted as a basis for discussion, as a more convenient method of deliberation than in the Report itself. I have had sitting ever since last summer an informal committee at the India Office, under the Chairmanship of Mr. Charles Roberts, which has drafted the bill, written and sent to me valuable notes on various aspects of the problem, and is now engaged on preparing for the Cabinet criticisms which have been received and observations thereupon. I would ask now that these notes, the bill and the criticisms upon the scheme, should be referred to a Cabinet Committee with instructions to commend to the Cabinet a bill to be laid before Parliament as a Government measure. The preparation of this measure must take some time, and much preliminary work has to be done before the Committee will be ready to receive the reports of the Committees on the Franchise, Division of Functions, and the India Office, which are now sitting. But I do not propose to ask assent to the introduction of a bill before these Committees have reported to us.

I would remind the Cabinet that we are pledged, after the second reading of the bill, to refer to it a Select Committee of both Houses, so that I do not anticipate a large draft on the time of the whole of either House.

E. S. M.

British Delegation, Paris,
January 22, 1919.

* Not reproduced in this Appendix.
WAR CABINET, 534.

Minutes of a Meeting of the War Cabinet held in the Leader's Room, House of Commons, on Wednesday, February 19, 1919, at 5.30 P.M.

Present:

THE PRIME MINISTER (in the Chair).


The following were also present:

The Right Hon. E. S. MONTAGU, M.P., Secretary of State for India.
The Right Hon. E. SHORTT, K.C. M.P., Secretary of State for Home Affairs.
The Right Hon. C. ADDISON, M.D., M.P., President of the Local Government Board.
The Right Hon. SIR A. C. GEDDES, K.C.B., M.P., Minister of Reconstruction and National Service.
The Right Hon. SIR A. MONRO, Bart., M.P., First Commissioner of Works.
SIR H. LLEWELLYN SMITH, K.C.B., Board of Trade (for Minute 2).

The Right Hon. W. S. CHURCHILL, M.P., Secretary of State for War (for Minutes 2 and 3).
The Right Hon. J. I. MACPHERSON, M.P., Chief Secretary for Ireland.
The Right Hon. LORD ERNLE, M.V.O., President of the Board of Agriculture and Fisheries.
Mr. JOHN ANDERSON, C.B., Secretary, Ministry of Shipping (for Minute 2).

Mr. THOMAS JONES, Acting Secretary.
Lieutenant-Colonel L. STORB, C.B., Assistant Secretary.
Mr. PEMBROKE WICKS, Assistant Secretary.
Captain L. F. BURGIS, Assistant Secretary.
1. The War Cabinet had under consideration a memorandum from the Chancellor of the Exchequer (Paper G.T.–6829), in which it was stated that a divergence of aims had appeared among the British delegates in Paris in regard to payment for food supplied to Germany.

The approval of the War Cabinet was requested for a draft telegram to Mr. Balfour (Appendix), pointing out the divergence of views of Mr. Hughes, as expressed at the Inter-Allied Commission on Reparation and the views of Mr. Bonar Law, as expressed at the Supreme War Council (Paper I.C.–105, Minute 5), in regard to the relative priority of claims for reparation for acts of damage and claims for indemnity.

The Prime Minister said that he was informed that the French Government were restricting their claims to claims for war damage, and would not press for indemnity, inasmuch as their bill for direct war damage could be made up to 4,000,000,000L, or any figure they cared to name, and it would be very difficult to dispute the claim. The Belgians were taking the same line. The British claims for reparation, apart from indemnity, were exceedingly small. If the claims for reparation were given an absolute priority, they would probably absorb the whole of the amount it was possible to obtain from Germany. Mr. Hughes had unfortunately admitted in the Commission that claims for reparation would come first. The important thing was to secure payment before Germany again became powerful. It was the first payments which mattered. No one would go to war to recover an indemnity, and it was possible, and indeed likely, that if Germany became powerful again the time would come when, in order to recover an indemnity, our only remedy would be to declare war or to go without. He had sent a note to Mr. Hughes, urging that reparation must include indemnity, and had added that, in his judgment, reparation should not come first; if it did, Great Britain would recover nothing at all.

Mr. Chamberlain said that he had heard that the Americans were sending surveyors into the damaged districts in France to appraise the damage for themselves. If the Government stood by Mr. Bonar Law's declaration, the British claims will be paid in full. Reparation might be 10s. or 20s. in the pound, according to the character of the claims, but in any case the British claims for reparation for direct damage were very small. Lord Sumner had written to him that the British claims had been made out on a theoretical basis of so much per ton for the hull, and so much per ton for the cargo. Lord Sumner thought that claims of that kind were untenable, and he wanted claims made out for each ship in each case. He had communicated with the Board of Trade, and they were preparing a statement in accordance with Lord Sumner's view.

The Prime Minister pointed out that the British were standing alone in this matter; the Italians had no interest, as there was no Austria left and no chance of getting indemnity; while the French had based their claims solely on reparation.

Mr. Long agreed that, if the French were allowed to have priority for their claims in the way suggested, we should be left in the lurch. He thought that Mr. Hughes had only made the admission he had with a desire to moderate the case which he had put too strongly.

Mr. Montagu suggested that it was necessary to provide a formula that would secure the division of the money equally, according to war effort.

Mr. Churchill drew attention to the great importance of the British indebtedness to the United States, 8,000,000L; the sale of British securities in the United States, 1,260,000,000L; and export of bullion to the United States 400,000,000L. After the absolute destruction of property in France and Belgium, he considered this claim should be the next, involving, as it did, a complete alteration of our financial position in relation to America. We had been harder hit than any other country, in that we had paid these
enormous sums for other people. He desired to make the Germans responsible for the discharge of our overseas debt, and he had thought that the United States should be confronted with that point of view.

The War Cabinet decided—

To confirm the view stated by Mr. Bonar Law at the Supreme War Council (Paper I.C.–105),

and requested—

The Acting Secretary to invite Lord Sumner, Lord Cunliffe, and Mr. Hughes to return to London immediately to discuss the matter.*

2. The War Cabinet considered the draft Bill for the Ministry of Ways and Communications (Paper G.T.–6812), together with memoranda thereon by the President of the Board of Trade, the Air Ministry, and the Chancellor of the Exchequer (Papers G.T.–6901, 6802, and 6832).

Sir Hubert Llewellyn Smith stated that the Board of Trade took exception to clause 2 (1) (g), which provided for the transfer to the new Ministry of the powers and duties of the Board of Trade in relation to merchant shipping, including pilotage.

Sir Eric Geddes said he assumed that the Minister of Ways and Communications should be responsible for the conveyance of goods in the kingdom and into the kingdom. He stated that Sir Albert Stanley, on the other hand, considered it was wrong to put into one Department competing services of this description. Sir Albert Stanley agreed that, if there was to be a Ministry of Ways and Communications, the new Ministry should have control over merchant shipping, but was of opinion that the new Department should be a Ministry of Railways and not a Ministry of Ways and Communications, in which case it would be logical to exclude shipping altogether.

Sir Hubert Llewellyn Smith said that he thought Sir Albert Stanley would suggest that the new Ministry should be responsible for all forms of transport over which the State for the time being assumed control. A Department which was administratively and financially responsible for one form of transport service would not be regarded as an impartial regulator of a competing private service. The inclusion of merchant shipping under clause 2 (1) (g) was an excrescence on the Bill; in all other respects the Bill dealt with inland transport. It might be necessary at some time or another to go to Parliament and seek control over shipping. At present no real powers would be obtained under the Bill in respect of nationalisation of shipping, but suspicion would be aroused and the shipping interest would be alarmed. The shipping interest was very powerful, and there was no doubt it would add greatly to the difficulties of getting the Bill through if this clause were retained.

Sir Eric Geddes said there was no provision for taking over anything but the existing powers of the Board of Trade. The shipping interest had no reason for taking exception to that. He attached great importance to this clause.

The First Lord of the Admiralty agreed that the chances of the Bill would be greatly imperilled by the inclusion of the clause. There was no vested interest in the House of Commons so powerful as the shipping interest. He was informed that the shipping industry had a stupendous task before them in restoring overseas trade, and were very suspicious of any Government action being proposed in Parliament. On the other hand, they were in close

* At a later stage the Prime Minister decided that he himself would go to Paris, and that therefore Lord Sumner, Lord Cunliffe, and Mr. Hughes need not be invited to return to London. This decision again was subsequently rescinded, and Mr. Hughes, Lord Sumner, and Lord Cunliffe attended a Meeting of the War Cabinet, held on the 25th February, 1919.
touch with the Board of Trade, and would not welcome association with a new Department of whose intentions they knew nothing.

Mr. John Anderson said that Sir Joseph Maclay, who was unable to be present owing to illness, was of opinion that the functions of the Government in relation to shipping should remain with Board of Trade, in which was vested the duty of safe-guarding the trade of the country. He would deplore very strongly any attempt to take these functions from the Board of Trade and give them to a new Department mainly concerned with land transport. Any attempt to do so would arouse the very strongest protest and create apprehension in the minds of the shipping community.

Sir Eric Geddes stated that if the Ministry of Shipping were to continue as such, he agreed that there was no case to be made out for the proposals contained in the Bill.

Sir Hubert Llewellyn Smith pointed out that there was a proposal in the Bill to give express power to take over the coasting trade by agreement. Traders would object to that, as something between one-third and one-half of the railway rates were more or less affected by the coasting trade, and in that way the coasting trade was a great regulator of rates.

The War Cabinet decided that—

Clause 2 (1) (f) should be excluded.

3. Some discussion was raised with regard to the proposed transfer of harbours, docks, and piers, under clause 2 (1) (f), and it was pointed out that difficulty might be experienced in the House of Commons from the leading dock authorities, especially those of Liverpool, London, and Glasgow.

Sir Eric Geddes said that if power to control docks were removed from the Bill it would emasculate the Bill. The control of ports influenced the whole system of transport, and he regarded it as a vital matter to be able to regulate traffic in the ports.

The War Cabinet decided that—

Clause 2 (1) (f) should stand.

4. Sir Hubert Llewellyn Smith drew attention to the views expressed by the President of the Board of Trade in his memorandum (Paper G.T.-6801), and remarked that the supply of electrical power was overwhelmingly an industrial problem, that the net electrical demand for railways would probably not be more than 10 per cent. of the industrial demand.

Sir Eric Geddes observed that, with the best estimate it was possible to make of the development of power for heavy traction, the amount of power required for traction would certainly be more than 20 per cent. for railways alone. Lighting was only 4 per cent., and a large portion of the remainder consisted of tramway traction.

Sir Hubert Llewellyn Smith said the Board of Trade were of opinion that the provision of electrical power should be in the hands of electricity commissioners responsible to a Department that was concerned with the general interests of electrical users as a whole, rather than in the hands of a large consumer, such as the Minister of Ways and Communications. Consumers would never believe that the powers of the Ministry were exercised impartially. The Bill took no powers in regard to electricity, it only transferred whatever powers existed in regard to electricity, and a new Bill would be required to enable it to supply electricity. The Board of Trade Bill were held over till the new Ministry of Ways
and Communications was established, the Session would probably be lost and the Bill would have to be postponed until next year, which would be disastrous. The Board of Trade were also afraid that the municipal institutions were strong enough to wreck any proposal to put electricity under the Department which represented the railways. The municipal authorities were already moving in the matter. If a transfer were desired in the future it could easily be done by a short Bill. The Archibald Williamson Committee, representing all the interests, had come to an agreement which, with very slight modifications, was embodied in the Board of Trade Bill. If the municipal authorities took alarm, the agreement so arrived at would be thereby dissolved, and the position would revert to the state of chaos and confusion which had hitherto existed.

The Secretary of State for War remarked that the Ministry of Munitions in three years had multiplied enormously the electrical power supply of the country as compared with thirty years under the Board of Trade. No doubt they had wider and altogether different powers, but on the merits he would have thought that it would be better to place electricity under the new authority proposed by the Bill. He suggested that the Board of Trade should proceed with the Electrical Supply Bill, which should be followed up by the Ways and Communications Bill.

The Prime Minister concurred that the Board of Trade should proceed with their Electricity Supply Bill, and suggested that Sir Eric Geddes should come to an arrangement with the Board of Trade to transfer their electrical powers to the new Ministry by Order in Council.

Sir Eric Geddes said that the Board of Trade Bill stopped short at compulsory transmission, which, in his view, was quite inadequate. They could only generate, and had no compulsory power to transmit. They could take over transmission lines by agreement only. But, in order to deal successfully with electricity at high tension, you must take it up to the point where you reduce the pressure and give it to the distribution mains. Sir Albert Stanley took the view that antagonism existed between the railways and the trading community: the contrary was the case—the railway was the life-blood of industry, and it was along the railway track that the pioneer transmission cables ought to go. To get the most economical working power of electrical plant on a railway, electricity must be distributed to all industries in the surrounding district, so as to get a steady load. The idea that the railway interest in electricity would squeeze out industry was not tenable for a moment. He wanted to push the electrical power supply for all it was worth, both in the interests of railways and industry.

The President of the Local Government Board suggested that the provision of power was the function of the Ministry of Supply. It was for Sir Eric Geddes to provide the power stations, and he should make arrangements with the Ministry of Supply to supply electricity in the same way that it would supply other commodities. The proper organisation, so far as the State was concerned, was the Ministry of Supply, upon whom Sir Eric Geddes would indent in the same way as other Departments indent for their requirements. He was not in favour of the Board of Trade proposal.

Sir Hubert Llewellyn Smith said that if the two Bills were to proceed side by side the Board of Trade might be put in a difficult position in piloting their Bill. He would, however, at once consult Sir Albert Stanley on the subject.

The War Cabinet decided that—

The Board of Trade should proceed with their Electricity Supply Bill, and that the Bill creating the Ministry of Ways and Communications should include power to transfer to it all or any powers of any Government Department relating to supply of electricity, but in order to avoid the delay that
would otherwise result the Cabinet wish the Board of Trade to proceed at once with the Supply of Electricity Bill after meeting any criticisms that Sir Eric Geddes may wish to make on the Bill as drafted. The above decision to be subject to the concurrence of the President of the Board of Trade (who was unable to attend the Meeting). *

5. The War Cabinet decided—Sir Eric Geddes concurring—that—

The power to convey passengers and goods by air should be deleted from the Bill.

6. The Secretary of State for India asked whether clause 3 (b) meant that the Government were going to nationalise the railways.

Sir Eric Geddes said that the power to take possession of railways under this clause was taken for two years only. Under the Defence of the Realm Act the Board of Trade had power to take possession of the railways. This merely enabled the new Minister to continue the powers for two years which had been exercised during the war. Otherwise so soon as the Defence of the Realm Act lapsed there would be no power at all to control railways. There were two main facts to be considered—

(a.) The Runciman letter, which was a binding letter, gave the railways two years more, during which the Government guaranteed the same profits as the railways had earned in the pre-war period.

(b.) A Select Committee of the House of Commons, which had been appointed to examine the question of the nationalisation of railways, had not yet reported.

Clause 3 was agreed to.

7. The Chancellor of the Exchequer suggested that if it were decided to retain the substance of the clause it would be necessary for him to confer with Sir Eric Geddes in regard to the method of payment. He desired to raise the big question whether it was right to attempt to deal in this Bill with the purchase of railways by the State. The War Cabinet at the moment had no policy in the matter; some kind of control must continue, and it was possible that nationalisation was the right policy; but the Select Committee had not yet reported and the Government had never considered it. He thought it a mistake to insert these powers before the Government had made up their mind. The proper course, if nationalisation were decided on, was to introduce a special Bill in Parliament for that express purpose.

Sir Eric Geddes regarded the powers as important in order to put him in a position to negotiate with the railway companies during the next two years. They were not at present in a very conciliatory mood.

The Chancellor of the Exchequer asked whether it would not do simply to have power to purchase without specifying how the purchase should be arranged.

The Prime Minister said he thought it would be desirable to have powers which would enable the Government to enter into negotiations when they had considered the matter. There were already powers to purchase under an Act passed in 1844, and when he was President of the Board of Trade the railway managers had been not unwilling to hand over the railways to a body like the Port of London Authority, but it was found to be undesirable under that Act. The railways were now working at a deficiency of $90,000,000, and the railway companies would not take them over in two years' time unless the Government were prepared to make up that deficiency, or else allow them to raise their charges. The

* Sir Albert Stanley later wrote to the Prime Minister signifying his concurrence.
trading community might be prepared to submit to increased charges in the form of general taxation, but they would not agree to it if it were for the purpose of increasing the dividends of railway shareholders, and there would be a combined trade and labour opposition to any proposal to increase the rates. He was also of opinion that if the Government could say that they had in mind a proposal to make the railways State property it would be much easier to deal with the menacing industrial trouble. They would be in a position to say to the men that they were imposing a burden on the community if they persisted in their demands, which would have to be met either by increased taxation or an increase in the price of commodities. The powers must be exercised by Order in Council which would lie on the table of the House, and could not be made effective without the sanction of the House of Commons. On the other hand, to introduce a Bill might enable a determined minority to hold up the matter for months.

The First Lord of the Admiralty pointed out that there was nothing so unpopular in the House of Commons as legislation by Order in Council, and in his view it would be absolutely necessary for the Prime Minister himself to make a strong personal appeal to the House.

The Secretary of State for India asked whether it was impossible to decide the question of nationalisation immediately. The Prime Minister asked the Secretary of State for India not to press the point and said that he would like Sir Eric Geddes to be in office first, in order to be able to advise the Government in the light of his experience in office whether it were desirable or not. He believed owing to the fierce competition among railways the majority of railway managers held nationalisation to be inevitable.

The Secretary of State for War remarked that the railway shareholders deserved consideration, in view of the damage to the railways during the war.

Sir Eric Geddes did not agree that the Government had ruined railway property. He held that wages and general costs would have risen anyhow.

The President of the Board of Agriculture pointed out that a Commission on Nationalisation was sitting before the war and had been suspended eighteen months after the war broke out. The general idea of the Commission had been that nationalisation should not be attempted until some idea had been gained as to how it would work.

8. Attention was called to the power to acquire tramways, which it was suggested would raise very strong opposition among municipal authorities.

Sir Eric Geddes remarked that inter-urban and suburban communication were so linked up that it would be very difficult to solve the traffic problem without acquiring the right to purchase tramways. The regulation of inter-urban tramways was an integral part of the solution of the housing problem.

The Secretary for Scotland said that Glasgow, for example, would raise the strongest possible objection.

The Prime Minister pointed out that the London County Council and the municipal authorities of Birmingham, Manchester, and other great towns would also object.

The Chancellor of the Exchequer suggested that powers of control and compulsion where two authorities were not agreed would provide all that was necessary in the meantime.

The Prime Minister said, in reply to Sir Eric Geddes, who asked if he must drop construction as well as the purchase of tramways, that that was a different matter and not open to the same objection.

The War Cabinet decided—

To delete tramways from clause 4 (1) (a).
9. Sir Eric Geddes said that he asked for this power in order to be able to buy a competitive shipping line where the shipping company complained of railway competition.

The Prime Minister suggested that this clause should not be put in the Bill, but should be offered as a concession if necessary.

10. The Chancellor of the Exchequer said that he was uncertain about the provision in clause 4 (2) and (3) for the determination of a price to be paid for an undertaking in default of agreement by a Court of Arbitration. He would like to leave it open for discussion with Sir Eric Geddes, with power to come to the Cabinet again if necessary. If the Government contemplated the purchase of railways they ought to be run to pay their way as a commercial concern on a proper basis, and accounts ought to be kept so that everything for which they were responsible should be charged against them—that was to say, special railway stock ought to be issued against the railway revenue with the guarantee of the Consolidation Fund behind it.

This was agreed to.

The War Cabinet decided—

(a.) To approve the Bill, subject to the conclusions above recorded and to verbal drafting amendments.
(b.) To appoint a drafting committee to consider the clauses of the Bill, consisting of—

Sir Eric Geddes,
The President of the Board of Trade,
The Home Secretary,

(together with representatives of—
The Local Government Board,
The Scottish Office,
The Irish Office.

11. The War Cabinet had before them a Memorandum by Lord Ernie (Paper G.T.-6797) regarding the control of building for land settlement. The President of the Board of Agriculture and Fisheries said that, in accordance with a decision of the War Cabinet (War Cabinet 496, Minute 12), the First Commissioner of Works claimed that the functions of his Department covered the whole of the building work, advisory and actual, that might be entailed in the scheme of buildings for small holdings for the County Councils. Lord Ernie said that, in his view, this work, together with that of adaptation and housing on the small-holdings colonies should be carried out by the Board of Agriculture. He had already appointed an architectural staff, who were about to issue a series of type plans to the County Councils as a basis for the work of their architects.

The First Commissioner of Works stated that the War Cabinet had laid down (War Cabinet 496, Minute 12) that the only Government Departments which should be empowered to undertake building or constructional work should be the Admiralty, the War Office, the Ministry of Munitions, and the Air Ministry, and that the duty of carrying out work for other Government works should be entrusted to the Office of Works. His Department had an efficient district organisation and maintenance contractors all over the country, who could carry out the work of the Board of Agriculture.

The Chancellor of the Exchequer said that the Haldane Committee recommended that services should be grouped under one
particular Minister, and if different services were allowed to grow up under the various Departments it would mean a great multiplication of staff. Under the new Housing Bill the President of the Local Government Board reserved to himself the right to build houses if the local authorities proved themselves incapable. This might mean that the Local Government Board would ask the Treasury to sanction a staff of architects; the Board of Agriculture, if Lord Ernle's present proposal was adopted, would want another staff of architects, when all the time the First Commissioner of Works had a trained staff ready to carry out the work. The Chancellor of the Exchequer strongly urged that the Board of Agriculture should specify their needs and allow the Office of Works to carry them out.

The President of the Local Government Board said that it was true he had asked for powers under the new Housing Bill to build in default of action by the local authorities, but his intention was that the work should be carried out by the Office of Works.

The President of the Board of Agriculture asked that he should be allowed in any case to complete the half-built cottages on which work had been stopped when the War Cabinet instructed that no building should be done except that directly required for war purposes.

The War Cabinet decided that—

The adaptation and housing requirements of the Board of Agriculture should be carried out by His Majesty's Office of Works, but that the Board of Agriculture should complete any building operations initiated by them which had been interrupted owing to war conditions.

12. The War Cabinet had before them correspondence between the Commonwealth of Australia and the Colonial Office, in which the High Commissioner asked that he might be supplied with full particulars regarding any arrangements which were being made in this country in connection with the celebration of peace. (Paper C.T.-6784.)

The War Cabinet decided—

To appoint the following Committee to examine the question of peace celebrations in this country, and to make recommendations to the War Cabinet:

Lord Curzon (Chairman),
The Home Secretary,
The First Commissioner of Works,
A representative of the Admiralty,
A representative of the War Office,
A representative of the Colonial Office.

13. With reference to War Cabinet 533, Minute 4, the War Cabinet took note of the following decision arrived at by the Soldiers' and Sailors' Pay Committee:

That pensioners in the non-commissioned ranks should receive the full monthly increment, but that, in so far as the commissioned ranks are concerned, it is not desirable to make any change as the result of this decision.
14. With reference to War Cabinet 483, Minute 13, the War Cabinet took note of a memorandum by Lord Reading (Paper G.T.-6795) regarding the agreement he had arrived at with the United States Government as to the rates to be charged for the transportation of American troops in British ships.

15. With reference to the Joint Conference of Government Departments and Trade Unions concerned, before which the Interim Report No. 1 on the Application of the Whitley Report to Government Industrial Establishments is to be brought on the 20th February at the Central Hall, Westminster—

The War Cabinet took note that the Prime Minister had appointed Sir Robert Horne, Minister of Labour, to be Chairman of the Inter-Departmental Committee to consider the Application of the Whitley Report to Government Establishments vice Mr. Roberts (War Cabinet 488, Minute 12).

2, Whitehall Gardens, S.W. 1,
February 20, 1919.
APPENDIX.

Earl Curzon to "Astoria" (Paris).

(No. 189. Very Urgent.)
(Telegraphic.)

Foreign Office, February 19, 1919, 7:10 P.M.

PAYMENT for food supplied to Germany.

Attention of War Cabinet has been called to divergence between view expressed by Mr. Hughes at Reparation Committee on 10th February and that urged upon Supreme War Council by Mr. Bonar Law on 13th January, and then accepted by the Council.

His Majesty's Government must adhere to attitude taken by Mr. Bonar Law. They are unwilling to become responsible for any share of cost on any other terms. Please so inform all British delegates on Reparation Committee and on any other bodies concerned.
The War Cabinet had before them the draft of a Bill (Paper G.T.-6870), to be introduced in the House of Commons that day, for the establishment of a Commission to enquire into matters connected with the Coal Industry.

The Minister of Labour stated that the Bill was necessary in order to give adequate power to the Committee of Enquiry which the Government were establishing to deal with the claims that had been put forward by the miners for increases in wages and reduction of hours, &c., and also for the nationalisation of the mines. An enquiry was promised in the reply which was given to the miners on behalf of the Government, and it was decided, after the meeting which the Prime Minister had with the miners' executive in the previous week, that legislation should be introduced at once setting up the Commission and giving it the necessary powers.

The War Cabinet, after discussion, approved the Bill as drafted.

The War Cabinet approved certain proposals for changes in the pay of civil servants made by the Chancellor of the Exchequer.

With reference to War Cabinet 534, Minute 1, the War Cabinet decided that—

A message should be sent to Paris inviting Mr. Hughes, Lord Cunliffe, and Lord Sumner to meet the Cabinet on the following (Tuesday) afternoon, to consider the question of reparation and indemnity.
4. With reference to War Cabinet 511, Minute 1, the War
Cabinet had under consideration a Memorandum by the Secretary
of State for War (Paper G.T.–5824) in connection with the
Treatment of soldiers during Parliamentary Elections.

Mr. Churchill said that the Memorandum, which he had
circulated, merely proposed legislation on the first convenient
opportunity for what it had been found necessary to do in actual
practice during the present Parliamentary Elections.

The War Cabinet decided—

To approve the proposals made by the Secretary of State for
War in his Memorandum (Paper G.T.–5824).

5. Mr. Churchill said that there were several questions, viz.,
Treatment of Conscientious Objectors, New Army Bill, and Policy
in Russia, which, if practicable, he would like the War Cabinet to
consider on the following day. The question of what was to be our
policy in Russia was an urgent one, since the position in this
connection was more or less the same as it had been six weeks
before.

After a short discussion as to the urgent questions which had
to be considered by the War Cabinet on the following day—

The Prime Minister said that, with reference to our policy in
Russia, the matter had been discussed three times at Paris. It was
not the fault of the British delegates that no definite decision had
as yet been arrived at. The question was one which must be
discussed at Paris, since it was not a question of coming to an
agreement with one Government, but the views of the representa­
tives of five different Powers had to be taken into account. The
policy of the British Government had been agreed upon and actually
stated in writing. The further discussion of the matter was being
held over until his return to Paris, and he would then press for
the adoption of the policy which had been decided on by the War
Cabinet, in the first instance, as being the best to pursue.

Mr. Churchill said that the Chief of the Imperial General Staff
had prepared four proposals for giving effect to the Cabinet policy.
What he wanted the War Cabinet to do was to approve of certain
measures being taken. There might be a serious disaster at
Archangel in the coming spring unless an early decision were
come to.

The Prime Minister asked whether, if, as proposed, the question
were discussed, the War Cabinet were to be invited to take a
different view to that which they had already agreed upon. The
question of our policy in Russia was one which could only be
usefully discussed in conjunction with our Allies.

The Chief of the Imperial General Staff suggested that the
Secretary of State for War should arrange for the circulation to the
War Cabinet of the Memorandum which had been referred to.

The War Cabinet decided that—

The Secretary of State for War should arrange for the circu­
tion of the War Office Memorandum.

6. A telegram was submitted (Admiralty telegram No. 278 from
Commander-in-Chief, Mediterranean) asking the consent of His
Majesty's Government to the grant of active assistance by the Naval
Forces now in the Black Sea to the forces operating under General
Denikin in that neighbourhood.

It was decided, in accordance with the policy now being pursued
by His Majesty's Government in that quarter, that—

Such assistance might be given provided that no Naval forces
were landed without reference to, and permission from, His
Majesty's Government.
7. The War Cabinet took note of the following resolution passed by the Supreme War Council on the 8th February, 1919 (Paper I.C.–136, paragraph 5) –:

"(1.) Under present conditions many questions not primarily of military character which are arising daily and which are bound to become of increasing importance as time passes should be dealt with on behalf of the United States, and the Allies by civilian representatives of those Governments experienced in such questions as finance, food, blockade control, shipping, and raw materials.

"(2.) To accomplish this there shall be constituted at Paris a Supreme Economic Council to deal with such matters for the period of the Armistice. The Council shall absorb or replace such other existing inter-Allied bodies and their powers as it may determine from time to time. The Economic Council shall consist of not more than five representatives of each interested Government.

"(3.) There shall be added to the present International Permanent Armistice Commission two civilian representatives of each associated Government, who shall consult with the Allied High Command, but who may report direct to the Supreme Economic Council."

The War Cabinet approved the above resolution, and decided—

(a.) That Lord Robert Cecil should be the principal British delegate on the Supreme Economic Council, that the other British delegates should be Ministers of the Crown or persons appointed by them as their representatives, that the Treasury, Board of Trade, Food Ministry, Shipping Control, and Blockade should be the Ministries represented on the panel system.

(b.) That a British Economic Committee, under the Chairmanship of Lord Robert Cecil, representative of all the departments concerned, should be constituted to advise on the British policy to be pursued on the Council, and that a Dominions Committee with the same object for the Empire, should also be constituted.
WAR CABINET, 536.

Minutes of a Meeting of the War Cabinet, held in Mr. Bonar Law's Room, House of Commons, on Tuesday, February 25, 1919, at 4 p.m.

Present:

The Prime Minister (in the Chair).

The Right Hon. the Earl Curzon of Kedleston, K.G., G.C.S.I., G.C.I.E.
The Right Hon. A. Chamberlain, M.P.

The following were also present:

The Right Hon. W. Long, M.P., First Lord of the Admiralty (for Minutes 1 and 2).
The Right Hon. W. S. Churchill, M.P., Secretary of State for War (for Minute 1).
The Right Hon. Sir A. H. Stanley, M.P., President, Board of Trade (for Minute 2).
The Right Hon. Sir A. C. Geddes, K.C.B., M.P., Minister of Reconstruction and National Service (for Minute 2).
The Right Hon. R. Munro, K.C., M.P., Secretary for Scotland (for Minute 2).
The Right Hon. W. M. Hughes, Prime Minister of Australia (for Minute 1).
The Right Hon. Lord Sumner (for Minute 1).
The Right Hon. Lord Curzon of Kedleston, G.B.E. (for Minute 1).
Sir H. Walker, K.C.B., Chairman, Railway Executive Committee (for Minute 2).
Sir A. Kaye Butterworth, Railway Executive Committee (for Minute 2).
Sir J. Bradbury, K.C.B., Joint Permanent Secretary, Treasury (for Minute 1).
Mr. J. M. Keynes, C.B., Treasury (for Minute 1).

Mr. Thomas Jones, Acting Secretary.
Captain L. F. Burgess, Assistant Secretary.
Mr. G. M. Evans, Assistant Secretary.
Mr. Pembroke Wicks, Assistant Secretary.
Lieutenant-Colonel L. Storrie, C.B., Assistant Secretary.
1. With reference to War Cabinet No. 535, Minute 3, the Prime Minister explained that the question of indemnities had reached a stage in the discussion in Paris at which he thought the War Cabinet should consult together before deciding on their future attitude. He had therefore asked the British delegates to the Inter-Allyd Indemnity Commission to come over and report the position.

Mr. Hughes said that the Commission had been engaged up to the present in discussing general principles, that is to say, what categories of loss and damage came under reparation and what did not come thereunder. After two or three weeks' discussion the Committee found themselves divided into two sections; on the one hand, the representatives of the United States held that we were precluded from including the cost of the war in our claim for reparation. We had taken the position that we were entitled to include the cost of the war, and neither side had receded from the attitude taken up. The Commission had therefore reached an impasse, and it had been agreed that the matter should be referred back to the Supreme War Council with a request to the Council to interpret the precise meaning of the terms accepted on the 5th November.

Lord Sumner said that the Americans had suggested that instead of the Commission interpreting the documents which were before it, they should ask the representatives who had signed the documents exactly what they had meant. The British attitude was that it was idle to do this as they were quite certain that Britain had never intended to give up her right to the inclusion of the cost of the war in reparation.

The Prime Minister asked what were the views of the French. Mr. Hughes said that the French views had been set forth by M. Klotz and M. Loucheur. Their attitude could be summed up by saying that they recognised the principle that the right of the Allied and Associated Powers to reparation was absolute, an order of priority being reserved for certain claims.

Lord Sumner said that the French delegates had spoken specially in favour of our attitude. The attitude of the Belgians and the Italians was rather doubtful—Belgium, in particular, wished to know what they would get by way of reparation for destruction if the whole cost of the war were included in reparation. The Japanese also were in favour of including the cost of the war.

The Chancellor of the Exchequer said he understood that the French views were the same as ours on the question of integral reparation, but they went on to say that, having fixed a sum to be claimed, claims for reparation and damage actually done should have precedence over the cost of the war. As they meant, however, to put their claims for damage very high, the inclusion of the claim for the cost of the war would not adversely affect them, but the exclusion of the claims would be very damaging to us.

Mr. Hughes said there were two questions to consider:

1. The attitude of the Americans, who denied that under the terms of peace made on the 5th November we had any right to claim costs of the war.

2. The attitude which would be very strongly taken by the French and the Belgians in favour of priority.

The first question had been referred to the Supreme War Council, and the second could not be considered until the answer of the Council had been secured.

The Prime Minister pointed out that the urgent question was to reach a conclusion on the amount Germany could pay; even if we took a long time to decide the distribution of this amount, it would not stand in the way of peace, and it was very important that we should make peace soon in order that trade might be restarted.

Lord Cunliffe suggested that whatever we decided as to Germany's capacity to pay, she would say that she could not pay it.
He hoped that the Sub-Committee, of which he was chairman, which was considering Germany's capacity, would report at the beginning of the following week. He doubted, however, if the report would be unanimous. They were unanimous that what Germany could pay in the next twelve or eighteen months amounted to about a thousand millions. He thought also that the American members would agree that Germany would be able to pay a further eleven or twelve thousand millions during the next 37 years. He doubted whether the French would agree to the adoption of such a small figure. He desired the guidance of the War Cabinet as to whether the British delegates should agree to this figure. Personally, he was of the opinion that Germany could pay a great deal more, but it was a matter of guesswork; the payment of any big sum would have to be spread over about 50 years.

Mr. Bonar Law said that it had been suggested that Germany should pay by means of an annual tribute over a series of years, which would include the interest and sinking fund on the debt. The problem to decide was, what she could pay annually.

Lord Cunliffe said that this would be an increasing amount yearly as Germany's prosperity revived.

The First Lord said that it was difficult to arrive at a definite figure of what Germany could pay. There was evidence to show that she was spending money now in what we would consider an illegitimate way, for example, financing expeditions against Poland and Northern Russia. Where did this money come from? He thought we should place an embargo on the purposes on which Germany should be allowed to spend money.

The Secretary of State for War asked whether any conclusion had been come to as to the form in which payments should be made. How was the actual transference of objects of value to be carried out?

Lord Cunliffe said that this would have to be done in the ordinary way by means of goods or by credit. In reply to the Prime Minister, who asked if we should be compelled to take German goods as payment, Lord Cunliffe said that we would only take ships, and the French only coal.

The Secretary of State for War said that he understood that Germany would build up credit in South America and other markets, and that we should buy goods on this credit.

Lord Cunliffe concurred.

The Prime Minister said the second question was, the order in which payments would be made. He had wired to Paris, although he had not had time to consult his colleagues before doing so, to the effect, that if we agreed to the French proposal that reparation for damage should have first claim, we were not likely to obtain anything from Germany. The French might make very extravagant claims upon which it was impossible for us to sit in judgment. No one knew what would happen in thirty or forty years' time. It was impossible to be sure that we should continue to obtain 700 millions per annum from Germany for the whole of that time. He would prefer that we made certain of securing something during the first ten years. If Germany later refused to pay, we could only compel her to do so by going to war with her. The United States would certainly not go to war, and certainly if her claims for reparation had already been met, she would not do so in order to enable us to collect the rest of the debt.

Lord Sumner said that in his opinion the French did not know what their claim would be. They were at present engaged in legislating to set up local commissions which should go into the question of the value of the towns and houses which had been destroyed. They could not give a definite figure on any point. When it came to deciding claims, all they could do would be to put forward to the
Allied Governments a claim _ad misericordiam_. Our claim for ships sunk was quite as valid as theirs for houses destroyed, and ultimately he thought they would be prepared to come to an amicable agreement.

The Prime Minister thought that there were two ways of dealing with the French request for priority—

1. To make no distinction between reparation and indemnity;
2. To give part priority only to reparation in some agreed proportion.

It was imperative that we should not admit the French claim that the whole figure for reparation should have absolute priority.

The Secretary of State for War was of the opinion that our external debts in countries like the United States should be included in the claims for reparation. Our debt to America was over 1,000 millions. We had depended upon the United States for food and raw materials, and we had managed to get these commodities on account of the credit which we had built up in that country. The damage to our finances and our trade that had thus been incurred was just as real as the material damage to France and Belgium. He thought our external debts should have priority next to claims for reparation for concrete instances of destruction. France, too, was in debt to the United States, and he thought that it would be a good thing if Germany could take over our debt and the French debt to the United States.

Lord Curzon asked what guarantees could be secured that Germany would pay. The threat of war might be effective for ten years, but thereafter what guarantee or sanction for payment would there be?

Mr. Bonar Law pointed out that if Germany acknowledged the debt at all she could only get rid of it later by repudiation, and that would not be easy.

Lord Curlliffe thought it was being assumed that Germany would be able to pay what we demanded, and at the same time keep up a great army and navy. The intention was, however, to impose such a burden that she would not be able to maintain large armed forces.

The Prime Minister said that he wished to make sure of getting something; he was far more certain of what we would get in the first ten years than in the second ten years, and still more certain of securing something in the second ten years than in the third ten years.

Lord Sumner said that the Commission were trying to obtain at once all they could without crippling Germany. Germany would then have to enter into commercial relations with various countries, and they would find it difficult to repudiate their debt later on.

The Chancellor of the Exchequer said that the German debt would be partly in the hands of individuals and partly in the hands of the Allied Governments. The debt to individuals she could not repudiate, but she might recover sufficiently to feel strong enough to repudiate the debt to the Governments.

Lord Curlliffe said that the Allied Governments must convert the German debt into negotiable securities and then transfer these into the hands of individuals.

Mr. Bonar Law said that the debt could only be paid in gold, goods, or credit. Had they considered whether Germany could find 700 millions yearly for this purpose?

Lord Curlliffe said that five years ago no one would have thought we could have borrowed sufficient money to carry on the war. The German debt would have to be paid mostly in credit, and he thought that Germany would find any amount of credit—the United States, in any case, were quite prepared to grant them credit.
Mr. Hughes said that if we merely asked for reparation, perhaps 500 or 600 millions would cover it.

The Prime Minister pointed out that we owed the United States 1,000 millions; we had transferred 500 millions to them in securities and 400 millions in bullion. Our claim for material damage amounted to 800 millions, and this total of 2,700 millions would all have to be included in claims for reparation.

Sir John Bradbury pointed out that the figures given by the Prime Minister were our gross losses. We had transferred away a great deal of bullion, but we had also had a great deal transferred to us, and in this respect we were not much worse off than before, and if France and Russia paid their debts to us we should not on balance be losers.

Mr. Hughes said that unless the Supreme War Council declared that they had not intended to waive their right to claim the costs of the war in their note of the 5th November, and had not in fact done so, and the Reparation Commission supported their view, Britain could not even claim reparation for the 1,000 millions owed to America, for this was clearly a debt as was the remainder of the 6,000 or 7,000 millions we had raised by war loans. Therefore it followed that, unless we could claim costs of the war, Britain and the Empire would get little or nothing.

The Prime Minister said that the British Cabinet stood by the demand that reparation should include indemnities. He thought that the Allies, perhaps, with the exception of the United States, would stand by us in this interpretation of reparation.

Mr. Hughes said he did not think Belgium would support us.

Lord Sunnier pointed out that this question of interpretation was the one which was being put to the Prime Minister, President Wilson, M. Clemenceau, and M. Orlando.

The Prime Minister, continuing, said that he was of the opinion that the American view would be governed largely by the extent of our demand. President Wilson would never agree to a demand for 30,000 or 40,000 millions. If we came to a definite conclusion as to what to demand from Germany, and if the American delegates agreed with this, he did not despair of persuading the President of the United States to compromise on the matter. Unless our demand to Germany was unanimous, we would never obtain anything. It was better to ask for a smaller amount and to have the United States with us. With regard to the question of priority, he hoped the delegation would stand by their refusal to concede complete priority to anyone for reparation. He did not like the idea of having a second mortgage on German assets. All sorts of unforeseen complications might arise later on. He would like to see the cash in the first few years.

The Chancellor of the Exchequer said that two things were clear, first: that the British delegates should hold to our claim that we were entitled to integral reparation; and second: that amongst the Allies, we should resist any claim to absolute priority for "reparation" in the narrow sense. He would suggest, however, that the French delegates should be sounded on the question of giving partial priority in certain cases.

Mr. Hughes stated that he had done this unofficially. He had approached M. Klotz, and felt sure we could not expect support from them on the question of priorities.

Lord Sunnier pointed out that it was difficult for the delegation to suggest any specific proportion for partial priority; it was rather a matter of policy for the Governments to decide in consultation. He thought, however, they could be authorised to say that, while they were completely opposed to the principle of absolute priority, the British Government might be prepared to consider favourably any appeal which the French Government might wish to make to them, and that claims of this kind would have to be dealt with by

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negotiation between Governments. At present the principal Conference stood adjourned until they received the answer to the question which had been put to the four Prime Ministers. The Sub-Commissions were still sitting.

Mr. Bonar Law suggested that, if we had to compromise at all in the end and give priority to the French claims, this priority should take the form of letting them off the payment of their debt to us, which amounted to 500,000,000 or 600,000,000.

Mr. Hughes desired to know whether the delegation was to give way on the point at all; if so, how far and in what direction should they give way. He hoped the Cabinet would give the delegation written instructions on this matter. He said that if priority was to be conceded it was a matter for the Government and for the Commission. M. Van den Heuval had wished to take the question of priority, but we had refused to do this until the matter referred to the Prime Ministers had been settled.

The Chancellor of the Exchequer said that he was all for putting our claims as high as possible, but, if we put them too high, we should be faced with the German Government refusing to pay, and perhaps confronting us with a Germany that had no Government.

Mr. Hughes said that the instructions to the British delegation had been that they should endeavour to secure from Germany the greatest possible indemnity she could pay subject to consideration of (1) the economic well-being of the British Empire, (2) the peace of the world, (3) that no army of occupation should be necessary for its collection. Had we now to ask for something less than what Germany could pay?

The Prime Minister said that the Cabinet stood by the instructions that had been given to the delegates. There were two questions. The first was: Should we stand for the inclusion of indemnity under reparation in spite of the opposition of the Americans? The answer to this was certainly in the affirmative. The second question was, whether priority should be given within reparation as understood by us. To this the answer was, that no priority should be given, but that it might be possible to negotiate this matter between the Governments.

Lord Cunliffe said that the Sub-Committee agreed that all Germany could pay immediately was about 1,000 millions within the next eighteen months.

The Prime Minister pointed out that it was important that we should secure a share of this.

The Chancellor of the Exchequer thought that when the discussion arose as to the inclusion or exclusion of indemnities in reparation, the French might agree with the United States to exclude indemnities if the United States would support the French claim for priority.

The Prime Minister said it was important to carry the Americans with us. Capacity was the limiting factor, and if we got the Americans to agree on the question of the amount, he thought it might be possible to persuade President Wilson to admit the claim for indemnities up to that figure. He had had a message from Sir John Beale to the effect that Germany had to find immediately 150 millions in cash in order to pay for the foodstuffs, and fats that she would require to carry her on to the next harvest.

At the same time the Reparation Commission expected to get 150 millions from Germany towards the claims for reparation. This would seem to mean that Lord Cunliffe's estimate of 1,000,000,000 would have to be reduced by 150,000,000.

Mr. Hughes said he understood Mr. Bonar Law had agreed that Germany should pay for her food supplies in gold. He had brought the matter up before the Reparation Commission, because he thought all the assets of Germany were in the hands of that Commission. The position was, that we had millions of tons of wheat to sell, and he had informed Sir John Beale that we could not
afford to sell on credit. Sir John Beale had told him, however, that the United States were selling their wheat on credit. We were now informed they were selling for cash.

The Chancellor of the Exchequer said he thought that the Americans might be selling on credit to the enemy countries in the Balkans, but not to Germany or Austria. As a matter of fact, Congress had refused to grant any money for relief in Austria, and it had actually been suggested that we should lend to Austria, while the United States would lend to us.

Mr. Hughes said that until the question as to the interpretation of reparation had been settled by the Supreme War Council, the Reparation Commission could not go on. If the answer was that the cost of the war could not be included, or if there was a division of opinion on the matter, we were back to where we had started.

Mr. Bonar Law said that it would still be possible to continue with the estimate as to how much Germany could pay.

Lord Sumner said that if Lord Cunliffe's Committee could issue a report stating that Germany could pay a definite sum, and if his Committee could report that they could prove damages exceeding that amount, there would be a great deal to work upon.

The Prime Minister said that he thought that the first thing was Germany's capacity to pay, then it might be possible to argue the question out with the United States.

Mr. Hughes said that he felt that until the Supreme War Council had answered the question referred to it by the Reparation Commission no real progress could be made.

Lord Cunliffe stated that he hoped his Committee would report on the following Monday.

The War Cabinet decided—

(a.) That the British delegates to the Inter-Allied Commission on Reparation should not recede from the attitude adopted, viz., that the British Government included indemnities as part of reparation, and had done nothing to invalidate their claim for indemnities;

(b.) That they should oppose any claim for priority, but that they might intimate that the question of partial priority in certain cases was a matter which might be arranged by negotiation amongst the Governments concerned.

With reference to War Cabinet 524, Minute 2, the President of the Board of Trade informed the War Cabinet of the present position in regard to the negotiations between the Railway Executive Committee and the executives of the National Union of Railwaymen and the Associated Society of Locomotive Engineers and Firemen.

The President of the Board of Trade said that two meetings had been held between the Railway Executive Committee and the representatives of the two Unions, at which the items in their programmes were fully explained by the men and the financial effect of their demands placed before them. It was suggested to them that, in view of the enormous cost involved in their programmes, they should submit amended claims, but neither Union was willing to take this course, and at the last meeting they pressed for a statement how far the Government was prepared to go in the direction of conceding their demands. The negotiations had now reached a stage when it became necessary to arrive at a decision as to the course to be taken, and, in particular, whether an offer was to be made to the men, and, if so, in what form.

The President of the Board of Trade, continuing, stated that if the men's demands were conceded in full, it would mean that the Government would be faced with the permanent cost of operating the
railways plus 120,000,000l., which addition was equivalent to the gross earnings of the railways prior to the war. The men's representatives were impressed with the importance of these figures, which were not challenged, and the two General Secretaries, Mr. Thomas and Mr. Bromley, had said they did not wish to present an ultimatum to the Government as the miners had done, but desired to arrive at an agreement by discussion. Sir A. Stanley suggested that the Railway Executive should offer that a part of the present war wage (33s.) should be converted into permanent wages and deducted from the war wage, so as to yield an advance of 50 per cent. on the pre-war wage. The remainder of the war wage, say 20s., should continue as such, and be decreased gradually as the cost of living was reduced. Thus a permanent rate of wages would be reached. This concession would mean a considerable increase on the wages paid before the war. The average pre-war wage was 25s., or with overtime, 28s. 6d., and the amount earned varied between 18s. for platelayers and 45s., or 48s., for drivers, and they would now receive a minimum wage of 30s. for the lower grades up to 67s. 6d. or 72s. for engine drivers. On the assumption that the standard rates were increased by 50 per cent., and the other subordinate demands (overtime, night duty, and holidays) were refused, the estimated additional cost of working the railways would be approximately 55,000,000l., made up as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in wages bill after war wage has disappeared</td>
<td>25,000,000</td>
</tr>
<tr>
<td>Eight-hours' day</td>
<td>10,000,000</td>
</tr>
<tr>
<td>Materials</td>
<td>15,000,000</td>
</tr>
<tr>
<td>Rates and taxes</td>
<td>5,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>55,000,000</strong></td>
</tr>
</tbody>
</table>

This compared with the present deficit of 90,000,000l.

The Prime Minister said that it would be impossible to keep the men on the pre-war rates, and he doubted whether the concession suggested by the President of the Board of Trade would be accepted. It should be remembered that a very considerable percentage of railway workers was drawn from the agricultural classes, whose wages before the war were between 15s. and 18s., but had now gone up to from 30s. to 40s.

In answer to a question by the Prime Minister, the First Lord of the Admiralty stated that it was difficult to say whether the agricultural wage would go back or not. The wage varied all over the country; in some places they were now making bigger demands, but in others they were only at the point of the first advance which followed the Corn Production Act. The agricultural labourers were generally relieved to find that with the increased wage they were not asked to alter their hours, but there was a feeling in some districts that the wages would have to be lowered when affairs were more stabilised.

Sir H. Walker said that Sir A. Stanley's proposition meant that the platelayer would be stabilised at 30s. With this rate of pay he thought that some difficulty might be experienced in obtaining agricultural labourers.

Sir A. Butterworth said the present proposals of Sir A. Stanley would not mean any substantial immediate advance for the railwaymen, but when food prices fell their wage would not fall below a certain point, which would be considerably higher than the pre-war standard. Mr. Bromley had naturally laid stress on the fact that the effect of the flat rate of the war bonus had been to greatly alter the relative wage level of the different grades. The platelayer had obtained an advance of 160 per cent., as compared with the 60 per cent. of the drivers. Sir A. Stanley's proposal would immediately help to restore the pre-war ratios between the various grades.
The Prime Minister said he would like to know what effect the present reduction in food prices had on the wage question. He himself had worked out that it would mean about 3s. per week per family.

The Minister of Labour said that the railwaymen were under an agreement whereby their wages would fall with the reduction in the price of food. It might be suggested to Mr. Thomas that the men's wages should stand at the present level for six months, after which the situation would be reviewed, provided that the other demands were given up.

The Chancellor of the Exchequer said he thought there was much to be said for this suggestion, inasmuch as, in spite of the fact that food prices were now being lowered, they might rise again. Our refusal to sustain the Spanish and Swedish Exchanges would mean greater pressure on the United States Exchange, and ultimately a rise in the sterling price of food.

The President of the Board of Trade thought that there were two difficulties in the way of this proposal: the men would be annoyed if no result were obtained from all the discussions, and also at the disregard of the other suggestions which they had put forward.

The War Cabinet decided—

(a.) That the President of the Board of Trade should negotiate with the representatives of the men on the basis that a portion of the present war wage should be converted to a permanent wage and added to the pre-war wage, the remainder of the war wage to be diminished further as the cost of living falls in accordance with the present sliding scale or some modified scale;

(b.) That should the President of the Board of Trade be unable to reach an agreement on the above lines, and further large concessions were demanded by the men, he should again bring the matter before the War Cabinet.

2, Whitehall Gardens, S.W.,
February 26, 1919.
WAR CABINET, 537.

Minutes of a Meeting held at 10, Downing Street, S.W., on Wednesday, February 26, 1919, at 12 noon.

Present:
The Prime Minister (in the Chair).

The Right Hon. the Earl Curzon of Kedleston, K.G., G.C.S.I., G.C.I.E.
The Right Hon. A. B. Bonar Law, M.P.
The Right Hon. A. Chamberlain, M.P.

The following were also present:
The Right Hon. W. S. Churchill, M.P., Secretary of State for War.
Brigadier-General B. E. W. Childs, C.M.G., Director of Personal Services, War Office.

The Right Hon. R. Munro, K.C., M.P., Secretary for Scotland.
The Right Hon. Sir J. Maclay, Bart., Shipping Controller (for Minutes 6 and 7).

Mr. Thomas Jones, Acting Secretary.
Lieutenant-Colonel L. Store, C.B., Assistant Secretary.
Brigadier-General S. H. Wilson, C.B., C.M.G., Assistant Secretary.
Mr. Pembroke Wicks, Assistant Secretary.
1. The Prime Minister said it had been suggested to him from Paris that, if by delaying his return to Paris until Tuesday he would be then able to stay a long time, that would be the best arrangement. He thought that course would be best, as by then the labour situation would, he hoped, be clearer.

2. The Secretary of State for War suggested that our policy in Russia should be discussed before the return of the Prime Minister to Paris. The War Office had circulated a paper on the subject (G.T.-No. 6885).

The Prime Minister thought it would be of very little use discussing this question here, since France, the United States, Italy, and Japan were all concerned. He knew the Cabinet's views, and he would press those views at Paris.

The Chancellor of the Exchequer said there were one or two questions in connection with our policy in Russia which he would like to mention. The first was in connection with our troops in the Caucasus and at Baku. We went to these places in the first instance on our own initiative. From Admiralty reports which he had seen it was very doubtful if, from the point of view of oil and supplies, our occupation of Baku was likely to lead to any useful results, and he suggested that it ought to be terminated as soon as possible. The whole situation in the Caucasus was very mixed. The second point which he would like to mention was in connection with the support which we proposed to give General Denekin's army. There was a great deal to be said for our supporting Denekin, providing he undertook merely to fight Bolshevism, but he was also attacking Georgia. The proposal made by the C.I.G.S. was to send men to the number of one or two thousand; this was rather different to helping with military equipment and stores and a few experts.

Lord Curzon said that one of the conditions which we had made with Denekin was that he was to fight against Bolshevism and not against Georgia and Armenia.

The Secretary of State for War said that what he wanted was a definite policy laid down as to what our action should be in each locality.

The Prime Minister said the Cabinet was quite clear as to what policy should be pursued, but the cost was a determining factor, and it was for the War Office to say approximately what each of the alternative policies proposed by the Cabinet might cost. It was very important that he should have this information before returning to Paris.

The Secretary of State for War said that every effort was being made by the War Office to provide this information, and to estimate the cost of the minimum requirements in each case.

The War Cabinet decided—

That the War Office should submit, before the return of the Prime Minister to Paris, a paper showing the approximate expenditure which might be involved by each of the alternative policies suggested by the Cabinet.

3. The Prime Minister said that he had received a letter from the Secretary of State for India asking if there would be any objection to his writing a letter deprecating the reconversion of the Church of St. Sofia to a Christian Church. Mr. Montagu wanted to do so in order to reassure the Mohammedans of India, but in his (the Prime Minister's) opinion he could not write such a letter, as a member of the Government, without committing the Government. Moreover, it was a question on which we could not express an opinion without consulting our Allies.

Lord Curzon said that the question was becoming somewhat acute. Only four or five days ago a meeting was to have been held
in London, to be attended by the Archbishop of Canterbury, Lord Bryce, and Lord Crewe, to advocate the reconversion of the mosque to Christian worship. They had been informed, however, that if such a proposal were made, it was quite possible that the Turks would blow the mosque up. As soon as they realised the position, the above promoters of the meeting asked him if he would take the responsibility of stopping the meeting. This he had agreed to do, and wrote a letter from the Foreign Office in that sense. He had just heard that Sir Samuel Hoare proposed to raise the question in the House of Commons, but he had asked him to postpone doing so. It was undesirable to authorise publication of any letter on the subject at this stage.

The War Cabinet decided—

To instruct the Acting Secretary to inform the Secretary of State for India that in their view it was undesirable to send the proposed letter.

Naval, Military, and Air Force Bill.

4. The War Cabinet had under consideration a memorandum (G.T.-No. 6884) by the Secretary of State for War, covering the draft of a Bill dealing with the naval, military, and air force services.

The Secretary of State for War explained briefly the contents of the draft Bill. All reference to remobilisation had been omitted from the draft, and the C.I.G.S. agreed in this course. In consequence, men who are demobilised would disappear altogether, and if a national emergency arose Parliament would have to legislate afresh.

Clause 2 of the Bill merely carried on the present arrangement as regards men who had been transferred from one corps to another. Unless this clause were inserted when peace was signed men would have the legal right to be transferred back again to their original corps, and considerable chaos might result.

Clause 3 of the Bill gave the right, if an emergency arose before the 30th April, 1920, to revive the Military Service Acts of 1916 and 1918. He did not think that such an emergency was likely to arise, but if any form of compulsion had to be prolonged during the years 1920-21 it would be better to take young men instead of those who had already served several years and were weary. If at the end of this year it was not possible to get sufficient men by voluntary enlistment it would be very inconvenient not to have the powers which this clause would confer on the Government.

The Prime Minister said that the normal machinery on the Continent of conscription might be said to be the calling up of a new class of recruits every year, and that the insertion of clause 3 in the Bill would, he thought, be regarded in this country as an attempt to continue conscription after peace. He would like to ask how many men it was estimated that the class becoming liable would amount to?

The Minister of Reconstruction said about 360,000. He thought there would be more opposition in the House of Commons to a proposal to call up young men than to one to keep on the trained men.

The Under-Secretary of State for the Air Ministry said the question was very much a political one, and his experiences in the Midlands made him think that the proposal would be not at all popular, as labour would say that the Government was trying to obtain men at a low rate of wage.

The Prime Minister asked if by the 30th April, 1920, it was not likely that we could dispense with everyone except volunteers and, perhaps, another 200,000 men? The Labour party would certainly prefer a volunteer army to any conscripts.

The Director of Personal Services said that the boy of eighteen who would be joining the army would be unlikely to be a trade unionist, and, when once in the army, was unlikely to acquire the outlook of a trade unionist.
Mr. Bonar Law thought that the proposal to have power to continue compulsory service would raise a storm in the House of Commons, and, in any case, that it was not a very opportune time to make such a proposal in view of labour troubles.

The Secretary of State for War said that what he was trying to do was to foresee the situation with which we might be faced, and to avoid having to legislate in haste and unprepared at a later date. In answer to a question by the Prime Minister, he said that the size of the army which we would have to maintain would depend on the state of the world, the decisions come to at Paris, and the degree to which men were ready to volunteer for service. The Prime Minister thought that with the men of 18 years of age already in the Army and volunteers it ought to be possible to maintain a sufficiently large army for all proximate purposes without any form of compulsion. Our policy was to withdraw all our troops from Russia, except volunteers, and possibly to reduce the army in India by 20,000 men. Further, he did not see that it would be necessary after peace to keep an army on the Rhine, since the disarmament of Germany was certain, and would include not only the handing over of all guns and equipment, but also the machinery for making such warlike stores. It was very desirable not to do anything now which would intensify the suspicion which, in his opinion was at the bottom of our labour troubles.

The Chancellor of the Exchequer thought that on grounds of pure justice there was no real answer to the Secretary of State for War's contention that it was fairer to take young men than those who had already served for considerable periods. He feared, however, that Mr. Churchill's proposal would now cause considerable agitation in the country. He suggested that if, later on, it was necessary to have any such powers as those contemplated, it would be time enough then to legislate.

The War Cabinet decided—

That clause 3 should be deleted from the Bill.

The Naval Clause

The First Lord of the Admiralty said that the naval clause which it was proposed to insert in the Bill would give us the power to remobilise the naval forces in case of emergency. By June next he thought that most of the additional men taken on in the Navy during the war would have been demobilised, and unless we had some power of increasing the fleet in case of an emergency widespread anxiety would be felt and questions were sure to be asked.

The Prime Minister thought that if the clause, as drafted, were inserted questions were sure to be asked as to what foreign Power we regarded as our potential enemy. With its reference to "imminent national danger" and "grave emergency," the proposed clause could only, in his opinion, be regarded as providing for a war with the United States.

The First Lord pointed out that it merely put us in a position to remobilise if necessary. He had had numerous enquiries already about the cutting down of the fleet, and he thought that the insertion of the clause might possibly have the opposite effect to what was suggested, and be received favourably rather than otherwise by the House of Commons. In answer to a question by Mr. Bonar Law, he said that we would have the same number of men in the Navy after demobilisation as we had before the war, but there would be no reserves, as in the case of the Army.

The Secretary of State for War thought that the insertion of the naval clause was a much smaller matter than that of the proposed clause giving us power to enforce compulsory service in the Army, since most of the men affected in the Navy were seafaring men who had volunteered during the war. The clause merely gave the Admiralty power to put their hands on them in case of an emergency before the world settled down.
The Under-Secretary of State for the Air Ministry was of opinion that the majority in the present House of Commons would say we must revert to the voluntary system both for the Army and the Navy. A great number of the present Ministers during the recent election had declared that we would go back to the voluntary system as soon as peace came.

The Prime Minister pointed out that it was proposed that the German fleet should be destroyed, and once ships were destroyed they could not be replaced for many years. If we now take powers for remobilising the Navy no one would understand it, and certain people were sure to say it was aimed against the United States. He could not conceive any situation which was likely to involve us in another war before the 30th April, 1920.

The War Cabinet decided—

That the naval clause should be omitted from the Bill.

Subject to the above omissions, the War Cabinet approved the draft Bill.

The War Cabinet had under consideration a Memorandum (G.T.-6873) by the Secretary of State for War, and also a Note by the Secretary of State for Home Affairs (G.T.-6892), in connection with the release from imprisonment of conscientious objectors.

The Secretary of State for War said that this question was urgent, and he would like to be able to give an answer in the House of Commons that day on the lines suggested in his Memorandum. At present the situation was an invidious one, as men who had already served sentences of hard labour were being given fresh sentences, and it looked almost as if we were resorting to persecution. A very strong appeal had been made on behalf of this class of offender. The Tribunals had so interpreted the decision of Parliament as to set free hundreds of men while others were put in prison. Another point that arose was, that the prisons were overcrowded, and the Home Secretary was anxious to have them cleared.

Mr. Bonar Law pointed out that only two or three days previously he had given an answer in the House on this question to the effect that the matter was receiving consideration, and that the Government was not prepared at the present moment to agree to the release of these prisoners. There were strong reasons for not going back on this decision so soon after it had been given. In his opinion the fairest course would be not to let any of these men out until demobilisation had progressed further.

The Chancellor of the Exchequer suggested that the Secretary of State for War's proposal really answered the point raised by Mr. Bonar Law, as what was now asked was that the men who had served two years in prison should be released. He had some doubts about the advisability of giving repeated sentences of hard labour for what was practically the same offence, and he was inclined to say that the men should be released, but that they would not be reaccepted for any Government employment.

The Secretary of State for War said only a very small number of men was affected, and his contention was that, after completing the sentence of two years' hard labour, the men should be discharged with ignominy, or as incorrigible and worthless. In this way all of them would be discharged under a year.

The Director of Personal Services said that in time of peace the King's Regulations provided for men who are convicted of a disgraceful offence being discharged from the service with ignominy, as the policy had always been not to ask other men to associate in barracks with offenders of this description. If this regulation, which has been in abeyance during the war, were revived as now proposed, the conscientious objectors would be discharged from the army for misconduct, whereas if it was decided that this should not be done, they
would have to be excluded from the application of the revised regulations. The question of release from prison was, of course, another point, as, according to the Army Regulations, the men would be discharged from the army after receiving sentence.

Lord Curzon asked what would happen to the 700 men who would be immediately released under the proposal now before the Cabinet? What restriction was it proposed to place on their future employment? If none, he thought that public feeling would be against the proposal.

The Director of Personal Services said they would leave prison as free men, but they would lose everything, such as gratuities, discharge certificates, &c., and he thought they would find it very difficult to obtain employment.

Mr. Bonar Law did not think that anyone could say the conscientious objectors were being badly treated if they were allowed out of prison when peace was signed.

The Secretary for Scotland thought that two years' imprisonment with hard labour was one of the heaviest sentences known to law, and said that it was no longer imposed in Scotland, the limit being eighteen months' imprisonment. When he was Lord Advocate he had known of several cases where men had pleaded for three years' penal servitude instead of two years' hard labour.

The Prime Minister asked if anyone doubted as to whether, if there was trouble in this country, the majority of those men would not be only too ready to shed the blood of their fellow-countrymen. Most of the men now concerned were not of the Quaker class, who really conscientiously objected to shed blood, but were revolutionaries.

Some discussion then ensued as to the proportion of men affected who belonged to each class of conscientious objector, and the proportion of Bolsheviks, also as to whether it would be practicable to separate the different classes.

The Prime Minister suggested that the Secretary of State for Home Affairs should look into the matter and see if some relaxation could not be granted to those who had served a sentence of two years and over. He thought it was impossible for the Leader of the House of Commons to announce that the 700 men would be released so soon after the answer which he had given the other day.

The Secretary of State for Home Affairs said that the question of giving any relaxation to those offenders who had served over two years was a very difficult one. This class of offender was most difficult to deal with, and a great many of them were blackguards. Force had generally to be used in order to get them to do anything, and any relaxation of discipline would throw a great strain on the prison officials.

Lord Curzon suggested that the proper answer in the House of Commons to any question would be that we were still at war, and as soon as peace was signed we would consider the matter.

The First Lord of the Admiralty pointed out that if the conscientious objectors were released we would certainly be asked to treat the Sinn Feiners in the same manner. Some of the Sinn Feiners had been schoolmasters, and had preached sedition in the schools.

Mr. Bonar Law thought the proper reply to give to questions would be that the matter would be considered again, but not until demobilisation had progressed further.

After some further discussion the War Cabinet decided—

(a.) That the question should be reconsidered when demobilisation had progressed further.

(b.) That the Home Secretary should report as to what relaxation, if any, can be given to those prisoners who have carried out sentences of two years and over.
Shipping of Troops via the Rhine.

7. The War Cabinet had under consideration a memorandum by the Secretary of State for War (Paper G.T.-6859), in which it was stated that it was essential that British troops from and to the Army of Occupation should be moved via the Rhine and Rotterdam; that the Shipping Controller had only two small ships available, capable of accommodating about 1,000 men a week on the return journey only; and that accommodation was required each week for 7,000 men for demobilisation and 7,000 men for leave, in addition to 69 battalions to be sent to Cologne as reinforcements.

The Shipping Controller stated that to fulfil the demands of the War Office at least a dozen steamers carrying about 500 men each would be required, each taking the best part of a week instead of a few hours crossing the channel on the present route. He regarded the proposal to ship to Rotterdam as very serious, and regretted that the Departments generally failed to realise that we are really short of shipping of the passenger type. He had heavy demands for vessels to take the Australians home and had fallen behind the programme. Moreover, there were in London about 100 steamers lying idle, and 80 on the Welsh coast on account of a strike of ship repairers, which had been going on since Christmas. In addition to troubles about steamers for the Isle of Man service and elsewhere, the workmen on the Clyde for the last four and a-half years had been deprived of facilities for getting outings on the river, and unless it were possible to return soon for reconstitution some of the small vessels that were taken away from the Clyde he feared the prevailing grave labour unrest would be increased in the summer. The steamers involved were principally railway steamers with little or no cargo-carrying capacity.

The Secretary of State for War stated that the demand to demobilise the Army as quickly as possible had caused considerable congestion on the French railways, and the failure of the French to work their railways satisfactorily had introduced a new element of complexity. Not only was he anxious to relieve the men from the rigours of the present journey through France, but preparations had actually been made on the understanding that it was the policy of the British Government to open the route to Rotterdam, and all the Allied Powers represented at the Supreme War Council had made representations to the Dutch Government that the opening of that route was necessary if an early peace was to be secured.

Lord Curzon supported the case made by the Secretary of State for War. He had every hope that the Dutch Government would meet us in the matter, and after the elaborate negotiations that had taken place it would be fantastic to offer only one steamer, capable of holding only 700 men a day. He was of opinion that the strongest pressure should be used to find the necessary ships.

The Shipping Controller said that he had not been informed of the negotiations that had been carried on with the French and the Dutch for the opening of the Rotterdam route for personnel.

The Prime Minister said that it was a matter of regret that the Shipping Controller had not been informed of the negotiations which had taken place. The difficulty had been raised by the French themselves in the first instance. They had been almost face to face with a political crisis, and charges had been brought against the French Government that all the trains had been put at the disposal of British troops, whereas the French themselves were left short of food supplies. In consequence an order had been issued by the French Government which had interfered very seriously with our demobilisation. The Shipping Controller, unfortunately, had not been consulted, but we had been committed to the new route via Rotterdam by our understanding with the French.

The War Cabinet decided that—

(1.) In view of our commitments to our Allies, it was important that the necessary shipping should be provided for the conveyance of troops by the Rotterdam-Rhine route.
(2.) The Secretary of State for War or his representative should meet the Shipping Controller and discuss the best arrangements that could be made.

Use of Warships for the Conveyance of Troops.

8. The Shipping Controller desired to draw the attention of the War Cabinet to the fact that the United States Government were using warships for the conveyance of troops, and suggested that the British Government should do the same. He thought it was necessary that the Admiralty should realise more clearly the urgent need for trooping tonnage.

The First Lord of the Admiralty said that he had already asked for particulars as to what could be done. He was awaiting a report from his naval advisers, though he understood that there was very little accommodation on warships to enable them to take troops in any numbers.

The Shipping Controller observed that there were some ships that would take 1,000 to 1,200 men, and suggested that as the Americans were using their ships for the purpose, the British Admiralty should be able to do the same.

The War Cabinet requested—

The First Lord of the Admiralty to confer with the Shipping Controller on the matter.

2, Whitehall Gardens, S.W.,
February 26, 1919.
SECRET.

WAR CABINET 538.

Minutes of a Meeting of the War Cabinet held at 10, Downing Street, S.W., on Friday, February 28, 1919, at 11.30 A.M.

Present:

The Prime Minister (in the Chair).

The Right Hon. A. Bonar Law, M.P.

The Right Hon. A. Chamberlain, M.P.

The following were also present:

The Right Hon. W. S. Churchill, M.P., Secretary of State for War (for Minutes 1 and 2).

The Right Hon. Sir A. Stanley, M.P., President, Board of Trade (for Minutes 3–6).

The Right Hon. Sir R. S. Horne, K.B.E., K.C., Minister of Labour (for Minutes 5 and 6).

The Right Hon. Sir L. Worthington Evans, Bart., M.P., Minister of Pensions (for Minute 8).

Sir Charles Harris, K.C.B., Assistant Secretary, War Office (for Minute 8).

Brigadier-General W. M. St. G. Kirke, C.M.G., D.S.O., Deputy Director of Military Operations (for Minutes 1 and 2).

Mr. Thomas Jones, Acting Secretary.

Mr. Pembroke Wicks, Assistant Secretary.

Lieutenant-Colonel L. S. Store, C.B., Assistant Secretary.

Captain L. F. Burgess, Assistant Secretary.

Mr. G. M. Evans, Assistant Secretary.
Industrial Unrest:

1. The Shipping Controller said that with regard to the question of the transport of Polish divisions, he wished to take this opportunity of drawing the attention of the War Cabinet to the present position in regard to the output of shipping. We had been, and were being, faced with a series of very serious strikes, and unless something could be done to relieve the situation, the outcome must be most grave. The unrest affected practically the whole of those employed in the shipbuilding and repairing industries, &c., &c., the boilermakers, shipwrights, and the riveters, &c. He and his advisers had been doing their best to see whether some adjustment were not possible. Some of the leading shipbuilders were in favour of a 44-hour week. What he felt was wanted was a bigger vision and a firmer grasp of the whole situation. At present the loss of money to the State and the diminished output in shipping was very great.

The Prime Minister pointed out that the Associated Society of Engineers and the Associated Unions had recently agreed to a 47-hour week. This course had been arrived at by the Union leaders after a long and tedious struggle with the extremists. In his view the Government must support the Union leaders who were standing by the agreement. It had just been decided to set up an Industrial Council consisting of representatives of the employers and the men, to examine all questions of hours, wages, control, and other factors affecting the situation, and he was of the opinion that no isolated action could be taken to relieve the shipping position. It would be for the Council to include in their investigation an examination of the shipping situation. At the same time it would be well if the Shipping Controller discussed the matter with the Minister of Labour.

Transport of Polish Divisions.

2. The War Cabinet had before them Foreign Office telegrams Nos. 374 and 377 of the 25th February, and No. 379 of the 26th February, from Paris, urging that immediate steps should be taken to provide British shipping for the transport to Poland of three Polish divisions now in France.

The Shipping Controller said that it was impossible to find the necessary shipping unless it were withdrawn from other services. As he had already pointed out (vide Minute 1), shipping had been immensely retarded by strikes. Cargo ships were not suitable for the transport of troops. Most of our available shipping suitable for the purpose was already locked up for the purpose of repatriating American, New Zealand, and Australian soldiers. In reply to an enquiry as to whether certain ships now being used for the repatriation of American troops could not be temporarily diverted for the conveyance of the Polish divisions, Sir Joseph Maclay said that the ships in question were unsuitable and too big for the port accommodation at Danzig. France was very keen on the conveyance of these Polish troops, but was not in the least interested in the question of ships. It seemed to him that Marshal Foch had practically disregarded the shipping position when making his recommendations.

By the terms of the armistice, certain German merchant ships were to be handed over to us, but nothing had been done. Further, a good deal of shipping was required for the conveyance of food to the enemy countries. So far he had refused to divert our own ships for this purpose until German vessels were made available. He suggested that the best way of conveying the Polish troops back to their own country would be to send them by rail across Germany. He desired, further, to point out that transports conveying troops to Australia could bring back wheat and meat, which was most urgently needed. The price of wheat in Australia was only about half that obtained from the United States.

The Secretary of State for War said that there were military reasons against our taking extreme measures to force the Germans
to relinquish their merchant shipping. He pointed out that the immediate provision of shipping for the conveyance of the Polish divisions was necessary in order to give effect to the policy of His Majesty's Government, which was to create a strong Poland. For this purpose it was vital to convey these divisions to their own country with the least possible delay. In the view of the military authorities it was more important to get the Polish troops back to Poland than to complete the repatriation of Australian and New Zealand soldiers.

General Kirke, in reply to a question, said that the number of trains required for a division was from thirty to forty. As regards the Shipping Controller's suggestion that the troops might be sent by rail, he understood that Marshal Foch had considered this alternative, but had rejected it as impossible.

The Chancellor of the Exchequer doubted the wisdom of sending Poles by rail through Germany, especially the north of Germany. He thought that such action would almost certainly be provocative.

The Prime Minister said that he agreed with the Chancellor that the despatch of troops through Northern Germany might conceivably cause trouble, but he felt strongly that both France and the United States were rather inclined to make use of Great Britain, and British shipping in particular, for certain purposes, while they respectively claimed the credit for the services rendered. The United States for instance, posed as the feeder of the Central Empires, but wished to use British shipping. France again, posed as the recreator of Poland, but wanted our vessels in order to carry out this purpose. He recognised the necessity of repatriating these Polish troops, if possible, but in his view we could not accept the whole burden of transporting them. We were quite willing to do our share, but it must be on the understanding that both France and the United States were prepared to make contributions on their part.

The War Cabinet were agreed as to the desirability of transporting the three Polish divisions with the least possible delay, and decided—

That the Acting Secretary, in consultation with the Shipping Controller, should reply to the telegrams which had been received from Paris in the sense that His Majesty's Government, having regard to the many urgent demands which were being made upon British shipping at the present time in connection with the feeding of the Central Empires, the repatriation of American, Australian, and New Zealand troops, &c., were unable to undertake the whole burden of conveying the Polish divisions. His Majesty's Government, however, would be prepared to take a share in furnishing the necessary tonnage provided that France and the United States each contributed a substantial proportion.
his vessel unless he gave the command to an officer who was in the category of those who received the Admiralty Confidential Instructions. Thus, although there had been no statutory requirement that the command of a British ship should only be in the hands of a British subject either before or during the war, the command of a British ship was in effect limited to British subjects during the war, with certain exceptions.

The President of the Board of Trade stated that it was proposed, after a conference between the representatives of the Board of Trade, the Admiralty, and the Ministry of Shipping, and pending a fuller consideration of the general question whether in peace time British ships should be allowed to be commanded by aliens, to make a Defence of the Realm Regulation that would merely effect during the remainder of the war the same object as was achieved by the Admiralty in connection with the issue of Confidential Instructions. The following Defence of the Realm Regulation was proposed:

"37 D. A person shall not, unless specially authorised for the time being by the Admiralty or Board of Trade, act in the capacity of master or person in charge of a British merchant ship unless he is a natural-born British subject, and the son of parents both of whom were at the time of his birth either natural-born British subjects or British subjects by naturalisation; and if any person acts in contravention of this Regulation he shall be guilty of a summary offence against these Regulations."

Sir Albert Stanley stated that it was also proposed that the Admiralty Committee for considering these questions should continue, and that an officer of the Board of Trade should be appointed as a member of the Committee.

The First Lord stated that he concurred in the proposed action.

The War Cabinet approved the Defence of the Realm Regulation as proposed by the President of the Board of Trade, and also the addition of an officer of the Board of Trade as a member of the Alien Masters Committee.

4. The War Cabinet had before them a Memorandum by the President of the Board of Trade (Paper G.T.-6883) in which he stated that Lord Emmott and Sir N. Highmore desired to retire from the War Trade Department at the end of March.

The President of the Board of Trade said that the administrative work of the department must continue so long as there were any prohibited exports. As the transference of War Trade Department functions to the Board of Trade was desirable at an early date, in order that the amalgamation with the Restriction of Imports Department already under the Board of Trade might be possible, he asked the sanction of the War Cabinet to make the change without delay.

The War Cabinet approved—

The transference of the functions of the War Trade Department to the Board of Trade.

5. The War Cabinet had before them a Memorandum by the Minister of Labour (Paper G.T.-6882) relating to the question of whether unemployment donation should be paid to workpeople who became unemployed in consequence of coal strike.

The Minister of Labour stated that the present practice followed the rules governing unemployment insurance; workpeople rendered unemployed by a trade dispute did not get unemployment.
benefit if they were persons employed in the establishment in which
the dispute took place, whether or not they deliberately were taking
part in it. The donation, however, was payable to workpeople in
other establishments, who were thrown out of work as an indirect
result of a trade dispute.

The Prime Minister said that, in the event of a strike, the
Government would have to feed the whole community, and it was
probable that the unemployment benefit would be paid in food instead
of in cash. It was desirable that some scheme should be worked out
by which people received food on the presentation of a coupon.
Arrangements would have to be made so that it would be possible,
in the distribution of food, to differentiate between those men on
strike, and persons out of work through no fault of their own.

The War Cabinet decided—

That the Industrial Unrest Committee should consider a scheme
by which, in the event of a strike, and the responsibility
for feeding the community falling on the Government,
coupons for food might be used in part or in whole payment
of the unemployment donation.

6. With reference to a decision of the Home Affairs Committee
(20th Meeting, Minute 2) to reduce the rate of unemployment
benefit from 29s. to 18s. for men, and from 25s. to 15s. for women,
the Minister of Labour stated that he had, after consultation with
the Prime Minister and Mr. Bonar Law, agreed to a less drastic
reduction of the men's scale, viz., to 20s. instead of 18s.

The War Cabinet gave their approval to the revision.

7. The War Cabinet took note of the following decisions of the
Soldiers' and Sailors' Pay Committee (Paper G.T.-6876) on the subject
of supplementation and other assistance to the Armies of Occupation:—

(a.) That the principle of supplementation would have to
continue in the case of men retained to form the Armies of
Occupation.

(b.) That the Minister of Pensions should undertake the
administration of supplementation.

8. The War Cabinet had under consideration a Memorandum by
the Minister of Pensions (Paper G.T.-6894) containing proposals for:

(1.) A war bonus on officers' retired pay and on the pensions of
officers' relatives.

(2.) A war bonus on the alternative pensions of men and men's
widows.

(3.) An extension of the war bonus to last pay day in
September 1919.

Sir Auckland Geddes explained that this question had been
referred to him as Chairman of the Soldiers' and Sailors' Pay
Committee with full powers of decision, but, in view of the Income
Tax concession that had just been made by the Chancellor of the
Exchequer, and in view of the present falling prices, he felt
that he could not agree to the proposals put forward by the
Minister of Pensions. The latter had therefore felt it necessary to
bring the matter before the War Cabinet for their decision.

The Chancellor of the Exchequer said that he had just made
two big concessions to officers. In the first place, it had been
customary to charge Income Tax on the gratuities given to officers
on demobilisation. Owing to some legal point, however, it appeared
that Income Tax could only be charged against temporary officers
and not against permanent officers, and he therefore proposed to ask Parliament to relieve the gratuities of all officers from Income Tax. In the second place, Income Tax was now charged on Disability Pension. He took the view, however, that a disability pension should be regarded as compensation for injury in exactly the same way as the compensation granted under the Workmen’s Compensation Act, and it was his intention to relieve disability pensions of this charge. The expenses entailed in the proposals of the Minister of Pensions was considerable. It amounted, in the case of officers and nurses, to £107,000 for three months, and about a further £700,000 for the financial year 1919-20. Another point he wished to put forward was that he had been pressed to give a bonus on all Civil Service pensions, but these representations he had refused. A war bonus could not logically be given on officers’ pensions on the grounds of the high cost of living, unless the War Cabinet were also prepared to give a war bonus on the pensions of all Government servants.

The Minister of Pensions pointed out that his proposals asked for a war bonus only on disability pensions. Further, the chief argument for granting a war bonus was that, when a similar bonus had been granted on the pensions of all men, in November last, consideration of a war bonus on officers’ pensions had been deferred. Officers, he thought, should certainly be treated exactly in the same way as the men.

Mr. Bonar Law said that no one realised better than he the difficulties that the Chancellor of the Exchequer had to contend with. At the same time, he thought that this concession would have to be granted, as questions were certain to be raised in the House of Commons on the matter, and it would not be possible to resist the demand. Further, to his certain knowledge there was a great deal of distress amongst families of officers.

Sir Charles Harris said that if the proposals of the Minister of Pensions were accepted, they would give rise to a great number of anomalies. A considerable number of officers who would be retiring voluntarily with a disability, would obtain a pension which was partly service and partly disability. The proposal to give a war bonus on the whole of this pension would, in his opinion, inevitably give rise to claims for bonus on pure service pension, especially when the officer had so far recovered as to be no longer eligible for disability pension.

Mr. Bonar Law suggested that the bonus should be given only on the disability element of a pension.

The Minister of Pensions pointed out that this would entail a great deal of extra administrative labour and would inevitably cause great delay in meeting officers’ claims. He was prepared, however, if that was the decision of the Cabinet, to accept Mr. Bonar Law’s suggestion.

Sir Charles Harris suggested that this could easily be done by giving the same bonus to an officer who had an element of service in his pension as to a temporary officer of the same rank and the same degree of disability.

Sir Auckland Geddes said that, in view of what the State was doing to bring down the prices of food and the cost of living generally, it did not seem necessary to grant this bonus. At the same time, if it were given, he saw no logical grounds for refusing to grant a bonus on the pensions of all other Government servants. His objection, however, would be considerably reduced if it were decided to give the war bonus only on the disability element of a pension.

The First Lord said he was quite certain that very real hardships existed, particularly in the case of a great number of officers who had received their commissions from the ranks, and who found it increasingly difficult to retain the standard of living necessary to their new positions.

The War Cabinet, in coming to a decision, were influenced by
The fact that, although the concession could not be logically defended on the grounds of the high cost of living, it would be very difficult to resist the demand put forward on sentimental grounds in the House of Commons, particularly in view of the fact that a war bonus had already been granted on men's pensions.

The War Cabinet decided:

To approve the recommendations of the Minister of Pensions (Paper G.T.-6894), subject to the limitation that the war bonus granted to an officer whose pension contained both service and disablement elements should be calculated upon the retired pay which would be given to a temporary officer of the same rank and the same degree of disability.

2, Whitehall Gardens, S.W. 1,

*February 28, 1919.*
WAR CABINET, 539.

Minutes of a Meeting of the War Cabinet held at 10, Downing Street, S.W., on Monday, March 3, 1919, at 11:30 a.m.

Present:

THE PRIME MINISTER (in the Chair).

The Right Hon. the Earl of KEDleston, K.G., G.C.S.I., G.C.I.E.
The Right Hon. A. Bonar Law, M.P.

The following were also present:

The Right Hon. R. Munro, K.C., M.P., Secretary of State for Scotland.
Sir J. M. Dodds, K.C.B., Under Secretary for Scotland.
The Right Hon. J. I. Macpherson, M.P., Chief Secretary for Ireland.
Sir Lionel Earle, K.C.B., C.M.G., Secretary, His Majesty's Office of Works (for Minute 2).

The Right Hon. G. N. Barnes, M.P.
The Right Hon. A. Chamberlain, M.P.

The Right Hon. H. A. L. Fisher, LL.D., M.P., President, Board of Education.
The Right Hon. Lord Ernle, M.V.O., President, Board of Agriculture and Fisheries.
The Right Hon. C. Addison, M.D., M.P., President, Local Government Board.
Major the Hon. W. Astor, M.P., Parliamentary Secretary, Local Government Board.
Mr. A. V. Symonds, C.B., Assistant Secretary, Local Government Board.
The Right Hon. Sir L. Worthington-Evans, Bart., M.P., Minister of Pensions.
Sir A. Griffith Boscawen, M.P., Parliamentary Secretary, Board of Agriculture and Fisheries.

Mr. Thomas Jones, Acting Secretary.
Mr. Penbrooke Wicke, Assistant Secretary.
Captain L. F. Burgess, Assistant Secretary.
1. The War Cabinet had before them the draft of a Bill to provide for the assessment of compensation in respect of land acquired compulsorily for public purposes, and the costs in proceeding in respect of such assessment (Paper G.T.-6910).

Mr. Bonar Law stated that he regretted the War Cabinet had not before them the points which would be made by possible political opponents of this Bill. He thought it was desirable that the nature of this opposition should be known, so that it would not be sprung unexpectedly on the Government when they were introducing the Bill in the House.

The President of the Board of Agriculture said that he thought the Bill as it originally stood would appeal to the Conservatives more than the draft now before the Cabinet. He was of opinion that the reference to the Finance Act of 1910, in the alternative clauses 1 and 2, might with advantage be deleted.

In answer to a question as to the views of the Lord Chancellor on this Bill, the Attorney-General said that he thought the Lord Chancellor was opposed to the whole plan, and was of the opinion that a tribunal should be set up analogous to that of the Railway and Canal Commission, with a judicial Chairman and two Assessors.

It was pointed out, however, that such a course would involve very great delays, and that such a tribunal would throw on the community unnecessary legal charges.

The Chancellor of the Exchequer said that he felt very strongly on the question of public authorities having to pay far in excess of the value of land. He felt equally strongly on the Government taking land without adequate compensation. Machinery for arriving quickly at a fair price was what was required, and he thought that a great section of the Unionist Party would take this line. In order to do this decisive action was necessary.

With reference to clause 3, sub-section 4, Mr. Chamberlain said that the Local Government Board had stated that they would require further powers than those given in this Bill for the acquisition of slum property, and he suggested that the powers required should be inserted in this clause, instead of the Housing Bill. He had also asked the President of the Local Government Board to consider, when a new district was opened for industrial development, whether it should not be made a condition that the person bringing in the new industry should provide proper housing accommodation for his employees.

The Prime Minister suggested that the whole of clause 8 of the Housing Bill, dealing with provisions as to the acquisition and disposition of land, should be transferred to the Acquisition of Land Bill. In this connection the Prime Minister suggested the desirability of reconsidering the machinery for acquiring land in the Ways and Communications Bill now before the House, where he believed it was proposed to proceed under the Lands Clauses Acts. One obvious effect of the activities of the new Ministry would be to enhance the value of the land served by any light railways put down.

The Attorney-General agreed that the Land Clauses Acts had no defender. Under those Acts the method was for each side to appoint an arbitrator, and they in turn appointed an umpire. The two arbitrators performed no really judicial function. The present Bill preserved the merits of the Land Clauses Acts without their demerits.

Some discussion then took place on the advisability of retaining in the Bill clause 3, sub-sections 5 and 6, relating to the enhancement in the value of land owing to the action of the State or public authorities. The Attorney-General explained that these sub-clauses dealt only in a tentative and restricted fashion with the question of betterment. It was difficult to go further without opening up vast and very controversial issues of social policy.

The Chancellor of the Exchequer said that he would be willing
to give power to a local authority to take additional land adjoining that required for public purposes, and to give power also to the owner to make them take it up to a reasonable amount, not, for example, necessarily a whole estate, but a farm. Where claims for worsement were lodged, a public authority might be given power to purchase at the valuer's valuation so much of the land as the valuer found "worsened," and the owner should have the right to sell his land to the public authority if there was a betterment charge.

The Prime Minister agreed that when a claim for severance was made, a public authority might be given the power to purchase the whole or part of the property.

The War Cabinet decided that—

(a.) The reference to the Finance Act of 1910, in alternative clauses 1 and 2, should be deleted, and the effective words of Section 33 of that Act should be set out in this Bill;

(b.) Section 8 of the Housing Bill (Paper G.T.-6911) should be incorporated in the Acquisition of Land Bill;

(c.) The Attorney-General should consider, in consultation with Sir Eric Geddes, the clauses dealing with land in the Ways and Communications Bill;

(d.) The following Committee should be appointed to consider further the Acquisition of Land Bill, in the light of the discussion which had taken place, having special regard to the clauses relating to betterment, to severance, and to the scope of the Bill generally:

*The Lord Chancellor (Chairman),
The Attorney-General (Vice-Chairman),
Sir Eric Geddes,
Dr. Addison,
The Lord Advocate,
Mr. G. H. Roberts,
Sir Arthur Griffith-Boscawen,
Mr. Leslie Scott,
Mr. Pembroke Wicks (Secretary).

The War Cabinet had under consideration the following memoranda:

Land Settlement (Facilities) Bill, with covering note by Lord Ernle (Paper G.T.-6791);
Revised Draft Bill (Paper G.T.-6791 a);
Housing Bill, with covering note by Dr. Addison (Paper G.T.-6911).

The President of the Board of Agriculture explained that, in his opinion, no time could be worse than the present for settling men on the land. Agricultural costs were still very heavy, while prices of produce were beginning to come down. The discussion at Lord Cave's Committee, and the former discussion at the Cabinet (War Cabinet 534, Minute 3), had followed the lines that the measure for land settlement should be an emergency Bill for a period of two years, and that its provisions should be confined to ex-Service men. He believed that the Prime Minister, as well as Mr. Montagu and Dr. Addison, felt that it should be applicable to the whole population; but the provision of small holdings at present would constitute a heavy burden on the State.

The Chancellor of the Exchequer said that in a discussion which he had had with Lord Ernle he had put this matter to him * This is the form of the Committee as finally amended by War Cabinet 540, Minute 1, and War Cabinet 541, Minute 2.
very strongly. All authorities were agreed that the present was a most unfortunate time for initiating a great land settlement scheme. In the case of ex-soldiers, we were pledged to do this, but if we attempted to extend the scheme to the whole population we should be greatly increasing the burden on the taxpayer. At the same time it would break down the conditions under which local authorities were now settling people on the land. The measure would be regarded not as emergency legislation referring to one class only, but as permanent legislation affecting the whole population; and it would be considered that the State was undertaking permanently the functions now performed by local authorities. Even if it was regarded as emergency legislation, the expense must be very serious. In addition to this expense there was the loss which the State would incur on their housing scheme, estimated at anything from £20,000,000 to £40,000,000 a year for many years, and in view of these costs he would urge upon the War Cabinet that these developments should be restricted, for the time being, within the limits to which they were pledged.

Mr. Symonds explained that the housing scheme for England and Wales would mean an annual charge of £4,000,000 or £5,000,000 on the Exchequer. In reply to Sir Auckland Geddes he explained that this did not include the capital loss to the State for depreciation at the end of seven years.

Mr. Munro said that he had been informed that the total annual deficit in Scotland alone would amount to about £5,000,000.

Lord Ernle said that he felt there would be less opposition to the scheme in the House of Commons if it were confined to ex-service men.

The Prime Minister asked if he thought the House of Commons would oppose the settlement on the land of agricultural labourers who had not fought in the war.

Lord Ernle pointed out that he thought there would be great opposition to this if it entailed putting one-third of the cost on the State.

Sir Auckland Geddes said that if we were not prepared to settle men on the land they would emigrate. There were a great many men, apart from soldiers, who would wish to participate in the scheme.

Mr. Bonar Law thought that they were all agreed that the scheme would have to be undertaken in the case of ex-service men, but the cost to the State would be very great. Unless the price of agricultural produce was maintained the danger was that the land-settlement scheme would involve a permanent burden on the Exchequer.

The Prime Minister said that he thought we should regard this matter from a wider point of view. The policy here advocated was the same as that put into effect by Mr. Balfour in Ireland, although it was on a larger scale. In Ireland Mr. Balfour had found a condition of social disorder, chronic trouble, poverty, and misery, which he desired to ameliorate, and he had developed a large scheme for settling labourers on the land. It was not an economic scheme. It involved considerable grants from the State, certainly up to the beginning of the war, if not since. There was no doubt that Ireland had benefited thereby. It was true she was not contented, but what would have happened in Ireland during the last five years if the same conditions had prevailed as before the Balfour schemes were put into operation? The same applied with regard to houses. About 50,000 had been built in Ireland, largely at the expense of the State. He was told that they had transformed the whole country.

In Europe we were now faced with very serious conditions. Russia had gone almost completely over to Bolshevism, and we had consolated ourselves with the thought that they were only a half-civilised race; but now even in Germany, whose people were without
exception the best educated in Europe, prospects are very black.
Bavaria was already in chaos, and the same fate might await Prussia.
Spain seemed to be on the edge of upheaval. In a short time we
might have three-quarters of Europe converted to Bolshevism. None
would be left but France and Great Britain. He believed that
Great Britain would hold out, but only if the people were given a
sense of confidence—only if they were made to believe that things
were being done for them. We had promised them reforms time
and again, but little had been done. We must give them the con-
viction this time that we meant it, and we must give them that
conviction quickly. We could not afford to wait until prices went
down. If nothing were done, the people themselves would break
down prices. The same general considerations applied to the question
of housing. We were 300,000 houses below our normal level, and
that level was itself far below what it should be. He had been
informed that people were saying, "When the Government wanted
to build factories to produce shells, they had overcome all difficulties;
they had obtained the land and the factories had been built. When
it came to the question of providing houses, they were still talking;
and meanwhile people were without homes." That
was actually the case, and it was necessary for the State to come in
and grapple fairly with the problem at issue. We should gain a
great deal more than we should lose. At a Conference of Ministers
on Tuesday last, it was estimated that, even if we could do all we
wished to do during the coming year, it would cost us £1,000,000.
Even if it cost £1,000,000, what was that compared with
the stability of the State? In Germany the Scheidemann Government
had been too weak to carry out the promises they had made, and
the result was the conversion of the people to the Spartacist doctrines.
We must be prepared to look at all these problems from the point
of view of the stability of the State. There were indications that even
France was not very stable, and he could foresee the possibility that
this country might have to stand alone for social order and common
sense against anarchy, as we had stood for freedom against despotism.
So long as we could persuade the people that we were prepared to
help them and to meet them in their aspirations, he believed that
the sane and steady leaders amongst the workers would have an easy
victory over the Bolsheviks among them.

The Chancellor of the Exchequer thought that they all
agreed with the general attitude expressed by the Prime Minister.
The situation was serious, and must be dealt with boldly, with
determination, and not by nibbling at it; but the whole of the
situation had not been put forward. We would come to a time
finally when we should have to pay, and heavy taxation would affect
markets and prices. He regarded housing as the first problem
to be faced. It was a very big one, but we ought to push on with it
immediately, at whatever cost to the State. Granted that the
housing scheme must be undertaken, granted the land settlement
scheme must be undertaken in the case of ex-soldiers, was it
necessary to deal in the same way with the rest of the population
when it was so excessively expensive to do so?

The Prime Minister enquired what would be the additional cost
of extending the scheme to include agricultural labourers of 45 or 50
years of age.

The President of the Board of Agriculture thought that
agricultural labourers would prefer an untied cottage with an acre or
half an acre of land to a small holding. The only expensive item in
this would be the provision of the cottages.

Lord Ernle, continuing, said that he did not think agricultural
labourers would be very eager to go in for holdings as their sole
means of support. The demand on their part for small holdings
would not be very great; they wished rather for something that
would make them independent of their employers. He did not mean independent as regards wages, for they would always have to rely upon employers for wages, but independent as regards their homes. This would not be very expensive, and he thought it would satisfy the men.

The Chancellor of the Exchequer said he regarded the housing scheme as something to which we were pledged, and which ought to be tackled at once. He would suggest that the Local Government Board should make housing a county problem instead of a district problem.

Mr. Symonds said that the point was partly met by Clause 3 of the Housing Bill. He had conferred with Sir Daniel Hall, and it had been agreed that, in the cases to which it was applicable, the County Council should undertake housing.

The Chancellor of the Exchequer suggested that it should be announced that these special provisions were for the present being confined to soldiers. Later on it would be possible to deal with the wider problem.

Lord Ernie said that, if this were done, they would have the Acquisition of Land Bill to help them in their scheme. In addition, under the Small Holdings Act, 1908, the State had to repay the County Council part or whole of the loss incurred in putting the Act into operation. This clause also could be used up to the hilt later on.

The Prime Minister asked, with regard to housing for land settlement, which Department would provide the houses. The Board of Agriculture provided allotments.

Mr. Symonds explained that under the provisions of the Housing Bill the County Councils might be the authorities in both cases. They acquired land, and would be at liberty to say whether they wished to build on it or to leave the building to the District Council. If they wished to build themselves they would be allowed to do so.

Mr. Bonar Law enquired what provisions there were for compelling the County Councils to carry out the scheme.

Lord Ernie pointed out that, under Section 2, Part I, of the revised Bill, the Board of Agriculture took power to carry out the scheme themselves if the County Councils refused to do so, or if the Board were dissatisfied with what was being done. The Board of Agriculture had collateral powers with the County Councils.

The Prime Minister said that in Belgium there existed a system by which a great part of the population had its houses and gardens outside the city. He would like the Local Government Board to consider the applicability of this system to our housing scheme.

(At this point the War Cabinet adjourned the discussion to a Meeting to be held at 6:15 P.M. the same day.)

2, Whitehall Gardens, S.W.,
March 3, 1919.
Minutes of a Meeting of the War Cabinet held in Mr. Bonar Law's Room, House of Commons, on Monday, March 3, 1919, at 6:15 p.m.

Present:

The Prime Minister (in the Chair).

The Right Hon. A. Bonar Law, M.P.

The Right Hon. G. N. Barnes, M.P.

The Right Hon. A. Chamberlain, M.P.

The following were also present:


The Right Hon. H. A. L. Fisher, LL.D., President of the Board of Education.

The Right Hon. Sir A. Mond, Bart., M.P., First Commissioner of Works.

Major The Hon. W. Astor, Parliamentary Secretary, Local Government Board.

Mr. A. V. Symonds, C.B., Assistant Secretary, Local Government Board.


The Right Hon. R. Munro, K.C., M.P., Secretary for Scotland.

The Right Hon. J. I. Macpherson, M.P., Chief Secretary for Ireland.

The Right Hon. Lord Ernle, M.V.O., President, Board of Agriculture and Fisheries.

Sir A. G. Boscawen, M.P., Parliamentary Secretary, Board of Agriculture and Fisheries.


Mr. Evan Davies.

Mr. Thomas Jones, Acting Secretary.

Mr. P. Wicks, Assistant Secretary.

Mr. G. M. Evans, Assistant Secretary.
With reference to War Cabinet 539, Minute 2, the War Cabinet continued their discussion on the Land Settlement Draft Bill (Paper G.T.-6791 A).

Lord Ernie said that a point arose with reference to clause 9 as to whether a man should be allowed to acquire the ownership of a holding. If the land was purchased and equipped by the State while prices were very high, was he to be allowed to rent it at a reasonable rent, and also, if he so desired, to buy it?

Sir Arthur Boscawen said there was a very strong feeling that small holdings should be provided not only for purposes of renting, but also that opportunities should be given to acquire the ownership.

Mr. Macpherson said that there was some time ago a strong feeling for tenancy as against ownership, but he thought that this was changing.

Lord Ernie pointed out that ownership would be optional, but this clause allowed the County Councils to sell at the best possible price. Even if a man bought land, it could not be sold for twenty years for any other purpose than that for which he had bought it. Under the Corn Production Act it had to be properly cultivated. Even after twenty years, so long as any part of the purchase-money remained unpaid ownership was subject to these conditions. In reply to Mr. Bonar Law, Lord Ernie said that only the Board of Agriculture had been concerned with drafting the Bill. He would suggest, however, that it should be referred to the Committee under the Lord Chancellor which was considering the Land Acquisition Bill (War Cabinet 539, Minute 1).

Mr. Bonar Law suggested, with reference to the condition limiting the price at which the land should be sold, that this would have to be lowered by the amount of the allowance granted by the State to meet the abnormal conditions of the transition period.

Lord Ernie pointed out that the actual value of the land and the State allowance would not be known for seven years.

The Prime Minister thought there would be a great deal of criticism if land were bought at a high price, and then, after money had been spent on it, it was sold later at a loss.

The Chancellor of the Exchequer said that the effect of the State subsidy as given under this Bill would be that all loss would be borne by the Exchequer. If local authorities acquired small holdings at a loss this loss would be met by the State; if later on the land was sold for industrial purposes the local authorities and not the Exchequer would receive the whole of the profit.

The First Lord drew attention to the land settlement scheme which had been suggested for Ireland by Lord Mac Donnell, based on the lines of an Indian scheme of land settlement. Broadly, the scheme was that the Government undertook to settle on the land men who could not otherwise afford to follow agriculture. The land was acquired by the State, who sold it to tenants; the State retaining, however, in perpetuity a certain percentage of the purchase price, so that the tenant was not able to sell or mortgage the land. The State alone would then have power to sell the land.

Lord Ernie said that all property in a county should be considered as a whole. The period during which the County Councils would have to pay off loans to the Government was eighty years. It was fair that if the County Council during that period made a good bargain on one piece of land they should be allowed to retain the profit. In considering the land as a whole, the profit on one piece should be taken against the potential loss on another piece.

The Chancellor of the Exchequer said that the proposal amounted to this, that the State should bear all the losses above the economic value of the land for a period of seven years, and the profits should go to the County Councils for ever. If at the
end of seven years the economic value of a piece of land was only half the present value, that loss would be borne by the State; any profit made afterwards would accrue to the County Councils.

Mr. Bonar Law pointed out that since the County Councils would have the land for ever there was just as much chance of their sustaining a loss as a gain on that land.

The Prime Minister, with reference to a suggestion that landlords were not allowed to raise rents, said that this only referred to the fact that the rent could not be put up as a result of improvements introduced by a tenant. There was no suggestion that the rent should not be put up as a result of the rise in the value of the land due to social influences. He would like to suggest one important addition to the Bill, namely, that minerals should not be sold. It was quite conceivable that there might be deposits of minerals in the land in places like South Wales.

Lord Ernie undertook to introduce a clause to this effect into the Bill.

Major Astor pointed out that in the Housing Bill it was proposed to authorise local authorities to sell houses to tenants, but only to lease land.

The Chancellor of the Exchequer said that it was desirable to take steps to prevent small holders from subletting the land for purposes other than cultivation by themselves.

The First Lord pointed out that in the South of Ireland tenants who had applied for and had been granted land had relet it at a higher price than that at which it had been originally let to them.

Lord Ernie said that the Bill should be read in conjunction with the existing Small Holdings Act, by which it was enacted that if a holding was bought it was held for twenty years under certain conditions; these conditions also applied if the holding was not bought at once. The chief of these conditions was that holdings should not be subdivided, let, or sublet except with the consent of the County Councils. They should be cultivated by the owner or tenant respectively only for agricultural purposes, and not more than one dwelling-house was to be erected on a holding. These provisions safeguarded the present proposals.

The Prime Minister drew attention to clause 25 of the Bill which provided that grants should be made by the Treasury to landowners towards the cost of adapting land for small holdings. If this was allowed in the case of landowners, it would be claimed also for industries. The Federation of British Industries had already made the suggestion that the State should recoup them for any losses they suffered in restarting industry.

Lord Ernie said that if this clause was carried it would place landowners in the same position regarding recoupment of losses on small holdings as in the case of losses incurred on account of the war. If clause 25 was not admitted, the whole of Part-V of the Draft Bill would have to go with it. At present the landowners would have to pay 5 per cent. interest and 2 per cent. sinking fund for forty years. Small holdings could not be started on those terms.

The Chancellor of the Exchequer said that if it were worth while retaining clause 25 at all it was worth while giving the landlord the same facilities which the local authorities possessed. The present principle was to give County Councils the whole of the excess costs, and to give landlords 80 per cent. of these. If we wished to put men on the land and wished to obtain the help of the landlords to do so at present prices some such help as was provided by this clause would be necessary.

The First Lord said that there was very little land in this country, except that which was being reclaimed, which was not already profitably employed. If they took an individual case of a landlord who assigned 200 acres for small holdings this would have
to be broken up into holdings of say 20 acres each. Then on each of these holdings buildings would have to be put up. The only way to meet these costs was to put up the rent of the holdings, and this would cause a great outcry on account of its being so much higher than had been originally paid for the 200 acres, and the contrast with the light costs of the State subsidized holdings. The proposal to give help to the landlord was the cheapest and the quickest way of obtaining small holdings. Lord Ernle's appeal to landowners would be well responded to if they were informed that the State was prepared to help them.

Mr. Bonar Law said that something of this kind would have to be done if they wanted the landlords to help at all.

The Prime Minister pointed out that they would certainly be prepared to help if the State guaranteed to make up any loss. That, however, was no inducement to economy on the part of the landlord.

Mr. Barnes pointed out that a landlord would have a claim to increase the rent as the economic value of the land went up. He thought the present proposal would have the effect of helping the landlords twice over.

The Prime Minister said that the most urgent problem was the question of housing. No private builder could build houses at a rate which would repay him for his outlay. Now the State were proposing to build, and the builders would say that the competition of the State was spoiling their chances, since in three or four years' time they themselves might be able to build at a profit. If they were to build now they would demand that the State should make up any losses they incurred, as this clause proposed to do in the case of the landowners.

Sir Auckland Geddes pointed out that Part V covered the case of cottages with half an acre of land. This would mean providing a subsidy for a private builder. He thought it was a very dangerous principle.

The Chancellor of the Exchequer referred to the case of grouped cottages, which could be built by County Councils, and would not be tied. On the same estate there must be cottages which had to be near the work of the tenants, and these would be tied cottages. How could local authorities build tied cottages for the landowner?

The Prime Minister said that he did not think tied cottages were an absolute necessity. In France houses in the country were built on the system of grouping them in villages—there were few isolated cottages in the countryside—and from the point of view of inducing people to live on the land that was infinitely the best method. Further, the hours of labour in this country were coming down, and there were not the same reasons for having cottages built near one's work as there were before.

The President of the Board of Education asked what was the demand for small holdings amongst the soldiers.

Lord Ernle said that a commissioner had been sent out to France who had explained to the men in one Army Corps the present proposals. A few days later their votes had been taken, and the result was that for holdings up to twenty acres the demand was very small; but 75 per cent. of the men had declared for a holding with an acre or half-an-acre of land attached. They all appeared to realise that a small holding was a very doubtful method of supporting oneself. They regarded it as a very good crutch, but a very bad leg.

Mr. Munro said that the feeling in Scotland was rather different. There the demand for small holdings was very strong. He hoped that the Bill would be introduced as soon as possible. He had had a great many threats, particularly with regard to the west coast of Scotland, that if land were not provided for soldiers when they returned they would seize it forcibly. The introduction of this Bill would be the best possible way of preventing the present unrest in the industrial world from spreading to the agricultural world. With
With regard to clause 25, it would be interpreted in Scotland as giving preferential treatment to landlords.

The Prime Minister said he would prefer to delete clause 25 from the Draft Bill, so that the Government might ascertain what the feeling was when the Bill came up before Committee.

The Prime Minister drew attention to clause 12 of the Draft Bill. He thought that it was not altogether wise to omit parklands from the scope of the Bill. Foreigners had often been impressed with the extent of uncultivated land in this country. We had compulsory cultivation during the war in some of the parks. There were counties where good land was scarce, and where large areas of the best land were fenced off as private parks. It was indefensible that the State should not be allowed to take portions of such areas. The State had power to acquire it under the Defence of the Realm Act.

Lord Ernie said that we were prohibited from taking this under the Small Holdings and Allotments Act, 1908, which enacted that no land should be acquired compulsorily, such as parkland, if it were required for the amenity of a dwelling-house.

The First Lord said that if the power to acquire parkland were granted the County Councils would have a powerful weapon which would enable them to injure local landlords.

Lord Ernie pointed out that this was guarded against in clause 8 (1), which requires the consent of the Board of Agriculture to acquisition by the County Councils.

The Prime Minister said that this right of appeal would protect a landowner against a spiteful local authority. It was not right that all parkland or land belonging to a home farm in a parish should be excepted from the scope of the clause, while a holding of 50 acres was not protected. He thought that the protection should not continue to apply to parklands, which could be sufficiently protected by the retention in the principal Act of the qualifying words "required for the amenity of a dwelling-house." Lord Ernie said that, if the provision of the Bill were applied to parklands, he doubted if clause 1 could be retained. This was a very drastic clause, and had been introduced in order to prevent a great waste of time in the acquisition of land. It provided that where local authorities had had difficulty in acquiring land, power was granted to enter compulsorily into possession of the land as though the Board of Agriculture had confirmed the Compulsory Order.

The First Lord suggested that the appeal provided under clause 8 (1) should be made to some tribunal other than a Government Department.

The War Cabinet decided—

1. To delete clause 25 from the Draft Bill.
2. That no minerals should be sold.
3. Subject to these conditions and the above discussion to refer the Draft Bill to the Committee set up under the Lord Chancellor to consider the Acquisition of Land Bill (W.C. 539, Minute 1).
4. That Mr. G. H. Roberts and Sir Arthur Boscawen should be added to this Committee.

2, Whitehall Gardens, S.W. 1,
March 3, 1919.
WAR CABINET, 541.

Minutes of a Meeting of the War Cabinet, held at 10, Downing Street, S.W., on Tuesday, March 4, 1919, at 11:30 A. M.

Present:

THE PRIME MINISTER (in the Chair).

The Right Hon. the Earl CURZON OF KEDLESTON, K.G., G.C.S.I., G.C.I.E.

The Right Hon. G. N. BARNES, M.P.

The Right Hon. A. CHAMBERLAIN, M.P.

The Right Hon. A. BONAR LAW, M.P.


The Right Hon. Sir E. SHORTT, K.C., M.P., Secretary of State for Home Affairs (for Minutes 1-4).

The Right Hon. H. A. L. FISHER, LL.D., M.P., President of the Board of Education (for Minutes 1-4).

The Right Hon. A. C. GEDDES, K.C.B., M.P., Minister of Reconstruction and National Service (for Minutes 1-4).

The Right Hon. Sir A. M. MOXD, Bt., M.P., First Commissioner of Works (for Minutes 1-4).

The Right Hon. Lord EARNLE, M.V.O., President of the Board of Agriculture and Fisheries (for Minutes 1-3).

Sir A. G. BOSCAWEN, M.P., Parliamentary Secretary, Board of Agriculture and Fisheries (for Minutes 1-3).

The following were also present:

The Right Hon. W. S. CHURCHILL, M.P., Secretary of State for War (for Minute 4).


The Right Hon. R. MONRO, K.C., M.P., Secretary for Scotland (for Minutes 1-4).

The Right Hon. Sir A. C. GEDDES, K.C.B., M.P., Minister of Reconstruction and National Service (for Minutes 1-4).

The Right Hon. J. I. MACPHERSON, M.P., Chief Secretary for Ireland (for Minutes 1-4).

Major the Hon. W. ASTOR, Parliamentary Secretary, Local Government Board (for Minutes 1-3).

Mr. A. V. SYMONDS, C.B., Assistant Secretary, Local Government Board (for Minutes 1-3).

Mr. EVAN DAVIES (for Minutes 1-3).

Mr. THOMAS JONES, Acting Secretary.

Captain L. F. BURGIO, Assistant Secretary.

Lieutenant-Colonel L. STORE, C.B., Assistant Secretary.

Mr. PEMBROKE WICKS, Assistant Secretary.
Housing Bill.

1. With reference to War Cabinet 518, Minute 4, the War Cabinet had under consideration a draft of a Bill to amend the enactments relating to the Housing of the Working Classes, accompanied by a Memorandum from the President of the Local Government Board (Paper G.T.-6911).

The President of the Board of Education enquired whether the Bill gave sufficient power to clear out slum districts. For example, in the case of Sheffield, where there were 16,000 back-to-back houses in a deplorable condition, the most ambitious scheme yet proposed by the local authorities was for no more than 500 additional houses. Did the Bill impose upon the local authority the duty of dealing with a big slum problem upon an adequate scale?

The Parliamentary Secretary of the Local Government Board pointed out that clause 5 of the Bill gave the Local Government Board power to carry out a scheme if the local authority were in default.

Mr. Symonds pointed out that the Local Government Board could lay down a time within which the local authority must take action, and could themselves take action, if the local authority failed to act within that time.

The Prime Minister asked whether there was any machinery for surveying the needs of the community in order to ascertain how many houses were needed in a given area. It was useless to rely on the local authorities, who, it was certain, would estimate their needs on an inadequate scale. Some means of seeing that these local estimates were adequate should be devised.

Mr. Symonds stated that the provision in clause 1, by which it was the duty of a local authority to consider the needs of their area, would be supplemented by the machinery which the Local Government Board proposed to set up. Housing Commissioners would be appointed, whose first duty it would be to consult with the local authorities in the housing area.

Major Astor explained that the country would be divided into eleven areas, in each of which a Housing Commissioner would be appointed, with the necessary technical staff. They would be men of standing, and the Local Government Board hoped that through them they would be able to stimulate the local authorities and also be able to give speedy assistance to those local authorities who wished to go ahead rapidly with their schemes. The Local Government Board would take the responsibility of verifying, through their Commissioners, the accuracy of the housing estimates given by the local authorities.

Mr. Barnes enquired why so long a time as six months after the passing of the Bill was allowed under clause 1 (1) before the local authority need submit a scheme.

Major Astor replied that it was not necessary to wait for the Bill; action had already been taken to stimulate the local authorities. They had abundant evidence that the financial assistance now offered in the Bill would be a real inducement to local authorities to take action at once. In the past the financial inducement had not been adequate.

The Prime Minister remarked that, as the local authorities had already been circularised for some time, six months seemed to be unnecessarily long.

The War Cabinet decided—

That the words "six months" in line 5 of clause 1 (1) should be altered to "three months."

The First Commissioner of Works drew attention to clause 1 (3), and enquired whether, in the event of a scheme not being adequate, there was any power to compel the local authority to submit an adequate scheme. The Local Government Board had power to act in default of any scheme, but there did not appear to be sufficient provision for compelling local authorities to make their schemes adequate to the needs of their areas.
Mr. Symonds suggested that clause 1 (3), which enabled the Local Government Board to confirm a scheme, subject to such modifications as they thought fit, and to make the scheme as modified binding on the local authority, would meet this difficulty.

The Prime Minister suggested that this would not enable the Local Government Board to substitute 13,000 houses in a scheme if only 500 had been provided.

The Home Secretary and the Secretary for Scotland agreed that the words of clause 1 (3) were not strong enough to justify such an extension of a scheme by the Local Government Board.

The War Cabinet decided—

That clause 1 (3) should be amended to provide that where, in the opinion of the Local Government Board, the scheme was not adequate or suitable, the Local Government Board should be empowered to compel the local authority to prepare an adequate scheme.

The Prime Minister suggested that the Housing Commissioners and the Local Government Board should meet the Electricity Commissioners, to be appointed under the Electricity Supply Bill, and the officials of the, proposed Ministry of Ways and Communications, and confer with them on the relation of interurban and suburban transport to the proposed housing schemes and areas.

Mr. Fisher suggested that it was important to know whether there was a sufficient amount of building material available at the moment to meet the needs of the community solely by the building of new houses. He was of opinion that a great deal of work could be done by repairing, for example, in Sheffield.

Mr. Barnes pointed out that if back-to-back houses were altered by breaking down the intervening wall, thus making two houses into single houses, half the population would have to be evicted.

Mr. Bonar Law considered it was necessary to concentrate on building houses outside the cities, linked up by tramways. The difficulty was that if an authority built outside its own area it had no control and no rates.

The Prime Minister agreed that this was a fundamental difficulty. Town Councils were disinclined to develop houses outside their own area. They must be compelled to face the problem of dispersing their workmen and of turning the towns more and more into workshops and offices.

Major Astor pointed out that there was power under the Bill to compel two authorities to combine on a scheme.

Mr. Symonds drew attention, in this connection, to the case of Manchester, where under a scheme now being considered only sixty-four houses were to be built inside the city and 4,000 outside.

Sir Auckland Geddes said that he was not convinced that there was a sufficient central organisation for securing that houses would be built in new localities. There was no powerful organisation to survey the country as a whole. It was necessary to get a thorough decentralised survey, which would entail much closer enquiry than the eleven Commissioners could undertake. This was particularly important in agricultural areas, where the local authorities were frequently quite incompetent. It would be impossible for the eleven Commissioners to go minutely into all these areas. The development of some thinking machine, in addition to the Commissioners, was necessary.

Major Astor observed that the Local Government Board intended to develop town-planning on a big scale, partly through Sub-Commissioners and partly through the County and Town Councils.

Sir Auckland Geddes did not think that would provide the necessary driving power, but probably the required organisation could be set up administratively, provided a small authorising clause were inserted in the Bill. Power was required to set up a County
Committee, constituted partly from the County Council and partly from nominees of the Local Government Board, to survey the needs of the county.

Mr. Bonar Law remarked that what the public really wanted to know was what was going to be done at once.

The Prime Minister said that the same criticism applied as in the case of the Land Settlement proposals. The working classes would object that when buildings were required for the war they were set up immediately, but under the Government proposals for housing successive periods of delay were involved.

Mr. Chamberlain suggested that if the present Bill and the Land Acquisition and Land Settlement Bill were introduced, they would be a sufficient indication that the Government meant business. He feared that the County Councils might object to having Government nominees on the County Committees.

It was pointed out that there were already precedents for this in the Agricultural Committees, and that as the State were paying everything above a 1d. rate they were entitled to be represented.

The War Cabinet decided—

That the Parliamentary Secretary to the Local Government Board should confer with representatives of various County and Town Councils at present in London, and enquire whether the proposal to nominate representatives of the Board on Committees of the County and Town Councils, as proposed by Sir Auckland Geddes, would meet with acceptance.

Mr. Barnes drew attention to clause 27, by which a public utility society would be enabled to pay a dividend at the rate of 6 per cent. per annum, instead of 5 per cent. as hitherto, and asked whether this would not encourage the formation of new societies in opposition to the existing industrial societies.

Mr. Symons replied that the clause was intended to enable existing societies which build houses for the working classes to pay 6 per cent., as well as the new societies.

The War Cabinet decided—

(a.) To accept the Bill in principle, and to refer it for the settlement of details to a Committee composed of—

The President of the Local Government Board (Chairman),
Dr. H. A. L. Fisher.
Major Astor.
Sir Auckland Geddes.
Sir Alfred Mond.
Mr. Munro.
Mr. Stanley Baldwin.
Mr. James Parker.
Mr. G. M. Evans (Secretary).

(b.) That the Bill need not again be referred to the War Cabinet unless any member of the Committee desired to raise a matter of importance for their consideration.

2. With reference to War Cabinet 539, Minute 1, the War Cabinet decided—

To invite the Lord Chancellor to be Chairman, and the Attorney-General to be Vice-Chairman, of the Committee appointed to consider the Land Acquisition and Land Settlement Bills.
3. The War Cabinet decided that—

The Land Settlement Facilities Bill, which has been referred to the above Committee under War Cabinet 538, Minute 2, need not again be referred to the War Cabinet unless any member of the Committee desired to raise a matter of importance for their consideration.

Irish Prisoners.

4. With reference to War Cabinet 527, Minute 2, the War Cabinet had before them a Memorandum by the Chief Secretary (Paper G.T.-6906), and a Memorandum by the Lord-Lieutenant (Paper G.T.-6912) urging that the time had come to sanction the immediate release of Sinn Fein prisoners.

The Chief Secretary for Ireland said that when the matter had been last before the Cabinet his recommendations had not been accepted, for two reasons: first, that a very serious strike was taking place, and the Government feared that the release of those prisoners at that moment might be regarded as an act of weakness; and, second, because the Cabinet wished to be clearly informed of the reasons that had induced the Lord-Lieutenant recently to change his view as to the policy to be adopted. There were two classes of prisoners, the internees in Great Britain and convicted prisoners who were interned in Ireland. He himself had just returned from the latter country, where he had consulted a large number of people as to what should be done with these prisoners, and he was satisfied that responsible opinion was unanimous in favour of their release. The North of Ireland was not much interested in the question, and so far had expressed no opinion one way or the other.

In reply to a question as to whether it would not be better to wait until peace preliminaries were signed, Mr. Macpherson urged that the circumstances brooked no delay.

The First Lord of the Admiralty expressed the hope that if it was decided to release the men it should be done as insensitiously as possible. When he had been Chief Secretary he had arranged that political prisoners should be sent to their homes without any demonstration. He suggested that it might be as well not to differentiate in favour of Irish political internees; but that, if the Cabinet decided to endorse the recommendations of the Government of Ireland, a certain number of British-born and other political prisoners who were British subjects interned in this country should be simultaneously liberated.

The Chief Secretary for Ireland said that if the Cabinet decided on these men's release he would ask to have power to revive part of the Crimes Act. He would also like to increase the number of resident magistrates.

The First Lord of the Admiralty said that when Mr. Asquith was head of the Government, the question of reviving section 63 of the Crimes Act had been discussed, and the then Attorney-General had been requested to draft a Bill which would give the Chief Secretary the powers granted by section 63.

It was suggested that if the convicted prisoners in Ireland were liberated because their defiance of discipline made them an intolerable nuisance to the prison authorities it would have a very bad effect. It might be better, in some circumstances, it would be preferable, to bring them across to interned camps in the United Kingdom.

The Chief Secretary pointed out that there were various difficulties in the way of this, among which was the fact that if a man was convicted by a resident magistrate in Ireland he had to stay in that country.

The Home Secretary said that if it were decided to release the Sinn Fein prisoners he would propose to give Bowen Colthurst unconditional release at the same time. Colthurst was anxious to go
to British Columbia, and he thought permission for him to do this might conveniently be given. At present he was confined to Great Britain.

The War Cabinet decided—

To authorise the Chief Secretary gradually to release Sinn Fein prisoners now interned in England.

2, Whitehall Gardens, S.W.,
March 4, 1919.
WAR CABINET. 542.

Minutes of a Meeting held at 10, Downing Street, S.W., on Thursday, March 6, 1919, at 12 noon.

Present:
The Right Hon. A. Bonar Law, M.P. (in the Chair).
The Right Hon. the Earl Curzon of Kedleston, K.G., G.C.S.I., G.C.I.E.
The Right Hon. G. N. Barnes, M.P.

The following were also present:
The Right Hon. E. Shortt, K.C., M.P., Secretary of State for Home Affairs (for Minute 1).
The Right Hon. Sir J. Maclay, Bart., Shipping Controller (for Minutes 2 and 3).
The Right Hon. Sir L. Worthington Evans, Bart., M.P., Minister of Pensions (for Minute 4).
The Right Hon. Lord Inverforth, Minister of Munitions (for Minute 1).

The Right Hon. W. S. Churchill, M.P., Secretary of State for War.
Major-General P. P. de B. Radcliffe, C.B., D.S.O., Director of Military Operations (for Minutes 1-3).
Sir T. W. Holderness, G.C.B., K.C.S.I., Permanent Under-Secretary, India Office (for Minute 1).
Colonel L. S. Amery, M.P., Parliamentary Secretary, Colonial Office (for Minute 1).
Major the Hon. W. Astor, M.P., Parliamentary Secretary, Local Government Board (for Minute 4).
Mr. W. T. Layton, C.B.E., Ministry of Munitions (for Minute 1).

Mr. Thomas Jones, Acting Secretary.
Mr. G. M. Evans, Assistant Secretary.
Lieutenant-Colonel L. Storr, C.B., Assistant Secretary.
Mr. Pembroke Wicks, Assistant Secretary.
Arms Traffic.

1. The War Cabinet had before them the Report of a Sub-Committee of the Committee of Imperial Defence on Arms Traffic (Paper P.13); a Memorandum by the Foreign Office (Paper G.T.6875), to which was attached a Draft Convention for the control of arms traffic; and the Report of an Inter-Departmental Conference, held at the India Office on the 24th February, 1919 (P.108), which had met to consider a telegram from the British Delegation in Paris (No. 327) to the War Cabinet, requesting an early decision of the Cabinet on the subject, as negotiations with the French to secure their adhesion to the draft of the Arms Convention were about to open.

Sir Thomas Holderness stated that he had been the Chairman of the Inter-Departmental Conference, and briefly explained the recommendations made in the Conference’s Report. The Conference had to consider whether the policy embodied in the Report of the Arms Committee was to prevail, or whether realisation of British surplus stocks was to continue. If disposal was to be allowed at all, it was desirable to determine what safeguards would have to be insisted upon. The Conference found that the only existing contract at present with the Ministry of Munitions was one to supply guns, &c., to the United States Government to the value of 7,000,000., but negotiations were proceeding for the supply of arms, &c., from surplus stocks to various neutral Governments.

In the Foreign Office memorandum a suggestion had been made that the Conference over which he had presided should, in default of any other solution, draw up two lists, (a) of countries to which war material might be sold regardless of its nature, (b) of war material which might safely be sold regardless of the country of destination. In respect of these suggestions the Conference had been faced with the difficulty that certain countries could not be trusted not to re-sell arms purchased by them to uncivilised races. A further proposal had been made, to the effect that guns, and gun ammunition, and possibly bombs, and machine guns should be left out of the Convention, and that in regard to these the League of Nations might impose a universal rationing system.

Mr. Bonar Law said that he thought that the United States would never agree to the unrestricted sale of guns and ammunition, especially to Latin America. The best way, in his view, would be simply to confine the Convention to small arms, to which there should be no difficulty in obtaining the concurrence of the United States.

The Minister of Munitions, in reply to a question, said that his Department naturally was very anxious to see the surplus stocks sold.

Lord Curzon said that the problem originally arose out of the arms traffic in the Red Sea and the Persian Gulf. The situation was now complicated by the enormous amount of material that existed. In the old days we had received no assistance from France in stopping the traffic, but both France and the United States were now so frightened about the consequences of great quantities of arms getting into the wrong hands that they were willing to make common cause with us.

The War Cabinet decided:

(a.) That the terms of the Draft Convention should be so amended as to refer to and include small arms and small arms ammunition only;
(b.) That, consequently, article 3 should stand, and that the proposed amendment of the Inter-Departmental Conference of this article need not be accepted;
(c.) That article 4 of the Convention should be amended by omitting everything following the words “all destinations” in line 2;
(d.) To add at the end of article 5 the words, “which will satisfy itself in each case that the arms and ammunition are required for a legitimate purpose.”
(e.) To delete in Article 25 the words “and raw materials for explosives.”
2. The War Cabinet had under consideration a Memorandum by the Shipping Controller (Paper G.T.-6922) with reference to the shipping which would be required to transport munitions of war to the Black Sea for the assistance of General Denekin, in which it was stated that additional tonnage to the extent of 150 per cent. of that hitherto, indicated would be required, involving the use of some twenty or more ships of 5,000 tons, that, owing to the shortage of tonnage, the Shipping Controller considered the demand as very serious, and that, if the work were to be undertaken, Italy and France should be called upon to give at least equal assistance, as an Allied responsibility.

The Secretary of State for War said that the shipping he asked for would not all be required at once, but he wished to avoid successive delays in obtaining ships from time to time as they were required. An Inter-Departmental Committee, which had just met under Lord Curzon's Chairmanship, had decided to recommend to the War Cabinet a threefold policy in the Caucasus—

(i.) To make preparations to withdraw;
(ii.) To compensate General Denekin for our withdrawal by supplying him with material and munitions of war, and with a military mission as proposed;
(iii.) To make it a condition of such support that General Denekin should not interfere with the Georgians and other independent States in the Caucasus.

He regarded the supply of arms to General Denekin as a lever, on the one hand, to enable him to fight the Bolsheviks, and, on the other, to prevent him from mistreating the Southern States; and the supply of this material was therefore an essential part of the scheme for removing our troops as quickly as possible. He proposed to spread the supply over the next few months, doing it out to General Denekin according to his requirements. It was necessary to retain the power to control him if he did not fall in with our wishes. Mr. Churchill hoped that the Shipping Controller would be willing to supply the shipping within the next few months, in order that the War Office might carry out a coherent policy with regard to the Caucasus. It was useless to invite either the French or the Americans to provide the shipping, as General Denekin came solely within the British sphere, though he agreed that the fact that we were supplying the shipping for the Caucasus was a point which should be raised in regard to other claims by the Allies for shipping assistance from this country; for example, the transport of General Haller's army to Poland. Moreover, the demand for twenty shipments of 5,000 tons did not involve the employment of twenty ships for more than a single voyage. The transport of this material would be spread over some months, and it was quite possible that only a quarter of that number of ships would be required, each ship making several journeys. The evacuation of the British troops could not take place for some months, owing to the necessity of withdrawing troops from distant points, such as Trans-Caspia and Krasnovodsk, and moving them along the Baku railway to Batum. Mr. Churchill pointed out that the scheme advocated was the only practicable one to carry out the policy of evacuation consistently with our obligations to the Southern peoples, and the necessity for covering the withdrawal of our own troops. It was essential to support General Denekin, for if he were to break down our troops would be cut off by the Bolsheviks. General Denekin was a great shield to our troops along the whole of the line.

Lord Curzon concurred in Mr. Churchill's observations with
regard to the evacuation of troops, and pointed out that it could not be carried out hurriedly, but must be progressive, and might be attended by disorder and bloodshed, owing to fighting between the local populations in consequence of our withdrawal. We were relying on General Denekin to fight and beat the Bolsheviks. He had shown a tendency, however, to turn southward and attack the States on the other side of the Caucasus as an easier target. He was a type of the old-fashioned monarchical Russian who regarded it as his natural role to bring back the Caucasus States under Russian rule. Lord Curzon said that he was entirely in agreement with the Secretary of State for War that it was necessary to retain control over General Denekin through the supply of material, which should be used to carry out his real object of attacking in the north, but not in the south.

The Shipping Controller stated that the shipping position was becoming more serious every day. New proposals were continually being put up. Already eighteen ships were asked for to transport material to the Black Sea, and it was now proposed to increase this number by 150 per cent. He protested that the British Government should not be required to furnish all the ships needed for transport. Ships which had recently been taken from the Austrians by the Italians, and were intended to be under the control of the Allies, were being used by the Italians for a great Libyan expedition. There were heavy demands for tonnage for bringing wheat from Australia, and ships would shortly be required to supplement the wheat supply of India. In addition, there were over 400 ships round the coast requiring repairs, which it had not been possible to execute owing to the shipbuilding strike; while, owing to the possibility of coal trouble, it had been necessary to divert tonnage to build up stocks of coal in our coaling stations. It was quite impossible for him to carry out properly shipping programmes if constant new demands were sprung upon him suddenly by the War Office.

The Secretary of State for War protested that it was becoming increasingly difficult to carry out any coherent policy, owing to objections raised by the Shipping Controller and the Treasury. The War Office had tried very hard to devise a scheme within the limits laid down by the Cabinet. Moreover, with the withdrawal of our forces in the Caucasus, an enormous drain upon shipbuilding would be removed. All he asked at present was that the Cabinet should approve the continued despatch of these stores, and to leave it to him to arrange with the Shipping Controller, so far as possible, to make the necessary provision.

Lord Curzon observed that the assistance for General Denekin would go on for some months. It must be spread over a prolonged period, and he did not think the strain on the Ministry of Shipping would be as great at the present moment as Sir Joseph Maclay feared.

Mr. Bonar Law suggested that the Secretary of State for War should arrange for somebody in the War Office to have the function of investigating the War Office shipping requirements, and of discussing them some time in advance with the Shipping Controller.

Mr. Churchill said that Sir Sam Fay was already doing that.

Sir Joseph Maclay said that he assumed it was understood that we should endeavour to get Allied ships for the purpose, should it be possible.

The War Cabinet decided that—

The Shipping Controller should confer with the Secretary of State for War, and should endeavour to do everything possible to provide the shipping necessary to carry out the War Cabinet's decision as to the transport of the material to the Black Sea for the support of General Denekin, on the understanding that the provision of supplies would be spread over a period of several months.
Use of Warships for the Conveyance of Troops.

3. With reference to War Cabinet 537, Minute 7, the War Cabinet further considered a suggestion made by the Shipping Controller that warships should be used for the transport of troops, as was being done by the American Government.

The First Lord of the Admiralty stated that he had gone very carefully into the matter with his Naval Advisers, and had come to the conclusion that it was impossible to use warships for the purpose, owing to the limited accommodation on board. He had no knowledge of how the Americans contrived to do it, but after very careful enquiry he was convinced that it was not a practicable proposal.

The Shipping Controller said that he found it very difficult to believe that it was not possible to make use of warships for the purpose.

The War Cabinet decided that—

The First Lord of the Admiralty should summon a meeting of his Naval Advisers, which representatives of the Ministry of Shipping should be invited to attend, in order that the matter might be further explored, having regard in particular to the use being made by the American Government of their warships for the transport of troops.

4. The War Cabinet had under consideration a memorandum by the President of the Local Government Board (Paper G.T.-6860), in which the War Cabinet were asked to agree to a definite ruling—

(a.) That no Department of State should create a new medical branch within its own province;

(b.) That no Department of State should expand an already existing medical branch or make new medical appointments, or establish a revised scale of medical salaries, without the concurrence of the President of the Local Government Board.

After some discussion between the Minister of Pensions and the Parliamentary Secretary of the Local Government Board, Mr. Bonar Law suggested that the proposals in Dr. Addison's memorandum went further than the case required, and that it would be sufficient if the Minister of Health were consulted before higher medical appointments were made in any branch of a Department which was liable to be transferred to the Ministry of Health. If, on the one hand, this arrangement were found burdensome by the Department concerned, or if, on the other, the Minister of Health found that appointments were being made to the prejudice of the administration of the branch when it was transferred to him, the matter could be brought before the Cabinet.

The War Cabinet decided that—

An instruction should be issued to all Departments, which were liable to be transferred to the Ministry of Health, that important appointments of medical officers should only be made after consultation with the Minister of Health.

5. With reference to War Cabinet 535, Minute 6, and Paper I.C.-136, Minute 5, the War Cabinet took note of, and approved, the following decision of the British Empire Delegation (Paper B.E.D.-10, Minute 1) on the subject of the Supreme Economic Council:

(a.) That the Supreme Economic Council should be constituted, as regards the British Empire, on the panel system, with five representatives for Great Britain, the Dominions,
and India. Lord Robert Cecil would be the principal British Delegate on the Council;

(b.) That, instead of having two Committees, one British and one Dominions and India, to advise the British representatives on the Supreme Economic Council, as had been agreed by the War Cabinet on the 24th February, there should be one British Empire Economic Committee, with Lord Robert Cecil as Chairman;

(c.) That Mr. J. A. Salter should be Secretary of the Economic Committee, and that he should be assisted by members of the staffs of the Dominion and Indian Delegations on the panel system, as in the case of the Secretariat of the British Empire Delegation.

Gratuities to Temporary Naval Officers

6. With reference to War Cabinet 514, Minute 1, the War Cabinet approved the following decision of the Soldiers' and Sailors' Pay Committee on the subject of gratuities for temporary officers of the Royal Navy (Paper G.T.-6907):—

That the gratuity to temporary naval officers should be on the same scale as that granted to temporary officers of the Army under article 497 of the Royal Warrant, viz.: 124 days' pay for the first year of service, and 62 days' pay for each succeeding year or part of a year of service.

2, Whitehall Gardens, S.W. 1,
March 6, 1919.
WAR CABINET, 543.

Minutes of a Meeting of the War Cabinet held at 10, Downing Street, S.W., on Tuesday, March 11, 1919, at 12 noon.

Present:
The Right Hon. A. Bonar Law, M.P. (in the Chair).

The following were also present:
The Right Hon. Lord Inverforth, Minister of Munitions.

Mr. Thomas Jones, Acting Secretary.
Captain L. F. Burgis, Assistant Secretary.
Mr. Pembroke Wicks, Assistant Secretary.

Land Acquisition Bill.

1. With reference to War Cabinet 539, Minute 1, the War Cabinet had under consideration a request from the Committee on the Land Acquisition Bill for a decision as to whether the Committee were bound by Cabinet instruction to retain in the Bill alternative clause 2:

"A person appointed to be a member of the panel of official valuers shall not engage in private practice or business as an estate or land agent, surveyor, or valuer;"
or whether, on the other hand, the Committee were at liberty to consider the question on its merits.

The War Cabinet decided that:
The Committee were at liberty to consider the question on its merits, provided that, in the event of a difference of opinion, the matter should be referred back to the Cabinet for consideration.

Utilisation of National Factories.

2. The War Cabinet had under consideration a Memorandum by the Minister of Munitions (Paper G.T.-6881), prepared in accordance with War Cabinet 514, Minute 5 (c) (which decided that, with a view to a decision as to the possible utilisation for State purposes of some of the National Factories, the Ministry of Munitions should prepare a report of articles which they considered any specific National Factory could make, of which the Government would be the sole buyers). The Memorandum by the Minister of
Munitions, to which was attached a list of articles which are capable of being manufactured in the National Factories, stated that hardly any of these articles could be so manufactured without offending the general principle laid down by the Cabinet (War Cabinet 514, Minute 5 (b)) that the State should not compete with private enterprise in the manufacture of articles of general trade, and that even if the Government were the sole buyers of the entire output of a National Factory there would still be competition with private enterprise, inasmuch as the articles are articles of general trade which, in the past, had been obtained for Government use by contracts with private firms manufacturing for general trade purposes.

The War Cabinet decided—

(a.) To adhere to their previous decision, that the State should not compete with private enterprise in the manufacture of articles of general trade.

(b.) That the Acting Secretary should inform the Minister of Ways and Communications that the Cabinet hoped that he would be able, at the earliest possible moment, to place with the Ministry of Supply the orders for locomotives, rails, trams, and electrical machinery, which it was decided at the Conference of Ministers held at 10, Downing Street, on the 25th February, 1919 (Paper G.T.—6887, at page 35), should be placed after discussion between Sir Eric Geddes and Sir Albert Stanley; and, further, that the Postmaster-General should be requested to do everything possible to expedite the placing with the Ministry of Supply of the orders for the materials required for the Post Office (Paper G.T.—6887, page 34).

3. The War Cabinet considered a Memorandum by the First Lord of the Admiralty (Paper G.T.—6930), on the need of a permanent Petroleum Department. The view was expressed in the Memorandum that the growing importance of petroleum as one of the key industries justified its continuance in peace of a Department whose utility was demonstrated during the war, and that such a Department must be in charge of a Minister of the Crown who would be responsible to His Majesty’s Government for petroleum policy.

The War Cabinet decided that—

The Petroleum Executive should continue for the present, but did not propose to establish a permanent department for all time.

4. The War Cabinet took note of the Minutes of a Meeting of the Housing Bill Committee, held on the 5th March, 1919 (Paper G.T.—6954).

5. The War Cabinet took note of the Minutes of a Conference on Unemployment and the State of Trade, held at 10, Downing Street, on the 17th February, 1919 (Paper G.T.—6820).

2, Whitehall Gardens, S.W. 1,
March 11, 1919.
SECRET.

WAR CABINET, 544.

Minutes of a Meeting of the War Cabinet, held at 10, Downing Street, S.W., on Thursday, March 13, 1919, at 12 noon.

Present:

The Right Hon. A. Bonar Law, M.P. (in the Chair).

The Right Hon. the Earl Curzon of Kedleston, K.G., G.C.S.I., G.C.I.E.

The following were also present:


The Right Hon. W. S. Churchill, M.P., Secretary of State for War.

The Right Hon. E. Shortt, K.C., M.P., Secretary of State for Home Affairs (for Minutes 1 and 2).


The Right Hon. A. H. Illingworth, M.P., Postmaster-General (for Minutes 1 and 2).

The Right Hon. Sir A. Mond, Bt., M.P., First Commissioner, H.M. Office of Works and Public Buildings (for Minute 1).


The Right Hon. R. Munro, K.C., M.P., Secretary for Scotland (for Minute 1).


Mr. Stanley Baldwin, M.P., Joint Financial Secretary, Treasury (for Minute 4).

Mr. Thomas Jones, Acting Secretary.

Mr. G. M. Evans, Assistant Secretary.

Lieutenant-Colonel L. Storr, C.B., Assistant Secretary.

Captain L. F. Burgess, Assistant Secretary.
1. With reference to War Cabinet 519, Minute 5, the War Cabinet had before them a Memorandum by the Home Secretary (Paper G.T.-6970) relating to a demand for the recognition of the Metropolitan Police Union.

The Home Secretary said that circumstances might arise in the near future when, in his opinion, it would be necessary for the Government to make an announcement that the Police Union would not be recognised, and he desired now the authority of the War Cabinet for making such an announcement when the necessity arose. Mr. Shortt then explained the present condition of affairs within the Force. He said that the Executive Committee of the Representative Board, which had been set up after the strike in August last, had been captured by the officials of the union. The Executive Committee had sent to the Commissioner of Police an insulting resolution with regard to matters connected with the Force, and the Commissioner had refused to meet any member of the Executive who had been responsible for the drafting of that resolution. The Executive had then endeavoured to approach himself, but he had refused to meet them. The next step of the Executive was to say that the Commissioner had refused to meet any member of the Executive Committee. He (the Home Secretary) then received a deputation, and it was quite clear that the accusation that the Commissioner would not consent to meet any member of the Executive was without foundation.

All these manoeuvres by the Executive were brought about in order to secure recognition of the union, and to give it the powers of an ordinary industrial union. The Commissioner's proposal now was to set up a new form of Representative Board. The old Board had consisted jointly of inspectors, sergeants, and constables, but it was found that a Board so constituted had a bad effect on the discipline of the men. The new proposal was that there should be three Boards, consisting of (a) inspectors, (b) sergeants, and (c) constables. The inspectors had accepted the invitation, but the sergeants and constables threatened to boycott the other two Boards. Sir Nevil Macready proposed to deal with this situation by saying to the men that he was sorry they had refused to accept the new scheme, but that, if the sergeants and the constables at any time changed their mind, they could have their Board. The Home Secretary added that the real fight was for recognition of the union. It was difficult to say what the feeling of the Force was, but there was a considerable proportion against the attitude the Executive had taken up. The Prime Minister had said that the union could not be recognised at present, and this had the effect of not entirely closing the discussion. The Commissioner and himself, however, were convinced that recognition of a union would be fatal to any Police Force, and he now asked the authority of the War Cabinet to inform the police that their union could not be recognised.

The First Lord of the Admiralty asked how far the new proposals afforded the police a channel of communication with the Commissioner. In the navy, they had had a somewhat similar difficulty; there was a movement on the lower deck, which asked for a channel of communication through which their wants could be represented to the Board of Admiralty. Mr. Brace had made a strong appeal in the House on this subject on the previous day. He had dwelt with great insistence on the point that, in these days, when collective representation was allowed to industries, it was difficult to refuse the soldier, the sailor and the policeman the right to put forward his views in a collective form. On the other hand, the First Lord had seen the General Secretary of the Federation of Trades Unions, who had said that the fact should not be ignored that among the serving Forces there was a strong desire for collective representation. He had said that the Trades Unions were opposed to
a union in military bodies, for the reason that, as soon as soldiers or sailors left the Force and took up industrial life, they would desire to introduce the methods of their military Trades Unions into the industrial Trades Unions. With regard to the Admiralty difficulty, the Board had established a committee of officers, to which would be attached elected representatives of the men at the three home ports, and this committee had the right of making recommendations on such subjects as promotion, pay, &c., direct to the Admiralty Board. On the whole, this scheme had been well received.

The Commissioner of Police said that he was certain that the Metropolitan Police could not be run without a representative board of some sort. The present Board had been very useful to him, and he had dealt with a hundred resolutions from it, and discovered a number of useful things of which, without a board, he would have been ignorant. One of the reasons which induced the men to support Mr. Marston in his desire for union recognition was the fear that one day there might be a Commissioner who would refuse to have anything to do with the Board. Then, if there were no union, the men would be in the same position as in August last. His (Sir Nevil Macready's) proposition was that the Representative Boards should be made statutory for Police Forces above a certain size; that the Police authorities should have power to dissolve the board if an impasse were reached on any question, but that a new board must be elected.

In reply to a question as to what the effect would be if the same representatives were returned at an election, the Home Secretary said that that would be an exceptional case, and the men would probably have to be dismissed the Force.

The Commissioner of Police then explained the facts which led up to the insulting resolution he had received from the Executive Committee, on which he had refused to receive any member who had had a hand in drafting the resolution.

The Secretary for Scotland said that he hoped the War Cabinet would accede to the Home Secretary's proposal. In Scotland the men were neither allowed nor prevented from joining the union, but sooner or later the question of recognition was bound to come up. At Oban the other day, the Chief Constable had had before him four men who had joined the union, and gave them the choice of resigning their membership of the union or leaving the Force. They were given five minutes to decide. Two of the men had refused to give up their membership of the union, and had left the Force; the other two had remained in the Force and had resigned their membership of the union. The men who left the Force had over twenty years' service in it. This incident had created a great sensation in police circles, and was bound to raise the question as to whether it was legal to join the union or not.

The Home Secretary, referring to the proposal to constitute three Representative Boards, one for inspectors, one for sergeants, and one for constables, said that the principle of this question was one of discipline, and had been threshed out in the negotiations with the Railway Clerks' Union, where it had been decided to have special branches for the higher grades. In this case each section would elect their own representatives, who would have power to raise any subject and have direct access to the Commissioner, and through the Commissioner, to the Home Secretary. If questions arose which affected inspectors, sergeants and constables, delegates from the three boards could meet together.

The Postmaster-General said that he had found in the Post Office that it was advantageous to keep the men in as many separate sections as possible.

The Commissioner of Police said that, after six months' experience of the Metropolitan Police, he had come to the conclusion that it would be impossible to administer the Force if the men were allowed to belong to the union, and the day would come when the
men would have to choose between continuing as Government servants, with Representative Boards, or becoming unionists.

The War Cabinet decided that—

Recognition should not be given to the Police Union.

2. The War Cabinet had under consideration two Memoranda, circulated by the Home Secretary, in regard to the proposed closing of the Press Bureau (Papers G.T.-6742 and 6960), the second of which covered (a) a letter from the Directors of the Press Bureau, urging that the Bureau should be closed down as soon as possible, or that, in any case, the joint Directors should be permitted to resign, as, in their view, the Bureau was no longer required; and (b) a letter from the Secretary of State for India to the Home Secretary, pointing out that the Bureau, in Mr. Montagu's opinion, presented by far the most convenient and effective method of communicating official announcements to the press, and suggesting, for consideration, the advisability of maintaining some small office, on the lines of the present Bureau, to act as a channel between Government Departments and the newspapers, for purposes of publicity.

The Home Secretary said that the Directors of the Bureau gave strong reasons for reconsideration of the War Cabinet's decision in regard to the closing of the Bureau (War Cabinet 531, Minute 7). They contended that there was now practically no work for the Bureau to do; that the small amount of work the Bureau did, cost the country a price out of all proportion to its value; and that the said work could now be equally well done by the press itself or by the Departments concerned.

The view was expressed that if the letter of the Directors to the Home Secretary were made public, it would be difficult to defend the retention of the Bureau, which would be regarded as involving a waste of public money.

Colonel Lord William Percy said that, so far as the War Office was concerned, there were three reasons why, in the view of that Department, the abolition of the Press Bureau was at present undesirable: (a) All cables were divided into press messages and non-press messages. If the Bureau were abolished, the press messages would soon become commercial messages, disguised as press messages to avoid censorship. (b) When the matter had last been discussed by the War Cabinet, it had been decided to re-establish control over wireless press messages. In point of fact, the control over such messages was not and never had been exercised by the War Office. During the war it was exercised by the Admiralty, but the Admiralty abolished their censorship some months ago. If the Government now decided to dispense with the Bureau, the control over wireless press messages would have to be dropped. (c) It is now done by the Press Bureau, and if the Bureau were abolished it would be impossible to prevent certain highly undesirable messages finding their way into newspapers. In this connection he would specially refer to a message from an American newspaper correspondent, which had been received on the 10th March, 1919, via Paris, violently criticising the British Expedition to North Russia.

The First Lord of the Admiralty said that, so far as his Department was concerned, there was no objection to closing down the Bureau.

Lord Curzon, referring to the recommendation put forward by Mr. Montagu in his letter, that some office might be maintained as a medium of publicity for Government purposes, expressed the hope that an early opportunity would be given by the War Cabinet for a discussion on the Report of the Committee on the Secret Service, over which he had presided (War Cabinet 519, Minute 4), which had just completed its enquiry. The report made certain suggestions in regard to the setting up of such machinery as Mr. Montagu apparently had in mind.
The Postmaster-General said that, in this connection, he wished to invite the attention of the War Cabinet to a matter of very considerable importance, and that was the reintroduction of commercial private codes over the cables. The cables at present were immensely congested, and the removal of the embargo on private codes would release the lines by at least 20 per cent., and would make a great difference to the conduct of business, especially so far as Lancashire was concerned. Business men all over the country had pressed strongly for the reintroduction of these codes, but he had been reluctant to give the necessary permission owing to the objections raised by the military and naval censors.

After some further discussion, the War Cabinet decided that—

A Committee, composed as under, should assemble at an early date to decide the question of the closing of the Press Bureau:—

The Home Secretary (Chairman),
The Postmaster-General,
Representatives of—
The Admiralty,
The War Office, and
The Press Bureau.

3. With reference to War Cabinet 525, Minute 8, the War Cabinet had before them certain recommendations of the Home Affairs Committee (Paper H.A.C. 22, Minute 2), (a.) in regard to the proposed increased supply of beer, and (b.) the appointment of a Committee to consider the position of the Central Control Board (Liquor Traffic) and the question of future relaxations.

Mr. Bonar Law stated that the Home Affairs Committee had recently considered two proposals: (i.) to raise the quantity, and (ii.) to increase the gravity of beer. The Food Controller's Department regarded the question mainly from the point of view of labour unrest, and recommended that the barrelage should be increased by 50 per cent. and the gravity to 1040°. The Committee, however, had considered these increases excessive, and had recommended that there should be an advance of 25 per cent. only on the 1918 statutory barrelage of beer, and that the gravity should not be raised at present beyond 1036°.

The First Lord of the Admiralty said that every Labour Minister had laid stress on the fact that a great deal of the present industrial unrest was mainly due to the poor quality of beer. Only recently the Secretary for Scotland had expressed the same view to him. The working man regarded the indifferent quality of beer as a typical case of class legislation, and complained that, whereas the labouring classes could only get a very poor quality of beer, the upper classes could still get wines of pre-war strength. He also suggested that the time had come to change the composition of the Liquor Control Board, which he considered was no longer representative.

The Minister of Education, speaking as Chairman of the Home Affairs Committee, said that successful endeavours had been made to place a really good light beer on the market. It was most desirable that the taste for a light beer, of good quality, such as was obtainable on the Continent, should become naturalised in Great Britain. He deprecated any considerable increases in either amount or gravity, as there was no doubt that the restrictions in force during the war had conduced to a great increase in sobriety. As regards the recommendation that a Committee should be appointed to consider the policy to be pursued with reference to the gradual removal of restrictions in drink and the future position of the Central Control
Board, he hoped that the Cabinet would accept this proposal, as he and his colleagues were convinced that the time had come when the Government should review the whole situation.

Lord Curzon said that he agreed with the Home Affairs Committee that 25 per cent. was a sufficient advance for the present, but thought that it might be gradually increased.

The War Cabinet decided—

(a.) To sanction the following recommendations of the Home Affairs Committee:

(i.) An increase of 25 per cent. on the 1918 statutory barrelage of beer;
(ii.) To raise the gravity from 1032° to 1036°;
(iii.) That no announcement should be made until the Chancellor of the Exchequer had considered the bearing of (i) and (ii) on taxation and prices, and that the publication of these relaxations should be accompanied by an announcement that they would be taken into account in the Budget.

(b.) To appoint a Committee on Liquor Restrictions composed as under, with the following terms of reference: “To formulate a policy of relaxation and to consider the future control of the drink traffic”:

The Minister of Education (in the Chair).
Selected members of the Home Affairs Committee.
The Minister of Food.
Representatives of the Liquor Control Board.

Return of the Guards.
Expenditure on Decorations.

4. Mr. Bonar Law said that he had received a letter from the First Commissioner of Works, stating that he had been asked to provide bunting and decorations for the return of the Guards on the 22nd March. He estimated that a very good show could be made for an expenditure of about £3,000. He had consulted the Treasury and had been told that nothing could be done without a War Cabinet decision. He asked, therefore, to be given the necessary authority.

The Secretary of State for War strongly urged that sanction should be given to the proposed expenditure on the occasion of the return of the Guards, in view of their splendid record and the opportunity the occasion offered of striking a patriotic note. He deprecated the subject being treated in a niggardly spirit. Our people had fought and worked, splendidly, and they had suffered grievous losses; and the chance of welcoming, in a becoming manner, their men back from France, could not fail to stimulate their patriotism and to have a wholesome effect upon their spirits at a time when there was so much to depress them.

The First Commissioner of Works, in reply to a question, said he believed the expenditure on the celebrations in connection with President Wilson’s visit to London had amounted to nearly £10,000.

The War Cabinet decided—

To sanction for the purpose the amount estimated by the First Commissioner of Works.

2, Whitehall Gardens, S.W.1.,
March 13, 1919.
Minutes of a Meeting of the War Cabinet held at 10, Downing Street, S.W., on Monday, 17th March, 1919, at 12 noon.

Present:

The Right Hon. A. Bonar Law, M.P. (in the Chair).


The Right Hon. A. Chamberlain, M.P.

The following were also present:—

The Right Hon. W. S. Churchill, M.P., Secretary of State for War (for Minute 1).


The Right Hon. R. Munro, K.C., M.P., Secretary for Scotland.


The Right Hon. C. Addison, M.D., M.P., President, Local Government Board.

Mr. Thomas Jones, Acting Secretary.

Mr. Pembroke Wicks, Assistant Secretary.

Lieutenant-Colonel L. Storey, C.B., Assistant Secretary.

Captain L. F. Burgess, Assistant Secretary.

Conscientious Objectors.

1. WITH reference to War Cabinet Meeting 537, Minute 5, regarding the proposed release from imprisonment of conscientious objectors, when it had been decided: (a) that the question should be reconsidered when demobilisation had progressed further, and (b) that the Home Secretary should report as to what relaxation, if any, could be given to those prisoners who have carried out sentences of two years and over, the War Cabinet had before them a Memorandum by the Home Secretary (G.T.-6900) in which Mr. Shortt had recorded his view that, after carefully going into the matter, he was satisfied that any further mitigation of the conditions of imprisonment in the case of conscientious objectors who had served two years or more was not practicable.

The Secretary of State for War, referring to the above decision, said that over 2 millions of our troops had now been demobilised, and strongly pressed for the release of these prisoners for reasons given to the War Cabinet when the question had been discussed three weeks ago. He wished vigorously to protest, both against the invidious position in which he was at present placed, and also against the severity of these men's present treatment, to the continuance of which his military advisers were strongly opposed. On the previous occasion, to which he had referred, he had particularly asked that the matter might be reconsidered without delay. The reluctance of the Government to fall in with his views was, he understood, due to a desire to get round a parliamentary situation.
In his opinion too much importance had been attached to this alleged situation.

The First Lord of the Admiralty enquired whether, supposing these men were released, the labour position might not become more acute as they would be able to take up good employment to the prejudice of others who had served their country, but would not be demobilised for some time.

Sir Auckland Geddes said that he thought this was unlikely to be the case, owing to the comparatively insignificant numbers involved.

Mr. Bonar Law said that he had gathered during his recent visit to Paris that there was strong hope that the peace preliminaries would be signed at a very early date; and, in view of this, he suggested that the further consideration of the question should again be deferred for a brief period.

The War Cabinet took note of the Home Secretary's Memorandum, and decided—

That the question of the release of conscientious objectors should again be deferred for a further period of two weeks.

2. The War Cabinet had before them a Memorandum (G.T.-6977) by the President of the Local Government Board, asking for a decision as to which Department was to be responsible for dealing with questions which arose under legislation regarding Increase of Rent and Mortgage Interest Restriction.

The President of the Local Government Board said that he did not think the matter was one which properly fell within the jurisdiction of the Local Government Board. The Board was concerned with provision of houses for the working classes, and the legislation now in question imposed neither powers nor duties on local authorities. As the problems involved were chiefly connected with the law, he suggested that the Home Office should be held responsible.

The Secretary of State for the Home Department said that he had not the machinery for carrying out the work, and he understood that the Local Government Board already possessed the necessary qualified staff. Inasmuch as this matter had up to the present been chiefly dealt with at the Local Government Board, and that the correspondence involved would gradually diminish, the War Cabinet decided—

That the Local Government Board should still continue to deal with questions arising under legislation regarding Increase of Rent and Mortgage Interest Restriction.

3. The War Cabinet had before them the draft of the Aliens Restriction (Amendments) Bill, with a covering Memorandum by the Home Secretary (G.T.-6971).

The War Cabinet decided—

To refer the Bill to the Home Affairs Committee for their early consideration.

4. With reference to War Cabinet 544 (1), the Secretary of State for the Home Department asked whether, as the War Cabinet had decided not to recognise the Police Union, there was any objection to the Commissioner of Police stating this fact in his Orders, which were printed and issued to the force.

The War Cabinet offered no objection.
5. The President of the Local Government Board stated that, owing to the early introduction of the Housing Bill, he would be glad if the War Cabinet would forthwith consider the recommendation of the Committee on the Land Acquisition Bill (G.T.-6988), that clause 8 of the Housing Bill regarding the basis of compensation for the compulsory acquisition of slum property should be restored to the Housing Bill and not transferred to the Land Acquisition Bill, as decided by War Cabinet Minute 539 (1). He had no objection to the Committee's proposal that the clause in question should be incorporated in the Housing Bill.

The War Cabinet took note of the recommendation of the Committee on the Land Acquisition Bill in regard to clause 8 of the Housing Bill, and decided—

That clause 8 of the Housing Bill should not be transferred to the Land Acquisition Bill.

2, Whitehall Gardens, S.W. 1,
March 17, 1919.
WAR CABINET 546.

Minutes of a Meeting of the War Cabinet held at 10, Downing Street, S.W., on
Wednesday, March 19, 1919, at 11.30 A.M.

Present:

The Right Hon. A. BONAR LAW, M.P. (in the Chair).

The Right Hon. the Earl CURZON OF KEDLESTON, K.G., G.C.S.I., G.C.I.E.

The Right Hon. A. CHAMBERLAIN, M.P.

The following were also present:


The Right Hon. W. S. CHURCHILL, M.P., Secretary of State for War (for Minutes 1 and 2).

The Right Hon. E. SHORTT, K.C., M.P., Secretary of State for Home Affairs (for Minutes 1–3).

The Right Hon. Sir A. STANLEY, M.P., President of the Board of Trade (for Minutes 1–3).

The Right Hon. R. MONRO, K.C., M.P., Secretary for Scotland (for Minutes 1–3).


Sir H. WALKER, K.C.B., Chairman, Railway Executive Committee (for Minute 1).

Sir A. KAYE BUTTERWORTH, Railway Executive Committee (for Minute 1).

The Right Hon. Lord BIRKENHEAD, K.C., Lord Chancellor (for Minute 3).

Sir A. G. BOSCAWEN, M.P., Parliamentary Secretary, Board of Agriculture and Fisheries (for Minute 3).

Mr. EVAN DAVIES (for Minute 3).

Mr. THOMAS JONES, Acting Secretary.

Lieutenant-Colonel L. STORE, C.B., Assistant Secretary.

Captain L. F. BURGIS, Assistant Secretary.

Mr. PEMBROKE WICKS, Assistant Secretary.
The Railway Situation

1. The President of the Board of Trade, referring to the negotiations which had been taking place between the Railway Executive and the Railway Trade Unions, said that the offer which had been authorised by the War Cabinet was that pre-war earnings to all men should be advanced by roughly, 50 per cent. That amount would be deducted from their present war wage of 33s., and the remainder of the war wage would increase or decrease on a sliding scale corresponding to the increase or decrease in the cost of living. It was expected that as a result of this offer the war wage would gradually decrease. When the cost of living reached a figure equivalent to 20 per cent. above the pre-war cost of living the scale would no longer operate, but would continue so long as it remained above that figure. In the programme put forward by the two unions there were other demands in addition to the question of wages, viz., extra pay for overtime, night work, and Sundays, and arrangements for pensions and annual holidays, which would in the aggregate represent a large sum of money. Some of these matters had never really been discussed with the men, because the Board of Trade had first to settle with them the principle as to the continuance and permanence of the war wage. The Board had suggested that if the men wanted overtime for Sunday and night work, and other extras, there would be no objection, provided that the cost should be deducted from the 50 per cent.

The offer had been considered by the two unions. Mr. J. H. Thomas had taken it to a full meeting of the delegates, who alone had authority to decide. They refused to accept the offer on principle, apart from the question of the exact percentage of the advance. They were not willing to agree that a part of the war wage only should be made permanent, and the remainder dependent on the cost of living, and insisted on their full programme. The cost of the full programme would be at least 120,000,000£. above the pre-war cost of operating the railways. The present war wage was costing, roughly, 60,000,000£. The position was complicated by the fact, which emerged at every stage of the proceedings, that as soon as a position was accepted by the National Union of Railwaymen it was rejected by the other union. In the present instance the Association of Locomotive Drivers and Firemen demanded that the negotiations should continue, because the offer was more favourable in its operation to their Society than to the National Union of Railwaymen, owing to the fact that the Association of Locomotive Drivers contained a much higher percentage of high-grade men.

The position being that one union wished the negotiations on the above basis to continue and the other did not, it was necessary to consider not only the relations between the two unions, but also what was to be the final offer of the Government, in view of the Cabinet decision that, if the offer authorised by them failed, the Board of Trade were to come back to the Cabinet for further instructions (W.C. 536, Minute 2).

Criticisms had been made in the press of the secrecy which had been maintained. He desired to point out that the secrecy was due to the fact that there had only been negotiations, and no final offer had been made. He agreed that when an offer was made there must be the fullest possible publicity both as to the demands of the men and the final offer of the Government and the cost in each case. Mr. J. H. Thomas was holding a meeting to-morrow when the Government offer would be considered, to be followed on Friday evening by a meeting of the Triple Alliance, when a joint decision of the three unions would be taken. On the other hand, the Association of Locomotive Drivers was not a member of the Triple Alliance, and there was, therefore, a strong probability that, assuming arrangements could be made with Mr. J. H. Thomas that would stand the final test of the Triple Alliance, there might still be a railway strike owing to the fact that the Association of Locomotive Drivers containing a large percentage of the higher
grade men was powerful enough to hold up the whole railway system. The offer of the Government had not been put in a final form, and was open to amendment and further consideration.

Sir Herbert Walker interposed that the offer had never been put in the shape of a firm offer of 50 per cent. on the men's pre-war earnings. The figure of 50 per cent. had only been mentioned on Monday last.

The President of the Board of Trade said that Mr. Thomas had given no indication of an acceptable policy, but, on the other hand, Mr. Bromley had told the Board of Trade when they were proceeding on the right lines.

The Minister of Labour said that he was certain that the newspapers would be entirely against the Government unless it was disclosed that the Government had attempted to make a fair offer to the railwaymen. At the present time nothing definite had been done, and the public were entirely unaware of the particulars of the controversy between the railway managers and the men. Some of the demands of the men were so exorbitant that public opinion would be unanimously behind the Government. For instance, one demand was that the wages of all men in a grade shall be raised to the highest in that grade. That would mean that a man in a country signal-box with a large amount of leisure time would get the same wages as a man at a busy London terminus. If the case were properly stated the Government were sure of popular sympathy, and an offer should be made to-morrow with a full statement in the newspapers of the offer and of the railwaymen's demands.

The President of the Board of Trade said he thought it would be a mistake to allow it to be published that the terms which were suggested during negotiations were really the final offer of the Government, because that was not the case.

Sir Herbert Walker said it would be useless to advance the offer of 50 per cent. to 100 per cent.; it was the form of the offer which was objected to. Some other formula must be adopted.

Mr. Bonar Law asked what further form was suggested.

The President of the Board of Trade said that he was relying on public opinion, and therefore the offer should be as generous as possible, and should go a little further than in ordinary circumstances. There was a limit, but it was worth while paying something to avoid the threatening catastrophe. In addition, there had been a forecast that the Coal Commission enquiry would give something more to the miners, which in its turn would affect the railwaymen and the prestige of the railway leaders who were trying to bring the railway question to the front, and to prevent its being overlaid by the coal enquiry.

The Chancellor of the Exchequer observed that Sir Herbert Walker's statement that the alleged offer was not really an offer and that it could not be made in that form with any hope of success, was all that the Cabinet had before them. He would like to know what was now proposed by the Board of Trade and the Railway Executive.

The President of the Board of Trade said he was not quite in accord with the Railway Executive as to the offer which should be made. There was nothing to guide them and it was mainly a matter of instinct. It was in no way a commercial proposition, because in any event a burden would be placed on the railway bigger than they were able to support. His own view was that the terms already proposed should be supplemented, though he was unable to say that it would be acceptable to the Union.

Mr. Bonar Law suggested that there should be a meeting that afternoon between Sir Eric Geddes, Sir Albert Stanley, and Sir Robert Home, and the representatives of the Railway Executive, to examine the question and to make recommendations to the Cabinet, and in the event of disagreement, to place a clear issue before the Cabinet for decision.

Sir A. Butterworth said that there were two difficulties (1) the
Railway Executive did not know how far the War Cabinet would authorise them to go with regard to money over and above the pre-war wages Bill (2) the Railway Executive had no idea of the direction in which the National Union leaders thought that peace might be found. The offer might differ materially, according as the attempt was made on the one hand to get the support of the public, and on the other hand to try and arrive at an agreement with the men.

The Minister of Labour was certain that the demands of the men would be very elusive, and thought that if the coal miners would not strike the railwaymen would continue their negotiations, but if the coal miners struck the railwaymen would strike also. The point therefore, was to put forward an offer that would appeal to the public as a fair one. The railwaymen were afraid of the prospect of an early reduction of wages, and he thought that it would make a very good start in relation to the negotiations with them if the Cabinet were prepared to say (as recommended by a Committee of the Industrial Conference) that the Wages Regulation Act should be continued for a further six months from May next.

Sir Eric Geddes said that he saw no advantage in the meeting suggested unless there was to be some guidance from the Cabinet as to how far they were prepared to go. They must have some guiding factor to assist them in arriving at a decision, but they would endeavour to obtain a clear statistical statement as to the demands of the men and their relation to the cost of living, and the rates of wages prevailing in other trades. The Committee could prepare such a statement which would give assistance to the Cabinet in arriving at a decision. He was not at present sufficiently informed of the facts to say that it was necessary to make any further offer than that which had been suggested.

The Chancellor of the Exchequer pointed out that it would be possible to say in the Press that the taxpayer was already bearing the burden of the extra cost of the railways, and that any additional burden will fall on the taxpayer.

The War Cabinet decided—

1. That a Committee should meet that afternoon consisting of Sir Eric Geddes, Sir Albert Stanley, and Sir Robert Horne, in order to determine the offer which the Government should make to the railwaymen, and to report their decision for consideration at a meeting of the Cabinet the same evening.

2. That the Committee in framing their report should state the cost of the proposals and their effect on the railway budget for the coming year.

2. The Secretary of State for War raised the question of the Mechanical Transport Depot at Slough, which was in process of completion, and had been intended by the War Office as a general depot for the accommodation of army motor vehicles. The construction and purpose of the depot had been the subject of a considerable amount of adverse criticism in a certain section of the press, and the matter was to be raised in Parliament.

After a brief discussion the War Cabinet decided:

(a.) That the question of the retention and disposal of the depot should be settled by the Secretary of State for War, in consultation with the Minister of Supply.

(b.) To authorise the Secretary of State for War to the event of Parliament pressing for an enquiry, to give an undertaking on the part of the Government that a committee would be appointed for the purpose.

(c.) That in the meantime the work should proceed.
Land Acquisition Bill.

3. The War Cabinet had under consideration a Report of the Committee on the Land Acquisition Bill, G.T.-6988, together with the Minutes of the 4th Meeting of that Committee, G.T.-6988 A, and a copy of the final draft of the Bill, G.T.-6910 A.

The Lord Chancellor stated that the Committee had had two questions of importance under consideration: (1) as to whether official valuers appointed under the Act should be allowed to continue in private practice; and (2) whether the parties to arbitration proceedings should be represented as of right by counsel, or whether counsel should only be allowed with the consent of the official valuer.

As regards the first point, on the suggestion of the Prime Minister that the Committee should restrict themselves to questions of policy as apart from the question of expense, the Committee had reversed their original decision that official valuers should be allowed to continue in private practice. They were of opinion that a large salary would have to be paid to secure men of the eminence and integrity necessary to command public confidence, but they were in agreement with the Prime Minister that such men must be employed for their whole time upon the work in order to avoid the impropriety of the same valuers making valuations at one time for the Government and at another time advising clients privately on valuation proceedings to which the Government were parties.

The Chancellor of the Exchequer said that there was no question that good valuers must be obtained, and he was prepared to agree that valuers should be precluded from private practice and employed for the whole of their time on Government work.

The Lord Chancellor said, with regard to the representation of the parties by counsel, that the Committee had come to the conclusion after some discussion that, provided there were competent valuers with power to give leave to have counsel in proper cases, counsel might be excluded in ordinary cases. It was hoped that, as the result of this, short business-like proceedings would be substituted for the protracted discussion of technical points.

The War Cabinet decided—

To approve the Land Acquisition Bill.

Heligoland.

4. The War Cabinet had under consideration a Foreign Office telegram from Mr. Balfour, No. 512, Astoria, of the 17th March, in which it was stated that the question of Heligoland had been under discussion by the Supreme War Council in connection with the naval terms of peace, that the Prime Minister had asked that the matter should be reserved for further consideration, and that he desired that the whole question of Heligoland should be examined by the War Cabinet.

The First Lord of the Admiralty submitted a Memorandum (G.T.-7004), in which the views of the Admiralty were set out.

The War Cabinet decided—

That the Admiralty, in consultation with the War Office and the Air Ministry, should have authority to advise the British delegates on the Supreme War Council, on behalf of the War Cabinet.

2, Whitehall Gardens, S.W.,
March 19, 1919.
Minutes of a Meeting of the War Cabinet held at the Leader of the House's Room, House of Commons, on Wednesday, March 19, 1919, at 9 P.M.

Present:

The Right Hon. A. Bonar Law, M.P. (in the Chair).


The Right Hon. A. Chamberlain, M.P.


The Right Hon. R. Munro, K.C., M.P., Secretary for Scotland.


The Right Hon. Sir A. Stanley, M.P., President of the Board of Trade.

The Right Hon. J. I. Macpherson, M.P., Chief Secretary for Ireland.

Sir H. Walker, K.C.B., Chairman Railway Executive Committee.

Sir A. Kaye Butterworth, Railway Executive Committee.

Mr. Thomas Jones, Acting Secretary.

Lieutenant-Colonel L. Storrie, C.B., Assistant Secretary.

Captain L. F. Burgess, Assistant Secretary.

The Railway Situation.

I. WITH reference to War Cabinet 546, Minute 1, Sir Eric Geddes, at the request of Mr. Bonar Law, explained the position regarding the railwaymen's claims and their cost to the country. He said that the whole pre-war railway wages amounted to £50,000,000. The present war-wage cost a further £60,000,000, and if the men's demands now put forward were granted it would bring the wage bill up to a total of £151,000,000. This figure, however, did not include a further £20,000,000 for the increased cost of material. The War Cabinet had approved the Railway Executive carrying on negotiations for a 50 per cent increase on the pre-war wage (War Cabinet 536, Minute 2). The principal item of the men's demands was the conversion of the war-wage into a permanent wage. Mr. Thomas had said that if the men were treated reasonably he would do his utmost to prevent a strike.
realised that the railways were the only industry that had tried to convert the war-wage into a permanent wage, and, owing to the present disturbed conditions, he would be willing to postpone the final settlement of this question provided that the war-wage was continued at its present rate until at least the end of the year. Apart from this, however, there were other demands which, in Mr. Thomas's opinion, were reasonable, and the Government should grant them, viz., (a) additional wages (time and a-quarter) for night work, i.e., between 6 P.M. and 6 A.M.; (b) the application of uniform district rates. Sir Eric Geddes explained that the position with regard to district rates was that at a big railway centre, such as Leeds, goods porters of various railway companies were paid different rates for the same work. The railwaymen wanted to bring in district rates so that men in one district on similar work should receive the same pay. He understood that the Railway Executive saw considerable, but not insurmountable, difficulty in carrying this proposal into effect, except in connection with a general revision of rates. Another demand was that there should be standard pay of time and a-half for Sunday duty and time and a-quarter for overtime. The last point was that the men desired to have a say in the management. He (Sir Eric Geddes) thought that the men might be satisfied on this if a guarantee were given to appoint a representative advisory committee or council on which the railwaymen would have a voice in the Ways and Communications Ministry. He did not himself see much difficulty in bringing this about. To sum up, Mr. Thomas had said that if the war-wage was continued until the end of the year, the night work concession granted, an arrangement come to over district rates, time and a-half for Sunday duty and time and a-quarter for overtime to be uniform on all lines—if these concessions were granted by the Government—he (Mr. Thomas) would make the strongest recommendations to his union for their acceptance.

Mr. Bonar Law asked Sir Herbert Walker what he estimated the cost of these concessions would be.

Sir Herbert Walker replied that it was difficult to estimate off-hand, but that, so far as night duty and time and a-quarter were concerned, he thought the cost, if applied to the whole staff, would be between 5,000,000£ and 8,000,000£.

Mr. Bonar Law said that the Government had been prepared to grant a 50 per cent. increase on the pre-war wages, the remainder of the war-wage to be on a sliding scale and varied as the cost of living rose or fell. The proposition now before them was that an additional 5,000,000£ to 8,000,000£ should be added to the wages paid now until the end of the year. All that the Government were losing, therefore, was say, 7,000,000£ for night-work, plus anything they might have recouped from the possible fall in the cost of living from now to the end of the year. As the miners would probably be given something in addition to their present wage, he did not see how it was possible for the Government to offer the railwaymen a lower wage than they were now getting.

Sir Herbert Walker explained that, in addition to the 7,000,000£, there must be added the cost of the other minor concessions, so that the 110,000,000£ would amount to about 125,000,000£.

The Minister of Labour said that, so far as keeping up the war-wage during the present year was concerned, he thought this would have to be done in every industry. He had received many resolutions to this effect, and a Committee of the Industrial Conference had unanimously reported in favour of this being done.

Sir Herbert Walker said that the great difficulty he saw, if the present proposals of Mr. Thomas were accepted, was that Mr. Bromley would not fall into line. In addition, in his opinion, he would be breaking faith with Mr. Bromley, inasmuch as he had promised that the higher-rated men should get something immediately, and their advance was now being put off until the end of the year. His proposal was that the negotiations should proceed on the same lines
as hitherto, and that Mr. Bromley’s union should get concessions as soon as a general settlement was arrived at. He proposed that the war-wage plus wage should in no case be less than it was to-day. The Railway Executive had already offered time and a-quarter for overtime, and something for night duty. A guarantee had been given that there should be a revision of the wages paid to-day, and they promised, in addition, that all anomalies should disappear and rates be standardised. With regard to the management, he proposed setting up a committee on the lines of the National Conciliation Board, on which would be representatives of the Railway Executive and the two Railway Unions, and this Committee would deal with all questions affecting the men between now and the time when the Government had set up some future control of the railways.

The Chancellor of the Exchequer said that, from the financial point of view, if the concessions now suggested by Mr. Thomas were granted, the situation would be appalling. There was no prospect of the railways paying, and he did not see where the money to pay these extra wages was to come from.

Sir Eric Geddes suggested that the burden should be shifted on to the shoulders of the users of the railways, and he thought that, in whatever announcement the Government made with regard to the negotiations now going on, a forecast should be given that an immediate rise in freight rates must be contemplated.

The First Lord of the Admiralty said that he would view any increase in the freight rates with great apprehension. The Government was pledged to assist home trade, especially agriculture, and now he was told that there was going to be an increase in the railway rates. There would be strong opposition to this in the House of Commons, and the effect would be to damage home industry and especially to cripple agriculture.

The Minister of Labour said that, in his opinion, it was worth while to pay the extra cost of the railwaymen’s demands in order to secure their support at the present time. If the miners came out on strike, the railwaymen might come out, too, but with this difference, that if the above concessions were now granted, they would be striking without a grievance. In addition, the transport workers had no ground for a strike, although they would probably come out if the miners did so.

The First Lord of the Admiralty said that he must draw the attention of the Cabinet to the effect these concessions would have on the navy and the army, and that this addition to the miners’ and railwaymen’s wages would probably bring forth a demand for an increase in the pay of His Majesty’s forces. The Admiralty were at present experiencing great difficulty in obtaining sufficient recruits for the service.

The War Cabinet decided that—

(a.) An offer should be made on behalf of the Government to the railwaymen on the following lines:—

(i.) The continuance of the present war-wage plus wage until the end of the year.
(ii.) Wage and a-quarter for night work.
(iii.) An arrangement as to uniform district rates for similar grades.
(iv.) Time and a-half for Sunday duty and time and a-quarter for overtime, to be uniform on all lines.
(v.) Machinery in the new Ways and Communications Ministry by which the railwaymen should be permitted to make representations on questions of management.

Sir Herbert Walker and Sir A. Butterworth expressed their concurrence with the above proposals with the exception of (ii), in which they would substitute “some extra payment” for “wage and a-quarter.”
(b.) The Committee which had met that afternoon should meet on the following day in order to put into concrete form the offer which the Government had decided to make to the railwaymen.

(c.) The president of the Board of Trade should arrange for adequate publicity with regard to the negotiations.

(d.) Immediate preparations should be made to advance railway freight rates.

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2. With Reference to War Cabinet 538, Minute 5, the Minister of Labour said that the Industrial Unrest Committee proposed that, in the event of a strike, all existing systems of insurance benefits should be suspended, and the following flat rate should be paid to all persons who would be entitled to unemployment donation under the original scheme instituted in November last:

- 10s. a week to adults (of 15 years of age and over).
- 10s. a week to wives (if not drawing donation in their own names).
- 5s. a week to children (up to the age of 15 years).

He understood that the Treasury took exception to boys and girls between the ages of 15 and 18 receiving 10s. a week, also to the application of this scheme to Ireland.

The Chancellor of the Exchequer said that he objected to boys and girls between the ages of 15 and 18 receiving the same unemployment donation as a full-grown man or woman, inasmuch as it did not correspond with the wages paid if they were at work.

The War Cabinet sanctioned the proposal that all existing systems of insurance benefits should be suspended in the event of a strike, and approved the scale suggested by the Minister of Labour, with the following exceptions:

(a.) Only 5s. a week should be paid to boys and girls between the ages of 15 and 18.

(b.) The supplementary donation in respect of dependent children under 15 should not be paid in respect of more than four children.

(c.) The emergency scheme may be applied to Ireland on the understanding that its operation will be confined to persons entitled to out-of-door donation under the rules at present in force in this country and unemployed wage earners in trades in which the Lord Lieutenant, with the prior concurrence of their Lords and of the Minister of Labour, certifies that extensive unemployment exists as a result of the coal strike.

2, Whitehall Gardens, S.W. 1.
March 20, 1919.
THE LABOUR SITUATION.

The War Cabinet had before them the following reports:—

COAL INDUSTRY COMMISSION ACT, 1919.


Interim report by Messrs. R. W. Cooper, J. T. Forgie, and Evan Williams;


The War Cabinet then discussed the report by the Chairman of the Commission.

The Chancellor of the Exchequer said that the position really was that the report could not be considered on its actual merits, but the Cabinet possessed a report of an independent kind (Mr. Justice Sankey's), the rejection of which would put the Government
completely in the wrong and make it impossible for them to fight a strike.

Mr. Bonar Law said that he had received a letter from the Prime Minister on the whole situation. Mr. Bonar Law then read the letter to the Cabinet. He said that as soon as this letter was received he had had the following remarks transmitted through the telephone to the Prime Minister:—

"The following is the position about the labour trouble. We are having a Cabinet at 6 P.M., and what I propose, if the Cabinet approve, is to make a statement in the House as soon as possible afterwards on the general situation:—

"As regards transport workers, negotiations under the direction and initiation of the Ministry of Labour have been going on, and employers have made offers which seem to me reasonable and which I hope will be accepted.

"As regards the railways, I hope to have a statement which will enable me to say, in effect, what the demands of the men are, give some idea of what the cost would be, and state what we have offered, which means an addition which cannot be estimated, but which may be as much as 15 millions. I shall say also that, as has been already indicated, some addition in railway rates is inevitable, and these further concessions will make that addition greater.

"As regards the miners, I shall give the substance of the three reports: shall say that the Government intend to adopt Sankey's report and to take all necessary steps to carry it out without delay.

"As regards nationalisation, I shall give extracts showing that nobody expected it to be decided now, and shall read Sankey's own words about it, which are very good, and add that no Government could be responsible for making such a change without proper examination. I am to see Sankey at 4 o'clock to-day, and I propose to say to the House that I have his authority for stating that he would be prepared to give a report on the subject of nationalisation within a given time—probably two months.

"I shall then add that both miners and railwaymen are servants not of employers, but of the State; that a strike would be against the State, and that the State must win and must use all its power for that purpose, otherwise it would be the end of Government in this country.

"As regards your letter to me, I am largely in sympathy with it, but I do not agree about attaching strike funds. This I shall propose to do by Order in Council under the Defence of the Realm Regulations, which can be passed on Saturday if we know that there is a strike.

"As regards arresting the leaders, and so on, I agree with you in thinking that that would not be a wise procedure to take now, but I think it is quite possible that after the strike has broken out and we have public opinion, as I believe, entirely on our side, it would then be the right thing to introduce such a Bill.

"It is quite possible that your absence may be criticised, and we may be asked whether there is anyone who is empowered to act with the authority of the Prime Minister in an emergency. I propose to say that I have full authority from you to act in that way and shall so act."

The reply of the Prime Minister to this communication was that he approved of all the proposals. Mr. Justice Sankey's report contained more than he (Mr. Bonar Law) had gathered from the account which had been given to him of it on the previous day, when he had only been informed about the paragraphs relating
to nationalisation, hours, and wages. When he saw Mr. Justice Sankey to-day he dictated in his presence what he proposed to say in the House of Commons with regard to this report, and Mr. Justice Sankey expressed his approval. Mr. Bonar Law proposed to make a statement on the following lines:

Three reports have been issued.

The first which I will refer to, is that of the Coal Masters. Their recommendation is an advance of 1s. 6d. a day, and a reduction to seven, instead of eight hours.

There is a further report, signed by the three miners' representatives, and the three gentlemen who were appointed to represent Labour interests, which is, in effect, a recommendation of the full demands of the miners, including, of course, nationalisation.

There is, finally, the report of the chairman, which has been signed also by three representatives of the employers' interests, apart from the coalowners, and it is, of course, to this report that I shall specially refer. Though brief, it is a very exhaustive report, and, I may add, contains also a very ambitious scheme for the whole future dealing with this industry. As regards hours and wages, it recommends that there should be an immediate increase in wages of 2s., which is two-thirds of the full demands made by the miners. As regards hours of labour, it recommends almost immediately, as soon as the arrangement can be made, that is on the 16th July, that the hours shall be reduced from eight to seven, and, as regards a further reduction, I shall read the exact words in the report:

"We recommend that the Coal Mines Regulation Act, 1908, commonly called the Eight Hours Act, be amended by the substitution, in the clauses limiting the hours of work underground, of the word 'seven' for the word 'eight,' as and from the 16th July, 1919, and, subject to the economic position of the industry at the end of 1920, by the substitution of the word 'six' for the word 'eight,' as and from the 13th July, 1921. Certain adjustments must be made in the hours of the classes of underground workers specifically mentioned in the Act."

It does not recommend nationalisation. On this point I cannot do better than read the exact words in that report:

"Even upon the evidence already given, the present system of ownership and working in the coal industry stands condemned, and some other system must be substituted for it, either nationalisation or a method of unification by national purchase and/or by joint control. (X.) To some of our colleagues, whose opinion we greatly value, nationalisation has been the study or ambition of a lifetime, and they are prepared at once to report in its favour. (XI.) We understand that to others, whose opinion we equally value, some scheme of joint control appears to be a solution of the problem. (XII.) No detailed scheme for nationalisation has as yet been submitted to the Commissioners; nor has any scheme for joint control been placed before them. (XIII.) No sufficient evidence has as yet been tendered, and no sufficient criticism has as yet been made, to show whether nationalisation or a method of unification by national purchase and/or by joint control is best in the interests of the country and its export trade, the workers, and the owners."

As the House will know, the Chairman of the Commission undertook to give a report on wages and hours by the 20th of this month. He has kept his promise, and the report will be available to members when I sit down.

As regards nationalisation, however, he recognised when the Commission was appointed that the report on such a question is so short a time was impossible, and this view was not only taken by
him but by the whole House of Commons, as is evident by the
debate, and by the whole of the public. It must indeed be evident
that no Government and no House of Commons could possibly
decide a question of this kind which will affect the financial interests
of the whole community without a proper examination. On the
other hand, I have seen Mr. Justice Sankey to-day, and he has given
me the same undertaking which he gave to the Prime Minister in
regard to hours and wages—that if the Commission continues he
will give a report on the principle of nationalisation by the 20th of
May. On this subject the Government now, as when the discussion
took place before, have a perfectly open mind, and the problem
therefore to be decided by the miners’ representatives is whether or
not, so far as this aspect is concerned, they are willing to wait until
a proper examination has taken place, or insist upon a decision now,
when it is obvious to everyone that such a decision could only be taken
by those who had prejudged the question and had made up their
minds long before the Commission sat. But this is not the whole of
Mr. Justice Sankey’s Report. It proposes to deal in the meantime
with the whole coal industry on lines which are not altogether
dissimilar from those which in principle the House has accepted in
regard to Ways and Communications. He recommends definitely
that the men should have an effective voice in the direction of the
mines. In dealing with this, I shall read the exact words:

“(XV.) We are prepared, however, to report now that it
is in the interests of the country that the colliery worker shall
in the future have an effective voice in the direction of the
mine. For a generation the colliery worker has been educated
socially and technically. The result is a great national asset.
Why not use it?”

Beyond this, however, his proposal is that the Commission
should go on sitting and deal one by one with the possible means of
economy and improvement in the working of the mines. If this
report be adopted it will mean that interim reports will be issued at
short intervals and that the recommendations for economy and
improvement will be carried out at once. But these recommenda-
tions will not merely be the action of a dictator or of the masters,
but will be adopted after full evidence has been taken and the views
of the men, as well as of the masters, have been heard in connection
with it. This scheme involves the continuance of the coal control
for at least a year, but it is by means of this coal control that
immediate effect could be given to these recommendations. The coal
control would be continued for this further reason, that part of
the report is a definite recommendation that the profits of the coal owners
should be limited to 1s. 2d. a ton, and by means of coal control
also, which is now treating the whole industry as a unit, it will be
possible to enable improvements, such as coal-cutting machinery, to
be adopted in mines in which, without some such arrangement, it
would be impossible to find the capital.

This scheme will have the further advantage that these
proposals can be tried at once, and it can be judged to what extent
they are successful, and before the period of coal control comes to
an end all the proposals, just as in the case of the Ways and
Communications, will be focussed and carried into effect by an Act
of Parliament for this purpose. This seems to me one of the most
statesmanlike methods of dealing with the great problem which has
ever been suggested.

The Government are prepared—and I now make the announce-
ment on their behalf—to adopt this recommendation in the spirit as
well as in the letter, but whether or not this scheme, which, as
I have said, I regard as in the highest degree statesmanlike, depends
upon the attitude of the miners now. Obviously if a strike takes
place the Commission cannot continue to sit, and any possibility of
improvement on these lines becomes impossible. I do not disguise
from myself that the Government, in taking this decision, as again in the case of Ways and Communications, are embarking on a very ambitious enterprise, but I am convinced that, in present circumstances, it is an enterprise which they are justified in undertaking.

As I have said, whether or not it can be tried depends now not upon the Government, who are willing to try it, but upon the representatives of the miners. It seems to me to give them an opportunity of putting their whole industry on the basis which at least holds out the hope of having the willing work of all the men in this great industry to an extent which has not existed in the past, and in view of the great advantage to the men of such a scheme, and of the further fact that as regards the immediate improvement of their conditions, they will receive 2s. advance in wages, which is equal to two-thirds of the demand, and the reduction of hours to which I have already referred, I cannot believe that the miners will refuse to allow this report to take effect, and if they do, I am certain of this—that no more serious mistake has been or ever could be made by those who have the best interests of the men at heart.”

Mr. Bonar Law said that it was a remarkable thing that the three representatives of employers on the Commission who were not coalowners had signed Mr. Justice Sankey’s report. When the Commission started, it looked as if there would be a report by the six Labour representatives, another report by the six employers, and a further report by the chairman. The question for the Cabinet to decide was whether they would adopt Mr. Justice Sankey’s report. In his opinion there was no alternative.

At this stage, the following message was received from the Prime Minister:

“I have just seen Section 9 of the Sankey report. In view of that, your suggested statement on the subject of the future of the mines seems to me to be inadequate and might justify legitimate resentment on the part of the miners. All the members of the Commission, except the coal-owners, condemn the present system of ownership and working in the coal industry, and I understand, privately, that the coal-owners agree with this view, but as they will have to be parties to bargaining with the Government, they do not wish to handicap themselves by any statement at this moment. In these circumstances, I suggest strongly that in your statement to-night you should call attention to this remarkable paragraph, and say that in view of this condemnation of existing conditions under which the industry is conducted, it is essential in the national interests that the question should be further investigated by the Commission with a view to ascertaining what can be substituted for the present system, and that for so important a question the time suggested by Mr. Justice Sankey for its investigation is not unreasonable, and that you feel sure that the Commission will come to that conclusion, and that although there has been sufficient evidence to condemn the system, evidence as to the system which should be substituted has not yet been given, and no sufficient opportunity has been afforded for submitting alternative proposals.”

The Chancellor of the Exchequer said he thought Mr. Bonar Law might also make reference, in his statement, to the following paragraph in the report, on page 9:

“The reason for considering the further reduction in July, 1921, is that we think we are justified in assuming that in two years the output should have reached, by the united efforts of all concerned, the amount of coal raised in 1913, namely, 287,000,000 tons.”
The Minister of Labour then explained the position regarding the railway negotiations. He said that a meeting was being held at that moment, and had not yet concluded. All the terms which the Government proposed to offer to the railway men were being put before them, but the men's representatives had said that they would be unable to give a decision upon them without referring to their delegates.

Mr. Bonar Law then said that he would refer, in his statement in the House that evening, to the railway negotiations, to the effect that these had been going on for the last few days, and that the Government had that day made a definite offer to the men's leaders, that it was not possible to give particulars of this at the moment, but that he hoped a statement would appear in the press on the following morning.

The Minister of Labour asked whether anything was to be said about the cost of the advances to the coal miners. The gross cost for the New Year would be 48,000,000. 30,000,000 of that represented the difference between the present rate of profit and 1s. 2d. The present cost of coal would not be reduced, but the price would be maintained at its present high artificial level. The miners would get the benefit of that. In addition, the present cost of coal charged to neutrals was too high by 9,000,000, which would also have to be found. Mr. Justice Sankey's view was that we should save 13,000,000 by economy in working. In effect, therefore, the bulk of the amount which now went to the Treasury in excess profits would be transferred to the miners. If the miners' demands had been conceded in full, it would have cost the country 68,000,000.

Mr. Bonar Law pointed out that this calculation must be taken subject to the qualification that it was not proposed to continue the Excess Profits Duty in its present form.

The Secretary of State for War doubted whether the Government had gained anything by appointing the Coal Commission. It was not clear that a strike would be avoided. He did not think the case for the Government and for the owners had been properly stated before the Commission, nor had there been any adequate investigation of the housing conditions in mining districts.

The Minister of Education considered that the country would hold that the Sankey Report had given away the case against nationalisation, and would regard it as a summing-up in favour of nationalisation.

Mr. Bonar Law said that Mr. Justice Sankey was of opinion that nationalisation was probably the proper course, but that it was impossible to state that as a definite policy as the result of only ten days' investigation. The Prime Minister was in agreement with this view, and held that it was impossible for the Government to stultify themselves by making a declaration in favour of nationalisation as the result of so short an enquiry.

The War Cabinet approved the speech Mr. Bonar Law proposed to make in the House of Commons the same evening.

2, Whitehall Gardens, S.W. 1,
March 21, 1919.
MINUTES OF MEETING OF THE WAR CABINET, HELD AT 10, DOWNING STREET, S.W., ON FRIDAY, MARCH 21, 1919, AT 12 NOON.

PRESENT:

The Right Hon. A. Bonar Law, M.P. (in the Chair).

The Right Hon. the Earl Curzon of Kedleston, K.G., G.C.S.I., G.C.I.E.


The Right Hon. Lord Ernle, M.V.O., President, Board of Agriculture and Fisheries.

Sir A. Giffith Boscawen, M.P., Parliamentary Secretary, Board of Agriculture and Fisheries.

Sir Claud Schuster, C.V.O., Permanent Secretary, Lord Chancellor's Office (for Minutes 1, 2, and 3).

The Right Hon. C. Addison, M.D., M.P., President, Local Government Board.

The Right Hon. H. A. L. Fisher, LL.D., M.P., President, Board of Education.

Sir W. H. Beveridge, K.C.B., Secretary, Ministry of Food (for Minute 4).


Mr. H. T. Barrie, Vice-President, Department of Agriculture and Technical Instruction, Ireland.

Sir J. M. Dodds, K.C.B., Under-Secretary for Scotland.

Sir G. Saltmarsh, Royal Commission on Wheat Supplies (for Minute 4).

Mr. Thomas Jones, Acting Secretary.

Mr. Pembroke Wicks, Assistant Secretary.

Captain L. F. Burgess, Assistant Secretary.

Mr. G. M. Evans, Assistant Secretary.
Land Settlement Bill.

Clause 15.

I. THE War Cabinet had under consideration a revised draft of the Land Settlement Bill (Paper G.T.-67816), amended in accordance with the decisions of the Committee (Paper G.T.-6939) appointed to consider it by War Cabinet 540, Minute 1 (3).

The President of the Board of Agriculture and Fisheries said that the first question for consideration was whether the credit facilities in clause 15 should be extended to all applicants for small holdings, or whether they should be confined to ex-service men. The Committee had struck out from the draft Bill the limitation to ex-service men, and made the clause of general application. The War Cabinet had decided that the Bill should be extended in its general application to all classes of the community, and it seemed to him that clause 15 should be similarly extended.

Mr. Chamberlain stated that 20,000,000£. had been promised for the settlement on the land of ex-service men. The original Bill, as approved by Lord Cave's Committee, proposed that the landlord should be paid by annuities. It was represented by the President of the Board of Agriculture that to proceed by way of an annuity would be too slow a process to provide for the urgent needs of returning soldiers, and an understanding was come to that land for ex-soldiers should be acquired compulsorily by purchase, the proposal for annuities being reserved for the general scheme of Land Settlement. In the Bill as now drafted, annuities had been left out altogether and purchase only was provided for, which meant that the finance of the whole of the Land Settlement Scheme must be provided by a capital sum. The 20,000,000£. for the ex-service men was to be charged on the Consolidated Fund and regarded as part of the War Debt. On the other hand, a general scheme of Land Settlement ought to be a charge on the Local Loans Fund, and he would have extreme difficulty in finding the money if there was to be a considerable expenditure for this year. The President of the Board of Agriculture had very properly stated to the Cabinet his objections to a large scheme of Land Settlement at the present moment, owing to the difficulty of placing men on the land in a sound economic position, by reason of the high prices caused by the war. We were bound to place ex-service men on the land at the expense of the State, but we were under no such obligation in regard to the ordinary population, and he therefore he very strongly that the 20,000,000£. should be confined to ex-service men, as originally proposed by the Prime Minister and agreed by the Treasury when Mr. Bonar Law was Chancellor of the Exchequer.

The Bill had come back from the Committee with a strong recommendation that a house with half an acre of land should be regarded as a small holding. If this were adopted, the whole cost of providing houses in rural areas would fall upon the State, and all the capital would have to be borrowed by the State, whereas under the terms of the Housing Bill the County Councils were obliged to bear all expense up to a penny rate and would be the borrowers. If they had the opportunity of building houses as part of small holdings, the entire expense being borne by the State, they would certainly adopt that course rather than exercise their powers under the Housing Bill.

He was already alarmed at the extent of the borrowing which the Government had to undertake at the present moment. Before any new borrowing was undertaken they must provide for the renewal of repayable debt already incurred. 1,500,000,000£. must be renewed before the end of next year, of which 900,000,000£. were in Treasury Bills which would have to be renewed four times over in the course of the year. The demands of the Dominions were 25,000,000£., and of the Allies 100,000,000£. He regarded the financial position as one of extreme gravity.

The Committee had reversed all the decisions of the Government, and the Treasury had not been represented on it. He suggested that the proposal to create small holdings out of a cottage and half an acre of land should be restricted to ex-service men.
The President of the Board of Agriculture observed that if holdings of any considerable size were provided, it would be very costly, and owing to the inexperience of the new tenants the holdings would not be a financial success. The wishes of the men as shown by the census of an Army Corps in France were in favour of cottage holdings as a supplement to agricultural wages, and if the demand were met in that way it would enormously diminish the more expensive holdings which would otherwise have to be provided, and at the same time it would meet the demand for rural housing, and to that extent relieve the work to be done under the Housing Bill. The only additional expense would be half an acre of land in each case, which would be a small item in the housing programme. He admitted that a difficulty arose out of the penny rate, but the County Council would be the housing authority for this class of holding, and at the same time the financial authority to arrange for the money. On the other hand, he had no objection to restricting small holdings consisting of a cottage and half an acre to ex-service men. He thought Mr. Chamberlain was wrong about the question of annuities. The Committee which had considered the matter under Lord Cave did not recommend permanent compulsory annuities, but only recommended them for two years, and as soon as the Cabinet sanctioned the expenditure of 20,000,000£, it was obvious that the scheme for compulsory annuities could not be maintained. He thought the decision of the Cabinet that the scheme should apply generally should be allowed to stand. The Prime Minister had made an emphatic appeal at the Cabinet, and from the silence with which it was received he had assumed that there was acquiescence.

It would be possible in practice to restrict the grant of land to ex-service men, and his sympathies were to confine the Bill entirely to them, but the Prime Minister was strongly of opinion that the general population must not be excluded. Under the Small Holdings (Colonies) Act a preference was given to the naval and military forces of the Crown who had served in the war.

Mr. Chamberlain suggested that the special provisions of the Bill should be applicable only to ex-service men and that the ordinary Small Holdings Acts should apply to the general population. If the 20,000,000£ were now to be made available for general small holdings, it would never in the future be possible to induce the County Councils to share in the expense of small holding schemes for the general population. The Cabinet had come to no decision in the matter and he had not assented.

The President of the Board of Education said that his impression of what had taken place when the Prime Minister addressed the Cabinet on the 3rd March agreed with that of Lord Ernle. The First Lord of the Admiralty said that his impression was that the Chancellor of the Exchequer and he, who had the same views, did not press their opinions, and he had come to the conclusion that, while there was a general acceptance, the details were left to be discussed and decided on afterwards. In actual fact there would not be enough land to provide for more than the ex-service men. All the agitation he had come across in the country was limited to providing land to the men with actual service at the front.

Mr. Bonar Law said that his impression of the Cabinet discussion had been that, while the general population could not be absolutely excluded, the effect in practice would be to restrict the scheme to ex-service men. It had been argued that nothing was being done for the agricultural labourers and that it was unfair to confine the scheme to soldiers, while men who had been compulsorily retained on the farms for the benefit of agriculture and had not been allowed to go to the front, were not provided for. The Prime Minister's view was that, unless you could offer facilities to agricultural labourers to acquire small holdings, little good would come of the
Land Settlement proposals. He suggested that something should be inserted in the Bill to indicate that a preference should be given to ex-service men.

Mr. Chamberlain said that, while it was quite true that no additional money would have to be provided beyond the 20,000,000l. if grants were made to agricultural labourers, it would nevertheless develop very strong pressure among the agricultural population to extend the scheme, and would also alter the whole system of finance by transferring the burden from the County Council to the Treasury. He would prefer to say that the special provisions of the Bill were in fulfilment of a special obligation to the soldiers, and the Government would be prepared to consider the claims of others at a later date. He would like the Prime Minister's attention drawn to the fact that the arrangement came to between him and the Treasury under Mr. Bonar Law for the provision of 20,000,000l., was definitely restricted to ex-service men.

Sir Auckland Geddes said that when he had been at the Local Government Board, it had been agreed with Lord Ernle that there should be no clash between the Housing and the Land Settlement Bill, and the present proposal was quite a new departure. As a matter of fact, the officials of the Board of Agriculture had always wished to undertake rural housing.

Dr. Addison (who entered at this stage) explained that he agreed with Mr. Chamberlain that if houses were to be erected by the Board of Agriculture under the Land Settlement Bill as parts of small holdings at the rate of a house to half an acre of land it would, in fact, remove the rural districts entirely from the scheme of the Housing Bill. But the actual arrangement was that, so far as concerned the building of the houses, the Housing Bill would apply, the financial arrangements of the Land Settlement Bill applying only to the purchase of the land. The County Council would be the authority in each case, and arrangements would be made by the Local Government Board that in rural areas the District Councils should not exercise powers under the Housing Bill where cottages with half an acre of land or more were concerned.

Lord Ernle said that he had no objection to this proposal.

Mr. Chamberlain said that he would be satisfied with the definition of a small holding as a holding of not less than half an acre with a cottage erected thereon, provided that the cottage be erected on the terms of the Housing Bill, and that the County Councils should be the Housing authority by arrangement with the Board of Agriculture and the Local Government Board.

The War Cabinet decided—

(1.) That the definition of a small holding in the Bill be approved.

(2.) That houses to be built on small holdings should be built by County Councils under the provisions of the Housing Bill by which the cost is borne by the Housing authority to the extent of a penny rate, and that for that purpose the County Councils should replace the Rural District Councils.

(3.) That the general scheme of the Land Settlement Bill need not be restricted to ex-service men, but that provision should be made to give a preference to ex-service men.

(4.) That such preference for ex-service men should apply in the granting of credit facilities, but that the credit facilities should be open to all small holders.

(5.) That the President of the Local Government Board should confer that afternoon with the President of the Board of Agriculture and Fisheries as to the amendments necessary to carry out these decisions and to secure generally that the Land Settlement Bill did not conflict with the policy of the Housing Bill.
Powers to acquire Land.

2. The War Cabinet had under consideration the question of extending the powers of public authorities and others to acquire land compulsorily, and decided that—

The matter should be remitted to the Committee on Home Affairs, with special reference to the recommendations thereon made by the Committee under the Ministry of Reconstruction, on Acquisition and Valuation of Land, presided over by Mr. Leslie Scott (Cd. 8998).

Reafforestation.

3. With reference to the Minutes of the 22nd Meeting of the Home Affairs Committee (Minute 3), Mr. Bonar Law stated that it had been decided to abide by the previous decision of the War Cabinet (War Cabinet 455, Minute 15).

The War Cabinet had under consideration the Schedule to the Forestry Bill (Paper G.T.-6913), and decided that—

The Schedule to the Forestry Bill should be referred to the Committee under the Chairmanship of the Lord Chancellor, appointed by War Cabinet 539, Minute 1 (d), with a view to securing that the provisions of the Schedule should follow the lines of the Land Acquisition Bill.

Forestry Bill.

Cereal Prices in 1919.

4. With reference to War Cabinet 504, Minute 5, the War Cabinet had under consideration the following memoranda on the subject of cereal prices in 1919 in relation to the pledges which they had given to farmers as to guaranteed prices:

Memorandum by Lord Ernle (Paper G.T.-7000),
Memorandum by Mr. Macpherson (Paper G.T.-7001),
Memorandum by Mr. Munro (Paper G.T.-7005),

together with the Minutes of the 23rd Meeting of the Home Affairs Committee held on the 20th March, 1919.

The President of the Board of Agriculture suggested in his memorandum that the War Cabinet's pledge was not to be interpreted as promising to pay the farmers a guaranteed price for all cereals harvested, but only those parts of the crops which were sold. In order, therefore, to prevent opportunities for fraud should imported cereals be sold at a lower price than the home-produced, he proposed that the guaranteed prices should apply, in the case of wheat, to the whole crop, on the basis of 4 quarters to the acre; in the case of barley, to four-fifths of the acreage, on the basis of 4 quarters to the acre; and in the case of oats, to two-fifths of the acreage, on the basis of 5 quarters to the acre. The Secretary for Scotland and the Chief Secretary for Ireland, in their memoranda, objected to this on the ground that the Government's pledge could be interpreted only as guaranteeing prices for the whole crop harvested.

The President of the Board of Education said that this question had been discussed at the Committee on Home Affairs on the previous day, and, on account of the divergences of opinion as to the interpretation of the Cabinet's pledge, it had been decided to ask the Cabinet for their interpretation.

Lord Ernle said that the pledge had been given in the form of a Question and Answer, decided upon by the Cabinet and given in the House of Commons on the 19th November, 1918, as follows:

"Mr. G. Lambert (by private notice) asked if the President of the Board of Agriculture is able yet to say whether the prices paid to farmers for controlled cereals harvested in 1919 will be not less than those now current?

"The President of the Board of Agriculture (Mr. Prothero): Yes, Sir; the answer is in the affirmative."
Mr. Bonar Law said that he did not remember the exact wording that had been decided upon, but the intention of the Cabinet in giving their pledge clearly was that the same method of dealing with the crops in previous years should be followed out in the case of the 1919-20 crop. As he understood that it had been the practice to apply the guaranteed prices only to what had been sold, the same method should be adopted for the next crop.

Mr. Barrie observed that that was not the interpretation placed in Ireland on the Government’s promise.

Lord Ernle explained that the difficulty lay in regard to the oat crop. In England and, he believed, in Scotland, the greater part of the oats was consumed on the farms. He held that the pledge given referred only to the amount that was sold.

The President of the Board of Education said that he had gathered from the discussion at the Home Affairs Committee that the representatives of the Scottish and Irish Boards of Agriculture would accept the Cabinet’s decision if it were announced that Lord Ernle’s interpretation was the correct one, if it were also agreed that the guaranteed prices should be paid for two-thirds of the crop of oats.

Lord Ernle explained that it was estimated that one-fifth of the oat crop was generally sold off the farms. He had proposed that the guarantee should be given on one-half of the total crop, on the ground that in Scotland and Ireland considerably more than one-fifth of the crop was sold, and because, since there was a large additional area under oats this year, the Scottish and Irish farmers would expect to sell more. He suggested that it would be quite sufficient if three-fifths of the crop were guaranteed. In reply to a question by Mr. Bonar Law, he said that the difference in the cost to the State between guaranteeing two-thirds and three-fifths amounted to between 2,000,000 and 3,000,000.

Mr. Barrie said that the Irish Department of Agriculture had gone into the matter carefully, and were satisfied that if two-thirds of the crop were guaranteed that would not be unsatisfactory, although there might be losses in some districts, and there would certainly be much grumbling.

Sir James Dodds said that, whatever interpretation the Government placed on their pledge, farmers in Scotland had interpreted it and would interpret it as applying to the whole crop. Even if the Government were prepared to pay on two-thirds of the crop, there was still the difficulty that the Scottish farmers could claim that the effect of this decision was to give farmers in England and Wales payment on the whole of their staple crop, which was wheat, whereas in Scotland the payment was being made only on two-thirds of their staple crop—oats. Another point that might be raised was that the Scottish tax-payer would be paying on a high scale for English wheat, with no chance of obtaining a counter-balancing return on Scottish oats.

The Chancellor of the Exchequer pointed out that, if the guarantee were given on the whole of the oat crop the Scottish tax-payer would be paying for the benefit of the Scottish farmer.

Mr. Chamberlain enquired from Sir Arthur Boscawen whether he had not said in the House of Commons on the previous day that it was proposed to guarantee four-fifths of the barley and oat crop.

Sir Arthur Boscawen pointed out that he had referred only to the case of barley, and that he had been wrongly reported in certain newspapers. He was having the reports corrected.

The First Lord of the Admiralty suggested, that unless the guarantee were given on the whole crop, the Government would be laying themselves open to the accusation of not keeping faith with the farmers.

Mr. Bonar Law thought that the possibility of an attack of this kind would depend upon the amount which the Government was prepared to guarantee. He had certainly understood that the same
basis of guarantee would be adopted for the crop of 1919-20 as in the case of the crop of 1918-19.

Lord Ernle and Mr. Fisher both agreed that this implied a sale. Mr. Fisher said that there was another point upon which they desired the Cabinet's interpretation, namely, the guaranteed price. The point had been raised whether this should be what was termed the "commencing price" or the average price over the season.

Lord Ernle said that his interpretation of the answer given to Mr. Lambert's question in the House of Commons was that the guaranteed price would be the price on the 19th November, 1918. The prices for cereals issued by the Food Controller were based on a scale which rose throughout the season, so that the average price of oats for the season would be about 2s. 6d. a quarter higher than the price in November last year.

Mr. Barrie explained that the price of oats at the beginning of the previous season was about 47s. 6d. a quarter, and at the end of the season about 52s. 6d. The average was 49s. 9d. a quarter, and the current price in November last year was about 48s. 6d. a quarter.

He suggested that there would be less discontent at the Cabinet's interpretation of their pledge if the guaranteed price were taken at 49s. 9d. a quarter.

Lord Ernle said he thought the guaranteed price should be 47s. 6d. a quarter, which was the current price on the date on which the Government gave their pledge.

The War Cabinet decided—

To guarantee to farmers the following prices:—

for the oats crop of the 1919 harvest, 44s. 1d. per quarter of 312 lbs., on the basis of 5 quarters to the acre on two-thirds of the total acreage under oats;

for the wheat crop of the 1919 harvest, 71s. 11d. per quarter of 480 lbs., on the basis of 4 quarters to the acre on the total acreage under wheat;

for the barley crop of the 1919 harvest, 61s. 6d. per quarter of 400 lbs., on the basis of 4 quarters to the acre on four-fifths of the total acreage under barley;

and approved the following decisions of the Home Affairs Committee:—

(i) To accept the alternative suggestion in the memorandum by the President of the Board of Agriculture and Fisheries (Paper G.T.-7000) that the machinery of the Corn Production Act, 1917, be applied to the guaranteed prices;

(ii) That in the purchase of oats for army requirements the military authorities should be required to purchase only in the United Kingdom;

(iii) The Irish Department of Agriculture should be authorised to announce that as the outlook regarding the supplies of cereals and imported feeding-stuffs had improved, some relaxation of the Order requiring compulsory food production could be made.

(iv) To agree to Section 1 (6) of Part I of the Corn Production Act, 1917, which reads as follows:—

"If it appears to the Board that any such land has been negligently cultivated, the Board may either withhold altogether the payment to which the occupier would otherwise have been entitled, or may diminish the amount of those payments to such extent as the Board think proper to meet the circumstances of the case."

2, Whitehall Gardens, S.W.1,
March 21, 1919.
Minutes of a Meeting of the War Cabinet, held at 10, Downing Street, S.W., on Monday, March 24, 1919, at 12 noon.

Present:

The Right Hon. A. Bonar Law, M.P. (in the Chair).

The Right Hon. the Earl Curzon of Kedleston, K.G., G.C.S.I., G.C.I.E.

The Right Hon. A. Chamberlain, M.P.

The following were also present:

The Right Hon. the Viscount Milner, G.C.B., G.C.M.G., Secretary of State for the Colonies.

The Right Hon. W. S. Churchill, M.P., Secretary of State for War (for Minute 1).

The Right Hon. E. Shortt, K.C., M.P., Secretary of State for Home Affairs (for Minutes 1, 2, and 3).

The Viscount Peel, Under-Secretary of State for War (for Minute 1).

Major-General Sir C. H. Harlington, K.C.B., D.S.O., Deputy Chief of Imperial General Staff (for Minute 1).

Major-General P. P. de Radcliffe, C.B., D.S.O., Director of Military Operations (for Minute 1).


The Right Hon. Sir R. S. Horne, K.B.E., K.C., M.P., Minister of Labour (for Minutes 1, 2, and 3).

The Right Hon. A. H. Illingworth, M.P., Postmaster-General (for Minute 3).

The Right Hon. Sir A. Stanley, M.P., President, Board of Trade (for Minute 4).

The Right Hon. Sir J. Maclay, Bt., Shipping Controller (for Minute 1).

Mr. Thomas Jones, Acting Secretary.
Mr. Pembroke Wicks, Assistant Secretary.
Lieutenant-Colonel L. Store, C.B., Assistant Secretary.
Captain L. F. Burgess, Assistant Secretary.
1. The War Cabinet had under consideration (a) a note by the General Staff, enclosing a summary of the Report by General Greenly, Chief of the Military Mission in Roumania, on the present military and economic situation in that country, strongly recommending that, in order to enable Roumania to defend her frontiers and to resist internal Bolshevism, we should assist her to create a small well-kept mobile force to act as a reserve to the more or less immobile troops along the frontier, and to clothe and feed the remainder of the army to such a degree as would put the troops in a state of comparative comfort and efficiency; in order to give effect to the above recommendations it was urged (i) that His Majesty's Government should give credit to the Roumanian Government for the purchase of railway material up to half a million sterling; (ii) that credit be given also for the purchase of certain essential military stores and animals; (iii) that shipping be placed at the disposal of the British Military Mission to transfer material and stores to Roumania; and (b) a note by the Acting Secretary of State for Foreign Affairs (Paper G.T.-7028) enclosing a copy of General Greenly's Report in full, and recording Lord Curzon's opinion that His Majesty's Government should give Roumania some immediate tangible proof that the immense sacrifices she had made in the Allied cause had not been forgotten, and urging that an attempt be made at once to clothe and equip the Roumanian army and to improve the working of the railways; and, further, asking that the War Cabinet would sanction the necessary expenditure to carry out the recommendations contained in General Greenly's Report.

The Chancellor of the Exchequer said that General Greenly had made three requests: first, that measures should be taken for the relief of the civil population. This was already being done by the Supreme Economic Council in Paris, the necessary shipping being provided, so far as it could be allotted without detriment to other not less urgent calls upon it. Secondly, General Greenly urged that the working of the Roumanian railways should be improved. This matter was also being dealt with by the Supreme Economic Council. As regards General Greenly's third request, which was, that provision should be made by the British Government for the equipment and maintenance of the Roumanian army, Mr. Chamberlain said that this was a crucial matter. Apart from questions of policy, he thought it would be impossible to deliver military supplies to Roumania in sufficient quantities without involving a corresponding reduction in the relief it would be possible to give the civil population. He did not quite understand why His Majesty's Government should be asked to provide the necessary money and credits for these measures of relief, as the Roumanian Government had large resources in this country. In any case, he thought that if it were decided that we should endeavour to come to the assistance of Roumania, the burden should be shared by our Allies. He had agreed to find 12½ millions sterling to feed European countries other than Belgium and Germany, on condition that France and the United States would make an equal contribution, and that Italy would also take a share. In regard to the re-equipping of the Roumanian army, he questioned whether 900 machine-guns and 15,000 old pattern rifles would be sufficient for the purpose. In any case, he submitted that to place Roumania in a state of defence was not a matter for His Majesty's Government alone, but was one which required the decision of the Allied and the Associated Powers and their concerted action.

The Acting Secretary of State for Foreign Affairs said that he earnestly trusted that the Cabinet would decide to carry out the recommendations contained in General Greenly's Report. The danger in Roumania at present was more acute than anywhere else. The internal situation of the country was most insecure, and Roumania was the sole outpost remaining to us in the East of Europe.

The Secretary of State for War submitted that there was no
time for delay, and urged that the Cabinet should come to a decision on the limited points at issue. Unless speedy steps were taken to go to the relief of Roumania, our ally would become a prey to Bolshevism and would be lost to us. He himself stood by the General Staff note. If the War Cabinet were of opinion that we had no responsibility in the matter, well and good: it was not for him to shape our policy, but he could not share that view. In his opinion, the situation was of the utmost gravity. On the Black Sea littoral the French had been driven from Kherson and Odessa; Odessa would soon be in the front line; the Bolshevik armies were pressing right on to the Roumanian frontier; Hungary, whom we thought we had crushed, had according to the latest reports once more assumed a hostile attitude towards the Allied Powers, this time in Bolshevik guise; and unless Roumania was supported and encouraged it was more than probable that Roumania would be assailed both from Hungary and from the Ukraine by arms and propaganda. He agreed with the Chancellor of the Exchequer that it was not possible to treat the Roumanian question apart from the many other complex propositions confronting ourselves and our Allies. It was to find a solution of these problems that the delegates of the Allies and the United States were now assembled in Paris. They had, however, sat for many weeks. In the meantime the Bolshevist menace was growing daily more formidable. There would be no difficulty, Mr. Churchill proceeded, in providing the comparatively small quantity of material which his military advisers suggested should be supplied to Roumania. A considerable quantity of warlike stores were now on their way for the use of General Denekin, and as General Denekin's scope had been restricted, he suggested that some of these should be diverted for the use of the Roumanian Government. In reply to a question as to what the total cost of the stores it was proposed to send to Roumania would be, Mr. Churchill said that the total amount would be about £407,000, of which £130,000 would be for equipment, £60,000 for harness, £50,000 for saddlery, and £83,000 for blankets, &c. In conclusion, he urged that this small medium of support to Roumania, if promptly sent, might enable and encourage Roumania to carry on, whereas neglect might lead to a collapse and to the loss of a whole nation. These aids were small and not in themselves decisive, but they could be sent promptly and they could be spared. He felt that it was only his duty to make these representations to the Cabinet as forcibly as he could, and if it was decided that nothing should be done he desired that his protest should be noted and recorded in the minutes.

The Chancellor of the Exchequer said, with reference to the proposal that some of the so-called surplus stocks which were intended for General Denekin should be diverted to Roumania, that his Department had expected to recover a certain amount of money by the sale of these stocks. As he had already pointed out, the Roumanian Government had considerable resources in this country, but they would not use them.

Mr. Bonar Law said that he thought the question of supporting Roumania had been before the Supreme War Council, and that the proposal had been rejected by the Prime Minister. He then read the following extract from the Minutes of the Third Meeting of the Eighteenth Session of the Supreme War Council (Paper I.C—162):—

"Mr. Lloyd George hoped that the Conference would not accede to the proposals contained in the statement read by Marshal Foch, as he thought it would merely mean giving support to the perpetration of great mischief. The proposal, at bottom, merely meant the setting up of a great army for the eventual invasion of Russia. It would be agreed that Roumania had nothing whatever to do with Lemburg, but it was wished that, once the Roumanian troops had been brought to that place,
they would be available for operations against Russia. He was entirely opposed to any such operations, which could only be carried out at the expense of the Allies. . . ."

The Secretary of State for the Colonies said he had not actually been present at the meeting of the Supreme War Council referred to, but he thought that the objections felt by the Prime Minister to raising a great army which might be used to invade Russia would not apply to a proposal that a certain amount of assistance should be given to Roumania in order to enable her to defend her country against Bolshevism, which was a very different matter. He further pointed out that, under present arrangements, Roumania came within the French sphere, and that the French were more responsible than ourselves for the support of that country.

The Minister of Shipping said that he had just returned from Paris, and was certain that the French would strongly object to our interfering in Roumania, which they regarded as one of their particular spheres.

Mr. Bonar Law asked, if it was agreed, that we should divert some of the warlike stores intended for General Denekin, whether this would be the end of our commitments; would it not mean that we should be more extensively involved in the future?

The Secretary of State for the Colonies said that if this diversion would help the Roumanians to maintain their own frontier, he thought that we should be justified in rendering further assistance later on.

The War Cabinet decided that—

The Secretary of State for War should instruct the Chief of the Imperial General Staff in Paris to represent to the Prime Minister that, in view of the increased danger to Roumania owing to the fact that Hungary had thrown in her lot with the Bolshevists and was again in hostility, the War Cabinet proposed, subject to his approval, to authorise the diversion to Roumania of a certain proportion of the warlike stores already in transit or loaded up ready to go to the support of General Denekin, but surplus to his reduced requirements.

2. The Chancellor of the Exchequer said that he wished to refer to a certain letter which had been circulated to the various Government Departments by the First Commissioner of Works, stating that in the latter's opinion a considerable number of buildings, requisitioned temporarily for the purposes of the War, were being retained unnecessarily. Mr. Chamberlain said that he thought the delay in evacuating these buildings might be due to the slowing down of the process of demobilisation. He enquired whether the Minister of Reconstruction was taking any action in the matter.

The Minister of Reconstruction said that he was doing his best to stimulate the demobilisation of various special war staffs which had been created in different Departments owing to the war. As a matter of fact, the particular question raised by the Chancellor of the Exchequer had not formed part of the instructions given to him by the Prime Minister at a special Conference of Ministers held at 10, Downing Street on the 17th February, 1919, when he had been asked to conduct an inquiry into the unemployment and state of trade. That inquiry he had now concluded. As a result of it he had extinguished a very large number of controls and restrictions of trade, most of which would cease to operate by the end of the present month. As regards the Chancellor's point, he understood that some time previously a Treasury Committee had been appointed to go into the matter.
The War Cabinet decided—

That the Minister of Reconstruction should consider, and in due course report to the Cabinet, the most suitable means to expedite the demobilisation of temporary staffs in Government Departments and to evacuate requisitioned premises.

Application of the Whitley Report to Government Establishments.

3. With reference to War Cabinet Minute 534 (15), the War Cabinet had under consideration the report of a Committee on the application to the Whitley Report to the Administrative Department of the Civil Service (Paper G-238).

The Postmaster-General said he concurred in the report and hoped effect would be given to the recommendations immediately.

The War Cabinet decided—

To approve the report, and to request the Minister of Labour to take the necessary action to give effect to the recommendations contained therein, and call a meeting of those concerned at an early date.

Electricity Supply Bill.

4. The War Cabinet had under consideration a draft of the Electricity Supply Bill (G.T-6926), together with a covering memorandum by the President of the Board of Trade.

Mr. Chamberlain stated that the Treasury desired to raise three points of importance:

1. There was no estimate provided of the probable cost involved in the Bill. The loan expenditure might amount to 50 millions, and in his view the money ought to be borrowed by the Electricity Board in the same manner as money was borrowed by the Metropolitan Water Board. It ought not to be a burden on the State.

2. Provision was made in the Bill that under no circumstances would any profit be made by the Electricity Commissioners. He did not think that this was right. The Government ought not to be precluded from making profit, and ought to be able to take more than the mere interest on their money and depreciation.

3. He had received a copy of a report by Sir William Plender on the valuation proposals incidental to the transfer of undertakings authorised by the Bill. This report commented very severely on the valuation arrangements, and, in his opinion, they should be very carefully examined in the light of Sir William Plender’s observations. He was opposed to the Bill on financial grounds, and objected to the assumption underlying every new scheme put forward, that all financial difficulties would be got over if the Treasury would find the money. The principle of the Bill was that electricity undertakings should be a State enterprise in the future, and he regarded the financial commitments involved as too serious to be undertaken at the present time.

The President of the Board of Trade said that the proposal was that so far as concerned power stations belonging to the municipalities, the District Boards should merely take over the loan obligations of the municipalities. It would therefore not be necessary to raise any money. So far as the private power companies were concerned there would be an obligation to purchase involving roundly 13,000,000l. With regard to raising money for the erection of
plant and the transmission system, if it was proposed to wait until the District Boards were set up at least three years must elapse before any work was undertaken, owing to the fact that the Commissioners had first of all to divide the work among the different areas of supply. So far as could be seen the initial expenditure could hardly exceed 20,000,000L spread over four years.

The War Cabinet requested—

The President of the Board of Trade and Sir Eric Geddes to confer with the Chancellor of the Exchequer in order, if possible, to arrive at a settlement on the points of the Bill which were in dispute, and to refer back to the Cabinet any questions upon which they were unable to arrive at an agreement.

5. The War Cabinet had before them the copy of a telegram, dated the 22nd March, received by Mr. Bonar Law from the Chief Secretary for Ireland (G.T.-7019) regarding arrangements made by the Sinn Fein Executive for the arrival of De Valera in Ireland. The telegram stated that the Irish Government viewed these arrangements as the first overt act in defiance of His Majesty's Government in Ireland, and that they were of opinion that the meeting and the procession should be proclaimed.

Mr. Bonar Law said that Lord French was strongly of opinion that the proposed action should be taken, and the Prime Minister agreed.

The War Cabinet decided—

To approve the course recommended by the Viceroy.

6. With reference to War Cabinet 542, Minute 3, the War Cabinet took note of the memorandum by the Acting Secretary (G.T.-7006), stating that the First Lord of the Admiralty had reported on the 18th March that representatives of the Admiralty and the Ministry of Shipping had conferred; that the Admiralty had offered to lend to the Ministry of Shipping a certain number of His Majesty's ships, provided that the Ministry of Shipping could man and equip them; and that the Ministry of Shipping were now considering the matter.

2, Whitehall Gardens, S.W.,
March 24, 1919.
WAR CABINET 551.

Minutes of a Meeting of the War Cabinet held at 10, Downing Street, S.W., on Tuesday, March 25, 1919, at 12 noon.

Present:
The Right Hon. A. Bonar Law, M.P. (in the Chair).
The Right Hon. A. Chamberlain, M.P.
The following were also present:
Mr. Thomas Jones, Acting Secretary.
Captain L. F. Burgis, Assistant Secretary.
Mr. G. M. Evans, Assistant Secretary.

1 With reference to War Cabinet 548, Minute 1, Mr. Bonar Law said that he would give to the War Cabinet an outline of what he proposed, with their approval, to say to the miners that afternoon. The miners had intimated that they would strike, unless the Government gave concessions beyond the Sankey Report. The question they pressed most was the one of hours, and they wished to reduce the working hours from eight to seven in July, and to six, unconditionally, in July 1920. He proposed to say that the Government could not go beyond the Sankey Report, but that if there were any points which required interpretation the Government would be quite willing to submit these points to Mr. Justice Sankey and accept his ruling. Mr. Bonar Law added that he had written to the Prime Minister and had informed him of what he proposed to say.

The Minister of Labour said that the Sankey Report recommended that the six hours should come into operation in July 1921, subject to the economic condition of the industry at that time.

Sir Auckland Geddes said that he understood that at a meeting of the Miners' Federation the extremists had attacked Mr. Smillie. There was a sharp cleavage in the Federation between the extremists and those that were led by Mr. Smillie, but he (Sir Auckland) was
told that Mr. Smillie would carry the day provided he thought that the Government had made all the concessions they possibly could.

The Chancellor of the Exchequer said the Government had really no choice, that their only possible firm standing-ground was the Sankey Report, and that they should undertake to accept it as it stood, both in spirit and in letter. Should there be interpretation needed on certain points, these points, as had been suggested, could be referred to Mr. Justice Sankey, and his ruling accepted. Once the Government began to modify the Report, they would be left with no answer to the owners and users of coal, or to the miners themselves if the miners said that the modifications were not sufficient. The Report was signed by impartial men, and it had generally been recognised throughout the country that the concessions in it were very reasonable.

Mr. Bonar Law said that, once a debate started on the Sankey Report, certain sections of the community might think that too much had been given away. With regard to the question of nationalisation, the miners might say to him that the Report on this matter was promised in two months' time, and might ask whether the Government would guarantee to carry out the recommendations of the Report. He did not himself see how he could give such a promise, and he thought he should tell the miners that the question must first be considered by the House of Commons.

Lord Curzon said that there were three phases:—

(i.) The Report. (ii.) Its sympathetic consideration by the Government. (iii.) The views of the House of Commons.

The Chancellor of the Exchequer said that, in reply to a demand from the miners for a guarantee on nationalisation, they might be asked whether, if the Commission recommended nationalisation on terms unduly favourable to the owners and ruinous to the State, the Government were to bind themselves in advance to accept the Report. He assumed that Mr. Justice Sankey, if he reported in favour either of nationalisation or of some form of joint control, would recommend a particular scheme. He hoped the Commission would take evidence on this question from persons other than coal-owners and miners, so that the effect of nationalisation on the City might be represented.

The War Cabinet concurred in the statement Mr. Bonar Law proposed to make to the miners the same afternoon.

Amendment to the Military Service Act.

2. The Minister of Labour asked what was to be the Government's policy with regard to an amendment to the Military Service Act, in the name of Mr. J. M. Hogge, which was due to come up in the House of Commons that afternoon. The amendment raised the whole question of running the various civilian services by military labour in the event of a strike. He was of opinion that the amendment should be opposed, though this would be difficult without raising trouble.

It was generally agreed that the amendment was one which the Government would require to oppose, but, owing to the industrial situation, it was most inopportune to raise a discussion on the question.

The War Cabinet decided that—

The Minister of Reconstruction should endeavour to postpone the discussion on the Military Service Act in the House of Commons.

German Prisoners of War employed in this Country.

3. The War Cabinet had before them a Memorandum by the Minister of Reconstruction relating to the state of trade and employment in Sussex (Paper G.T. 7022).
Sir Eric Geddes said that, with regard to the employment of German prisoners mentioned in the Memorandum, it had been decided by a Conference of Ministers, held on the 16th January, 1919 (D.M.-58, 4th Minutes), that all prisoners of war, other than those employed in agriculture, ironstone mines, and timber supply, should be returned to France at the earliest possible moment, and British labour returned in their place.

The War Cabinet decided that—

(a.) The Acting Secretary should ascertain from the War Office how far this decision had been carried out;
(b.) The Acting Secretary should enquire of the President of the Board of Agriculture if there was any prospect of an early release of the prisoners of war employed under the auspices of his Department.

Parliamentary Elections (Soldiers) Draft Bill.


Use of Troops during the threatened Strike.

5. The War Cabinet had before them a Memorandum by the Home Secretary (Paper G.T.-6997) regarding the use of troops during the threatened strike, which had been under consideration on the 19th March, 1919. In his Memorandum the Home Secretary suggested that, if a strike on a large scale now occurred, general authority should be given, as in the railway strike in 1911, for the use of troops in aid of the civil power, and that it should be left to the military authorities to decide, as occasion arose, when and where they should be used, with or without a requisition from the magistrates. He understood that the Secretary of State for War agreed with this view.

The War Cabinet approved the proposals contained in the Memorandum by the Home Secretary.

2, Whitehall Gardens, S.W. 1,
March 25, 1919.
WAR CABINET, 552.

Minutes of a Meeting of the War Cabinet held at 10, Downing Street, S.W., on Monday, March 31, 1919, at 12 noon.

Present:
The Right Hon. A. Bonar Law, M.P. (in the Chair).
The Right Hon. the Earl Curzon of Kedleston, K.G., G.C.S.I., G.C.I.E.

The following were also present:

The Right Hon. the Viscount Milner, G.C.B., G.C.M.G., Secretary of State for the Colonies.
The Right Hon. W. S. Churchill, M.P., Secretary of State for War.
The Right Hon. Lord Ernle, M.V.O., President of the Board of Agriculture and Fisheries (for Minutes 4 and 5).
The Right Hon. Viscount Goschen, C.B.E., Controller, Labour Division, Food Production Department (for Minute 4).
The Right Hon. Sir A. Mond, Bart., M.P., First Commissioner of Works (for Minute 5).
Sir A. Duerrant, M.V.O., H.M. Office of Works (for Minute 5).

Vice-Admiral S. R. Fremantle, C.B., Deputy Chief of the Naval Staff (for Minute 3).
The Right Hon. Sir J. Maclay, Bart., Minister of Shipping (for Minutes 5, 6, and 7).
The Right Hon. R. Munro, K.C., M.P., Secretary for Scotland (for Minute 4).
The Right Hon. Lord Inverforth, Minister of Munitions (for Minute 5).

Mr. Thomas Jones, Acting Secretary.
Mr. Pembroke Wicks, Assistant Secretary.
Lieutenant-Colonel L. Storr, C.B., Assistant Secretary.
Mr. G. M. Evans, Assistant Secretary.
Captain L. F. Burgess, Assistant Secretary.
1. With reference to War Cabinet 550, Minute 1, the War Cabinet took note of Mr. Balfour's telegram No. 570, dated the 26th instant, which stated that, at a meeting with M. Clemenceau, President Wilson, and Signor Orlando on the previous day, Mr. Lloyd George, who was accompanied by the Director of Military Intelligence, agreed that the balance of equipment originally destined for General Denekin should be sent to Roumania. This balance was said to amount to sets of clothing and equipment for 150,000 men.

2. With reference to War Cabinet 543, Minute 2, the War Cabinet took note of a Memorandum by the Minister of Munitions, on the subject of the utilisation of National Factories (Paper G.T.-7025).

3. The War Cabinet had before them the following Memoranda:
   (a.) by Lord Curzon (Paper G.T.-7035).
   (b.) by the Chief of the Imperial General Staff (Paper P.-111 A).

Mr. Bonar Law referred to a report which had appeared in the press that morning of a speech made by the French Under-Secretary of State for War in the Chamber of Deputies, referring to the forces on the Murman coast and in the South of Russia, from which he quoted the following extract:

"The Prime Minister has authorized me to tell you that he would be false to his past attitude if he proposed sending an expedition to Russia. From to-day, not a man will go to Russia, and those who are serving there are being relieved."

The Acting Secretary of State for Foreign Affairs said that, when the matter had last been before the War Cabinet, it had been decided that our policy should be to press for the early evacuation of Murmansk and Archangel. Since that decision had been reached the British Commissioner at Archangel had furnished his views on the subject of the proposed evacuation, which he had briefly summarised in the Paper now before the Cabinet. Apart from the military aspect of the situation, it would be necessary for the Allies to arrange for the removal of, and to find a destination for, some 13,500 men of various nationalities other than Finns, Poles, Esthonians, Letts and Lithuanians, who, it was to be hoped, could eventually be repatriated to their own countries. Secondly, there was the question of the attitude to be adopted by the Allies towards the Provisional Government. In Mr. Lindley's view we were bound to give that Government fair warning. Such a notification, conveyed at the present time, would have effects which would react far beyond Archangel. A third point was,—was it possible or desirable to make terms with the Bolshevik Government, which no doubt would be glad to come to some agreement with us and to see the last of our troops. Such action, however, would run counter to the whole of our policy hitherto. In Mr. Lindley's opinion, the right time for the evacuation to take place was not now, but in the autumn. He further recommended that 8,000 troops should be sent out in order to cover the evacuation and to let the tired men there return home. He further pointed out that by the evacuation the fate of Esthonia would be sealed, and the disastrous effect the announcement of our decision would have upon the various States who were co-operating with us in fighting the Bolsheviks.
WAR CABINET

552.

(Minute 3)

With reference to the discussion on Allied Policy in Russia at the War Cabinet on Monday, March 31st., and to the statement by the French Under Secretary of State for War, to which Mr Bonar Law referred at the meeting, the following message has been received from the Prime Minister:—

"The Prime Minister did not approve the making of this statement but it does in fact represent his strong opinion and the opinion of his colleagues on the Council of Four."

Thomas Jones
Acting Secretary

2 Whitehall Gardens, S.W.
April 1st. 1919
The Chancellor of the Exchequer expressed the view that we should come to some arrangement with the Bolshevik Government, if we could, in regard to the withdrawal of our troops, who were in a serious position. In regard to the suggested evacuation of thousands of men of other nationalities, few of whom had never lifted a finger in our support, he did not think that we were under any real obligation to do this.

The Deputy Chief of the Naval Staff said that considerable trouble had been caused at Archangel by the behaviour of certain French troops who had been demobilised there, 150 of whom were now under arrest. He suggested that it was equally urgent for us to decide our policy in regard to the Baltic States. On a previous occasion he had pointed out to the War Cabinet in what a perilous situation our troops there would find themselves when the ice broke.

The Acting Secretary of State for Foreign Affairs expressed doubts as to the wisdom of the policy suggested by the Chancellor of the Exchequer. Any recognition of, or negotiations with, even a provincial Bolshevik Government would give considerable impetus to Bolshevik prestige throughout Russia. With regard to what the Deputy Chief of the Naval Staff had said about the Baltic States, he had, in accordance with the recent War Cabinet decision, written a despatch on the subject to Mr. Balfour which he would circulate shortly, pressing very strongly for a decision of the Allies in regard to the policy to be pursued in that quarter.

The War Cabinet decided:—

(a.) That the Secretary of State for War should furnish a Paper giving particulars of the steps the War Office had taken and were taking to prepare for the evacuation of our troops and such friendly inhabitants as we might be under an obligation to remove.

(b.) To resume the discussion as soon as the War Office programme had been circulated.

The Secretary of State for War (who entered at this moment) said that the announcement of the Allied policy in the French Chamber completely compromised our position in North Russia, and might gravely endanger the lives of our soldiers, of whom there were some 13,000 in that theatre. There was nothing to indicate whether the said announcement had been made with the approval of the British delegates in Paris.

4. With reference to War Cabinet 551, Minute 3, the War Cabinet had under consideration a Memorandum by the President of the Board of Agriculture and Fisheries (Paper G.T.-7042), and a Memorandum by the Secretary for Scotland (Paper G.T.-7058), on the subject of the retention of prisoners and soldiers on the land.

The President of the Board of Agriculture said that, owing to the bad weather of the last few months, work on the land had been postponed. All farming operations, such as ploughing and sowing, would be taking place from now onwards, especially during the next two months. The present was a bad moment to withdraw soldiers and prisoners from the land. At this time of year the Army generally lent additional men to farmers, instead of taking men away. There were still engaged on the land 27,000 soldiers, 25,000 of whom the War Office wanted for the Armies of Occupation. The farmers would only require them for the next two months, and they could then be returned to the duties for which the War Office was keeping them.

Mr. Bonar Law said that to retain soldiers in agriculture would be in opposition to the declared policy of the Government to release from the Army all men who were not required for the Armies of Occupation.
The Secretary of State for War said that it was impossible to exercise the power of enforcing compulsory military service for the purpose of providing agricultural labour. Men who were being kept in the Army by the War Office were those who fulfilled certain conditions as regards age and the time at which they joined the service. It was not possible to retain these men for any purpose except military service. If there was a surplus, the War Office would have to consider the modification of the conditions under which they were retained. It was intended to release from the Army all those who were not required for the Armies of Occupation.

The Secretary of State for the Colonies suggested that, if the 25,000 men who were in agriculture would be kept in any case as a military reserve, there was no reason why they should not be employed in this country instead of being sent to France.

The Secretary for Scotland said that if the soldiers could be retained on the land for the next two months it would make a great difference to farmers. The War Cabinet should consider the effect of taking these men away upon the agricultural community. The announcement of the guaranteed prices of cereals, which would take place in the course of the next week, would raise a storm amongst farmers. If at the same time soldiers, whose work meant so much to the farmers, were withdrawn from the land at such a busy period as the present, there might be a great deal of trouble.

The Chancellor of the Exchequer pointed out that the question entailed more than the mere provision of agricultural labour. The Government at present were paying out-of-work donation to people who refused to take work. There was a shortage of men on the land, and at the same time we were asked to keep and pay soldiers for doing work which the people drawing unemployment donation refused to do. He thought it was time that the whole question of the out-of-work donation should be reconsidered.

The War Cabinet decided that—

The withdrawal of soldiers from work on the land should continue, but should proceed as slowly as is consistent with our military requirements.

Prisoners of War.

The Secretary of State for War, referring to the request of the Board of Agriculture to be allowed to retain German prisoners of war on the land, said that the War Office had no objection to offer to this course. He thought the main objections in the country and the House of Commons were to their retention in industry. In reply to Mr. Bonar Law, he said that he had certainly advised that all prisoners of war should be returned to France as soon as possible, but he had proposed that exception should be made in the case of those employed in agricultural and limestone quarries. The Minister of Reconstruction referred to a Paper (G.T.-7022) which he had circulated on the state of trade and employment in Sussex, in which attention was called to the unrest occasioned by the continued employment of prisoners of war in that country. This condition of unrest had been growing since the declaration of policy by the Secretary of State for War that prisoners would be returned to France. The Minister of Labour agreed with the Chancellor of the Exchequer that the unemployment donation was a source of considerable anxiety, although it was true that a considerable reduction had been made for the second period of payment—in the case of men, from 29s. to 20s. a week, and, in the case of women, from 25s. to 15s. a week. The lack of agricultural labour was accounted for in some measure by the prevailing wages conditions. Before the War an agricultural labourer was earning 18s. a week compared with 20s. a week earned by a railway porter in the same district. Since then, railwaymen’s wages had been increased by
33s. a week, but agricultural wages had not increased in the same proportion.

The Employment Exchanges were supposed to scrutinise each application for unemployment donations, but the volume of work laid upon them had become very heavy; and it was possible that it had occasioned irregularities in the granting of unemployment donations.

The War Cabinet decided that—

Farmers should be permitted, for the present, to retain German prisoners of war for work on the land.

5. With reference to War Cabinet 471 (14) and War Cabinet 550, Minute 2, the War Cabinet had under consideration a note by Lord Curzon (Paper G.T.—7039) relating to office accommodation for the Department of Overseas Trade, together with Memoranda by the President of the Board of Agriculture (Paper G.T.—8864), the First Commissioner of Works (Paper G.T.—8889), and the Minister of Munitions (Paper G.T.—7026).

Lord Curzon explained that it had become very necessary that adequate accommodation for the Department of Overseas Trade should be provided close to the Foreign Office and the Board of Trade. Sir Arthur Steel-Maitland's staff was working at high pressure and under great difficulties, with the result that their work was suffering, and many of the chief officials had broken down. The staffs of the Foreign Office and of Sir Arthur Steel-Maitland's department were so overcrowded that it might be necessary at some future date to ask that the Colonial Office should be given over entirely to house these staffs.

The Chancellor of the Exchequer, in reply to a suggestion by the First Commissioner of Works that new offices should be erected, said that there would be the strongest opposition in the House of Commons to the erection of additional buildings, while the premises still held by various departments were not being vacated. He thought the proper procedure would be to bring pressure on departments to give up all the accommodation necessary.

The First Commissioner of Works said that, in his opinion, the Government would have to come to a decision to put up new blocks of buildings. He had already made a preliminary examination of various sites, but thought that it would be necessary to scrap the buildings in Whitehall Gardens and Montagu House and to put up a new and modern block of offices which would house a considerable staff. With regard to Sir Arthur Steel-Maitland's department, he could not requisition premises for his staff, as they were not a war department. He was experiencing great difficulties in housing staffs of Government departments, because in a great many departments the rate of demobilising certain parts of the staff was not equal to the rate of increase of other parts. At the same time, he was continually being met with demands for accommodation which was required urgently. He instanced, in his connection, the occupation of certain houses in Pall Mall by the Eastern Command. The War Office, however, had said that it was necessary for the Eastern Command to be housed in those buildings.

Mr. Bonar Law enquired if Sir Auckland Geddes had gone into this matter at all (War Cabinet 550, Minute 2).

Sir Auckland Geddes pointed out that, in accordance with that minute, he had prepared a scheme, which he proposed to ask the Treasury to carry out, for obtaining a return from all departments of the numbers of their staffs, and the particular work that each was doing, and a somewhat similar scheme with regard to
Mr. Bonar Law said that he thought the Government should assist an ex-soldier to emigrate, and, provided Lord Milner’s proposals were confined to ex-service men, for whom the Dominions made suitable provision, he saw no objection to their receiving War Cabinet approval.

The War Cabinet decided that—

Subject to the Prime Minister’s approval, free passages to the Dominions for ex-soldier settlers should be provided.

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8. With reference to War Cabinet 525, Minute 4, the War Cabinet approved of the appointment of the Hon. Sir Henry Norman, Bart., as Vice-Chairman of the Communications Committee.

2, Whitehall Gardens, S.W.1,

March 31, 1919.
SECRET.

WAR CABINET.

SUBJECT INDEX TO MINUTES OF MEETINGS.

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