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SECRET.

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WAR CABINET 625.

*Conclusions of a Meeting of the War Cabinet, held at 10, Downing Street, S.W., on  
Friday, September 26, 1919, at 10.30 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 Right Hon. G. N. BARNES, M.P.

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.C.B.,  
G.B.E., M.P.

The following were also present :

The Right Hon. E. S. SHORTT, K.C., M.P.,  
Secretary of State for Home Affairs.

The Right Hon. Sir R. S. HORNE, K.C.,  
K.B.E., Minister of Labour.

Lieutenant-Colonel Sir RHYS WILLIAMS,  
K.C., D.S.O., M.P., Parliamentary  
Secretary, Ministry of Transport.

Sir D. J. SHACKLETON, K.C.B., Secretary,  
Ministry of Labour.

Sir R. F. DUNNELL, K.C.B., Secretary,  
Ministry of Transport.

The Right Hon. Sir A. C. GEDDES, K.C.B.,  
M.P., President of the Board of Trade.

The Right Hon. G. H. ROBERTS, M.P.,  
Food Controller.

Sir W. F. MARWOOD, K.C.B., Joint Per-  
manent Secretary, Board of Trade.

Sir HERBERT WALKER, K.C.B., Chairman,  
Railway Executive Committee.

Lieutenant-Colonel Sir M. P. A. HANKEY, G.C.B., *Secretary.*

Mr. G. M. EVANS, *Assistant Secretary.*

Mr. PEMBROKE WICKS, *Assistant Secretary.*

THE War Cabinet had before them draft heads of a reply to the railwaymen (see Appendix).

Concessions to  
Anomalous Grades.

1. The War Cabinet considered the possibility of introducing a paragraph to show that the Government were prepared to go further than the rigid application of the principle of 100 per cent. increase in the standard rate of wages in anomalous cases. After some discussion it was agreed to adopt the following form of words:—

“In fixing the new standard rates the basis has been roughly an average addition of 100 per cent., and the Government will not act on rigid lines, and will in the future, as in the past, be ready to consider and discuss anomalies and cases of hardship to any particular grades in the application of the percentage of increase to be made.”

Fluctuation in  
War Wage  
corresponding  
with Cost of  
Living.

2. A proposal was made that, in view of the uncertainty of the upward or downward fluctuation of prices, an offer should be made to continue the present agreement until prices had been further stabilised. Three variants of this proposal were discussed:—

- (1.) That the existing arrangement of pre-war wage plus war wage should be definitely continued until next June, when the whole question would be reconsidered.
- (2.) That the rates should not be lowered until the price of living had fallen from 115 per cent. above pre-war level to say 110 per cent., and had remained there for at least three months.
- (3.) That an undertaking should be given not to bring down the war wages until the cost of living had fallen to a substantial extent, viz., to 100 per cent. above the pre-war level as compared with the highest point reached, viz., 125 per cent., and the present level of 115 per cent. above the pre-war prices.

It was pointed out in respect of the first proposal that Mr. Bromley would probably represent that the Locomotive Drivers' Union would be prejudiced by such an agreement, owing to the fact that they were entitled by the current railway agreement to apply for the reconsideration of the standard rates after the 31st December, and were now formulating a new programme for that purpose.

It was also suggested that the whole question of fluctuation in wages to correspond with changes in the cost of living should be referred to the Court of Arbitration, which had been specially set up for this purpose, and that were a settlement made with the Railway Companies based on a rise or fall in the cost of living, the Court would find themselves bound by it in their dealings with other industries.

The second proposal was adopted.

It was generally agreed that in the event of a rise in prices an increase of the war wage would have to be made, but it was pointed out that an increase in the cost of living to 125 per cent. was the standard upon which the war wage had been fixed, and that a corresponding rise in wages could not be claimed unless the cost of living rose above 125 per cent.

Suggested Increase  
of Minimum Wage.

3. The Cabinet further considered whether it was possible to raise the minimum wage of railway workers from 40s. to 45s., on the understanding that the last 5s. should be taken off when the cost of living fell. A large number of objections were raised against this—

- (a.) It would seriously reduce the difference between the minimum wage and the wages of the higher grades

which would discourage the desire for promotion, and the proposal could hardly be adopted without readjusting the ladder right through the various grades.

- (b.) It would cost 9 or 10 millions.
- (c.) As in the case of the 12 per cent. increase, it would react right through all trades, including possibly the Navy and Army.

On the whole it was felt that the balance of argument was against the proposal, and that it should not be made in the first instance. If proposed by the railwaymen it would be considered.

The Cabinet decided that :—

A reply should be made to the railwaymen on the lines laid down above, and that the Prime Minister, Mr. Bonar Law, the President of the Board of Trade, the Minister of Transport, the Minister of Labour, and Sir Francis Dunnell should forthwith prepare a statement to be made to the railwaymen by the Prime Minister.

Decisions of  
Drafting Com-  
mittee.

The remaining Ministers having withdrawn, the Prime Minister read the draft of a statement which had been prepared earlier in the day by the President of the Board of Trade and the Minister of Labour.

Subject to certain corrections, this suggestion was adopted as the basis of the Prime Minister's statement.

It was further agreed that the reading of this statement should be followed by a statement of the concessions already agreed to and the heads of the reply referred to above, which were amended by certain textual alterations and the deletion of paragraph 4.

The statement as finally approved is contained in the stenographic notes of the subsequent conference.

2, *Whitehall Gardens*, S.W. 1,  
*September 26, 1919.*

## APPENDIX.

## RAILWAY STRIKE.

*Proposed Heads of a Reply to the Railwaymen and of the Official Statement to be issued to the Press in case of a Strike.*

1. THE new standard wage proposed is equal to an average of at least 100 per cent. over the pre-war wage, and guarantees to every adult railway worker, irrespective of any fall in the cost of living a permanent minimum of 40s. per week. This figure of 40s. compares with an average of 18s. to 20s. per week before the war.

2. In addition, the extra payments for Sunday duty, night duty, and overtime agreed to are equal on the average to another 20 per cent. on the pre-war wage.

3. In addition to these money wages the hours of labour have been reduced to eight.

4. This increase, on the average of 120 per cent., together with a guarantee minimum of 40s., irrespective of the war wage and increased earnings for overtime, &c., is put forward as what we hope to be the permanent railway wage to remain, irrespective of any possible fall in the cost of living.

5. In any event the issue does not arise till the 31st December, as until then no man will receive less than his present aggregate earnings, and during that time there is time for negotiations, which the Government are willing to continue.

6. In addition to this standard increase there is no question of reducing the present total wage at the 31st December, if the cost of living should be the same as at present, and as long as this high cost continues the men will receive the full aggregate wages they obtain now. Further, the Government are willing to undertake that no reduction will be made in the war wage until there is a fall in the cost of living to the extent of        per cent.

2, Whitehall Gardens, S.W. 1,  
September 26, 1919.