SECRET.

WAR CABINET 165.

Minutes of a Meeting of the War Cabinet held at 10, Downing Street, S.W., on Tuesday, June 19, 1917, at 4 P.M.

Present:

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

The Right Hon. the Viscount Milner, The Right Hon. G. N. Barnes, M.P.

G.C.B., G.C.M.G.

The following were also present:

The Right Hon. A. J. Balfour, O.M., M.P., Secretary of State for Foreign Affairs (for Minutes 1 to 13).

The Right Hon. Lord Robert Cecil, K.C., M.P., Minister of Blockade (for Minutes 1 to 13).

The Right Hon. the Earl of Derby, K.G., G.C.V.O., C.B., Secretary of State for War (for Minutes 1 to 8).

Major-General Sir G. M. W. Macdonogh, K.C.M.G., C.B., Director of Military Intelligence (for Minutes 1 to 3).

The Right Hon. Sir G. Cave, K.C., M.P., Secretary of State for Home Affairs (for Minutes 1 to 16).


Major the Hon. Waldorf Astor, M.P. (for Minutes 14 to 16).

Admiral Sir J. R. Jellicoe, G.C.B., O.M., G.C.V.O., First Sea Lord and Chief of the Naval Staff (for Minutes 3 to 9).

The Right Hon. W. Long, M.P., Secretary of State for the Colonies (for Minutes 1 to 16).

The Right Hon. C. Addison, M.D., M.P., Minister of Munitions (for Minutes 11 to 16).

The Right Hon. Sir J. Maclay, Bt., Shipping Controller (for Minutes 14 to 16).

Sir R. H. Rew, K.C.B., Permanent Secretary, Ministry of Food (for Minutes 14 to 15).

The Right Hon. R. Munro, K.C., M.P., Secretary for Scotland (for Minutes 14 to 16).


Major L. Storey, Assistant Secretary.

Captain L. S. Amery, M.P., Assistant Secretary.

Mr. Thomas Jones, Assistant Secretary.
Miss Sylvia Pankhurst: The Question of Passport to Russia.

1. THE Secretary of State for Foreign Affairs raised the question of the desirability of granting a passport to Miss Sylvia Pankhurst to proceed to Russia. In his opinion it was most inadvisable to grant her a permit, as in that event it would be practically impossible to refuse permission in any future case, however undesirable the applicant might be.

The War Cabinet decided that—

No passport should be given to Miss Pankhurst, and that, in the event of the matter being raised in Parliament, their decision should be defended on the ground that this lady is connected with an active pacifist movement in this country, that she represents no important body of public opinion, and that the Russian Government have not asked that she should be permitted to proceed.

Prisoners of War.

2. With reference to War Cabinet 164, Minute 10, Lord Robert Cecil stated that the French Government still adhered to their objections to the proposed meeting with German representatives at The Hague in order to discuss the treatment of prisoners of war. M. Ribot had admitted that the French had sent representatives to Berne to attend a meeting of a similar character to that now proposed, but had added that careful arrangements had been made that the French delegates should not actually meet the German representatives, a Swiss subject acting as intermediary between the two parties.

The Director of Military Intelligence agreed with the views of the French Government as to the inexpediency of the meeting.

Lord Robert Cecil said that Lord Newton had expressed the view that, if the meeting took place, there should be a third British representative besides himself and General Belfield, as the Germans were sending three delegates, and he had suggested that Mr. Justice Younger should accompany himself and General Belfield. An alternative suggestion was that Mrs. Livingstone, who was thoroughly acquainted with the whole question of the treatment of prisoners of war, and who was thoroughly competent and trustworthy, should accompany the party.

The War Cabinet decided that—

Lord Newton and General Belfield should be authorised to proceed to The Hague, and that Mr. Justice Younger should be invited to accompany them; and, further, that in the event of Mr. Justice Younger not being able to accept the invitation, an additional military officer should be sent.

The Western Front.

3. The Director of Military Intelligence communicated details of a minor incident in the recent operations, when the British Forces had been compelled temporarily to give up a small portion of the ground which they had gained. What had actually happened was that, on the 18th instant, our troops had been forced to evacuate a small section of ground on a front of 500 yards only. The matter was of very minor importance, and had, so far, not been mentioned in the German official communique. The ground relinquished had been in the vicinity of the posts which we had established to the east of Monchy.

Naval Losses.

4. The First Sea Lord reported that the destroyer “Tartar” had struck a mine on the 17th instant, and had been badly damaged, but had been towed into Dover; that a trawler had been
Submarines.

5. The First Sea Lord reported various actions with enemy submarines during the last four days. He stated that a British destroyer reported having successfully attacked an enemy submarine near St. Catherine's.

He made his usual statement of shipping losses.

Bombing Raids on St. Denis Westrem and Bruges.

6. The First Sea Lord reported that an Air Squadron from Dunkirk had bombed the St. Denis Westrem Aerodrome on the 15th instant with successful results, and that another Air Squadron had carried out an effective bombing raid on Bruges Harbour, causing very considerable damage to the shipping there.

Attack on a Zeppelin.

7. The First Sea Lord reported that a seaplane from Yarmouth had engaged a Zeppelin on the night of the recent air-raid, with unknown results. The seaplane had attacked the Zeppelin at a height of 11,000 feet, but had been unable to follow it to a higher altitude.

Future of German Colonies in the Pacific.

8. The Secretary of State for the Colonies submitted to the War Cabinet telegraphic correspondence with the Dominion of New Zealand (Paper G.T.-1038) (Appendix I). In a telegram of the 13th June (D), the New Zealand Government had enquired if there was any objection on the part of His Majesty's Government to the King's Speech at the opening of the Dominion Parliament embodying the gist of their telegram of the 12th June (C), which expressed the strongest objection on the part of New Zealand to the restoration to Germany of her former possessions in the Pacific.

The Secretary of State for the Colonies pointed out that a refusal on the part of His Majesty's Government to agree to the course proposed would arouse the greatest suspicion in the Dominion, and suggest that there was on the part of His Majesty's Government, a departure from what the Dominion Ministers had understood to be its policy at the time of the Session of the Imperial War Cabinet.

The War Cabinet concurred, and instructed—

The Secretary of State for the Colonies to inform the Government of New Zealand that there was no objection to the course which they proposed to take.

Proposed Agreement between the Major Entente Powers regarding Defence against Maritime Attack.

9. With reference to War Cabinet 142, Minute 12, the Secretary of State for Foreign Affairs invited the early consideration of the War Cabinet of the question of capital ships in the United States, and the possibility of some guarantee being given to the United States Government, provided they were willing to forgo this construction in favour of light craft. He suggested a formula (Paper G.T.-1099) (Appendix II), which he thought might form the basis of discussion.

In introducing the subject, Mr. Balfour pointed out that important diplomatic considerations were involved, as it would be necessary to devise diplomatic instruments to give effect to his suggestion if it were accepted by the War Cabinet, and commended itself to the other Powers concerned.
The War Cabinet asked—

The Secretary of State for Foreign Affairs to develop his views in a Note to be submitted for their consideration at an early date.

10. The War Cabinet had before them a Minute and Memorandum, dated the 7th June, 1917, and a Note dated the 15th June, by the First Commissioner of Works (Papers G.T.-1019 and 1063), asking that either he himself or the Committee of Accommodation should be given Cabinet authority to decide all matters of accommodation required for Government Departments exclusive of pre-war establishments. The Memorandum also suggested that the constitution of the Committee should be strengthened by the addition of another Minister.

The War Cabinet decided that—

Sir Alfred Mond's Committee should be granted the necessary authority, and they approved the suggested addition.

11. The War Cabinet considered a Note by the Board of Trade (Paper G.T.-1029), and a letter from Mr. Montagu to Sir Albert Stanley (Paper G.T.-1043), relative to the publication of the Reports of the various Committees set up by that Department in 1916 to consider what steps might be necessary in order to safeguard the position of important British industries after the war. Both the members of the Committees and the interested trades were generally anxious that the Reports should be published without delay, and, unless the Department had Government authority to withhold publication, it would be exposed to the charge of suppressing the Reports in its own interests.

The War Cabinet were reminded that earlier in the month they had considered the desirability of issuing the Report on Joint Standing Industrial Councils (War Cabinet 157, Minute 12). They had decided that, in the first place, the Report should be circulated to the leading Trades Unions and Employers' Associations, and also to the Commissioners on Industrial Unrest. Events, however, had shown that the wisdom of that decision was open to question. (See also the following Minute.)

A wide circulation of confidential matter must involve the risk of leakage, and garbled versions would almost certainly appear sooner or later in the press. The publication of the reports of individual trades was probably undesirable. It was further pointed out that the United States of America were now a belligerent Power, and they were apprehensive of the precise effect upon American trade of the resolutions passed at the Paris Conference.

On the other hand, the publication did not in any way commit H.M. Government to any definite industrial policy, and it enabled the nation to scrutinize proposals which had so far only tentatively been put forward.

The War Cabinet decided that—

The Committee's Reports should not be published.

12. The War Cabinet had before them a Memorandum by Mr. G. N. Barnes (Appendix III) on the Report on Joint Standing Industrial Councils, pointing out that serious difficulty must be anticipated with regard to the decision of the War Cabinet on the 7th instant (quoted in Minute 11 above). The Memorandum urged that the previous decision should be revised, for the following reasons:

(a.) By circulation the Report would lose its confidential character, and become the subject of general if not free discussion.
Parliament would naturally resent the wide circulation of an important State document without an opportunity being given to the two Houses to read it.

The opponents of the scheme would be able to misrepresent its nature without fear of authoritative contradiction.

The important consideration that much of the prevailing industrial unrest arises from the belief that the Government are not dealing seriously with the labour question, and are not concerned about the position of the labouring classes after the war.

On the other hand, publication might encourage the belief that the Report embodied the Government's settled policy, and was likely to give rise to controversy between Unions whose members are skilled and those whose members are unskilled.

After some discussion, the War Cabinet decided that—

Subject to the Prime Minister's approval, as a large number of people were already aware of the contents of the Report, and as by their former decision a wide circulation had been authorised, the Report should now be published.

Mr. Ramsay Macdonald.

13. Mr. Barnes stated that he had seen Mr. Havelock Wilson in order to try and induce him to use his influence with the Sailors' and Firemen's Union with a view to persuading them not to persist in their embargo upon Mr. Macdonald proceeding to Russia. He had found Mr. Wilson considerably piqued at what he regarded as discourtesy on the part of the Workmen's and Soldiers' Council, which had never acknowledged his congratulatory telegram on the success of the Russian Revolution. Mr. Barnes said that Mr. Henderson had, two days previously, despatched a telegram to Mr. Wilson, strongly urging the removal of the embargo, subject to Mr. Macdonald giving the undertaking desired by the Seamen's Union and on his promising, when in Russia, to act and speak consistently with the decisions of the Manchester Conference of Labour. Mr. Barnes further said that he himself had cabled to Mr. Henderson asking him to suggest to the Workmen's and Soldiers' Council that they should send a courteous reply to Mr. Wilson, as this would be more likely than anything else to solve the present impasse. He had not yet received an answer from Mr. Henderson.

Alcohol Supplies.

14. The War Cabinet reviewed their decision, dated the 5th May, 1917 (War Cabinet 124, Minute 12), with reference to the shortage of spirits for industrial purposes in the light of the Report of the Ministry of Munitions Committee (Paper G.T.-867) and a Memorandum by the Minister of Munitions (Paper G.T.-977).

Dr. Addison pointed out that the shortage of spirits had considerably increased since the matter was last before the Cabinet, owing to the diversion of tank steamers used in the importation of molasses in order to ensure an adequate supply of oil fuel for the Navy. In the meantime the Cabinet had decided to appoint Committees to deal with the terms of purchase of the Liquor Traffic. If he (Dr. Addison) were to proceed to requisition spirits from bond he would be pressed to pay a very high price for it. Spirit which could be produced for about 3s. a gallon was being sold at more than seven times that figure, and the banks had advanced money in some cases to cover purchases at these extravagant figures. Further, if spirit was commandeered by the Ministry of Munitions for industrial purposes, the Government, in accordance with their general liquor policy, would have to deal later on with the distilleries and the goodwill of the firms concerned. It was, he urged, for the Cabinet to consider whether the requisitioning should not be postponed until the larger problem was faced or some steps taken.

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immediately to purchase distilleries, stocks, and goodwill. The War Cabinet was given to understand that it might be possible to purchase perhaps one-half of the distilling business of the country at a figure very much less than was suggested by the current price of whiskey.

The War Cabinet reaffirmed their decision to obtain the necessary spirit for industrial purposes by redistillation of potable spirits.

The War Cabinet further decided that—

Lord Milner and Dr. Addison should enter into negotiations, through Sir J. Stevenson, for the immediate and complete purchase of as much raw whiskey as possible, together with the distilleries and goodwill thereof.

15. With reference to War Cabinet 137, Minute 15, the War Cabinet had before them the following documents:

Memorandum by Lord Milner on the Necessity for Immediate Control of the Liquor Trade and the Machinery for Control (Paper G.T.-1079).

Note on Civilian Unrest owing to Drink Restrictions (Paper G.T.-1008).

Memorandum by the Liquor Control Board on the Manufacture of Light Beer (Paper G.T.-1092).

Dr. Addison strongly supported the representations contained in the above as to the dissatisfaction in munition areas with the restricted supplies of beer. Complaints were reaching him from many centres, and especially from districts where there had been a curtailed supply of beer and a large increase in the industrial population. He feared that there would be serious trouble if the hot weather continued and there were no increased provision of beer, however much diluted.

It was pointed out that the recommendation of the Liquor Control Board—the manufacture of light beer—would involve the more rapid consumption of the stocks of malt, and if the demand for such light beer were at all considerable and uncontrolled, it might result in the premature exhaustion of the malt stocks. The next malting season was due to begin in September, and the Food Controller estimated that on the 10,000,000-barrel basis the present stocks of malt would be exhausted in November. It was important not to bring about a hiatus when there would be no malt at all, by any very large manufacture of light beer. To meet this difficulty a policy of dilution could be adopted. By reducing the gravities of the heavy beers the bulk of the 10,000,000 barrels could be considerably swollen. This, however, would require control. It would be necessary, before adopting either or both these policies, to inform the House of Commons, in accordance with the pledge given by the Leader of the House.

It was understood that leading brewers who had been consulted were willing that control should be undertaken on a basis of guaranteed pre-war profits, and a statement of a well-known brewer was quoted, to the effect that his profits this year were double those of last year because of dilution, the abolition of the long pull, and of credit.

If control were assumed at an early date, it would be desirable to give immediate notice to the brewers and wholesale dealers to make their books up to the 30th June. Further, some time would be required to make the necessary preparations for the manufacture of light beer and the dilution of heavy beer.
The War Cabinet decided, subject to the Prime Minister’s concurrence—

(a.) To modify their decision, dated the 7th June, 1917, not to take control until after the Second Reading of the Bill (War Cabinet 157, Minute 15), and agreed that steps be taken to assume control immediately and to proceed with dilution;

(b.) To guarantee to manufacturers and wholesale dealers, during the whole period of control, their pre-war profits;

(c.) To postpone for the present the question of financial guarantees to retailers, though it might be found necessary to fix retail prices at an early date;

(d.) To adopt the recommendations of the Liquor Control Board as set forth in their memorandum (Paper G.T.-1092);

(e.) That control should not actually be set up until the House of Commons had discussed the question; the Leader of the House to arrange for this early next week, when a full statement of the Government policy should be made.

16. The War Cabinet had a preliminary discussion on the machinery for control suggested in Lord Milner’s memorandum, and received reports of the progress made in setting up the Committees agreed to in War Cabinet 157, Minute 15.

(Initialled) A. B. L.

2, Whitehall Gardens, S.W.

June 20, 1917.
APPENDIX I.

FUTURE OF GERMAN COLONIES IN THE PACIFIC.

(Memorandum by the Secretary of State for the Colonies.)

I CIRCULATE herewith for consideration the annexed telegraphic correspondence with New Zealand:

(A.)—To Governor the 9th June (sent also to Australia and South Africa).
(B.)—From Governor the 11th June.
(C.)—From Governor the 12th June (being the telegram promised in (B)).
(D.)—From Governor the 13th June.
(E.)—Draft reply to (C).

Telegram (E) does not finally commit His Majesty's Government, and will doubtless be approved by the Cabinet. But it will be seen from telegram (D) that the New Zealand Government are anxious to embody the gist of telegram (C) in the Governor's speech at the opening of Parliament on the 28th instant, and I desire to have the decision of the Cabinet as to the reply to be returned to this request. It will be remembered that the Prime Minister of New Zealand, who is now at sea and should arrive before the opening of Parliament, took part in the discussion of this question in the Imperial War Cabinet, and is in possession of the reports of the Territorial Changes Committee. He left this country before the revolution in Russia, and has therefore no first-hand knowledge of recent developments.

June 14, 1917.

(Initialled) W. H. L.

(A.)

Paraphrase Telegram.

The Secretary of State for the Colonies to the Governor of New Zealand.

(Sent 9:50 p.m., 9th June, 1917.)

(Secret.)

Conference of Russian Labour organisations is to be held in Petrograd almost immediately British and Allied Delegations will attend. It is possible that resolution will be moved in favour of no annexations. Suggest that good effect would be produced if Labour party in New Zealand were to cable protest to Chairman of Parliamentary Labour party in this country against return to Germany of her Colonies in Pacific. Please let me have views of your Ministers as soon as possible, but cable should not be despatched till you hear from me again.—LONG.

(B.)

Paraphrase Telegram.

From the Governor of New Zealand to the Secretary of State for the Colonies.

(Received Colonial Office 3:45 p.m., 11th June, 1917.)

(Personal.)

Your cypher telegram of 9th June in regard to a resolution from Labour party in New Zealand. Am desired by my Ministers to inform you of the following in strict confidence. The Labour party in New Zealand consists of so many different units and is so divided in its councils that it would be impossible to get an expression of opinion which could be said to speak for the whole party. I will cable you, however, an expression of the views of my Ministers speaking on behalf of the whole of the Dominion of New Zealand.—LIVERPOOL.
Paraphrase Telegram.

The Governor of New Zealand to the Secretary of State for the Colonies.

(Received Colonial Office 11:55 A.M., 12th June, 1917.)

The time has arrived, in the opinion of the Government of New Zealand, when it is necessary to indicate to His Majesty's Government that the future disposition of German territory in the Pacific is a question of gravest concern. German Samoa has been occupied and is now held by New Zealand troops. Australian troops occupy other German lands in the Pacific. My Government feel respectfully that they cannot consent to the restoration to Germany of these lands. To do so would be to establish a constant menace to peace and trade in the Pacific, which would demand unnecessary sacrifices from our people in the future; nor can we British people in New Zealand abandon the native population of Samoa, for they are intimately associated with our Maori brothers by descent and language.

The members of the New Zealand Parliament are elected by universal suffrage; during the war party politics have been abandoned, and this Government's decision, therefore, represents the will of a democratic people who earnestly desire peace, but on terms which will protect their future freedom. New Zealand is confident that her position will be understood and her wishes respected by the Imperial Government and the Allies.—LIVERPOOL.

(D.)

Paraphrase Telegram.

The Governor of New Zealand to the Secretary of State for the Colonies.

(Received Colonial Office, 2:50 P.M., 13th June, 1917.)

With reference to my telegram 12th June with regard to German colonies, my Ministers are anxious that gist should be embodied in the speech at the opening of Parliament on the 28th of June. They have asked me, however, to consult you before doing so in case you saw any objection to such a course. They think at the same time that it would have a good effect in the Dominion, as practically all classes are strongly opposed to Socialist and pacifist propaganda which has lately appeared in the press at home and abroad. Should be glad to receive early reply by telegraph.—LIVERPOOL.

(E.)

Draft Telegram to Governor, New Zealand (Cypher).

His Majesty's Government have had under their consideration your telegram of 12th June respecting future of German colonies in the Pacific. They recognise the vital importance of the matter to Australia and New Zealand. Your Ministers need not have any apprehension either that their position is misunderstood or that His Majesty's Government will fail to give the fullest weight to their wishes when the time for decision arrives.
APPENDIX II.

Proposed Agreement between the Governments of Great Britain, the United States of America, France, Italy, Russia, and Japan re Defence against Maritime Attack.

(Note by the Secretary.)

WITH reference to War Cabinet 142, Minute 12, of the 22nd May, Mr. Balfour would like the question of capital ships in the United States and the possibility of some guarantee being given to the United States Government, provided they are willing to forgo this construction in favour of light craft, brought up at the Cabinet as soon as is possible.

The following is a copy of a formula which he has drawn up for consideration:

That, in view of the diversion of Government shipbuilding in the naval yards of the United States of America from the construction of capital ships to that of vessels suitable for anti-submarine warfare, the Governments of the United States of America, Great Britain, France, Italy, Russia, and Japan engage singly and severally to assist each other against any maritime attack for a period of four years after the conclusion of the present war.

(Initialled) M. P. A. H.

2, Whitehall Gardens, S.W.,
June 19, 1917.

APPENDIX III.

Memorandum on the Report on Joint Standing Industrial Councils Issued by a Sub-Committee of the Reconstruction Committee.

(War Cabinet 157 (12).)

SERIOUS difficulty must be anticipated with regard to the decision of the War Cabinet that the Ministry of Labour should circulate a report on Joint Standing Industrial Councils to the leading Trade Unions and Employers’ Associations, and also to the Commissioners on Industrial Unrest, with a view to ascertaining their general attitude to the proposed industrial councils at an early date. An enquiry has already been addressed to me by one of the Commissioners as to whether he was free to ask questions of witnesses bearing on the Report, or to submit to prospective witnesses a copy of the Report with a view to obtaining their considered opinions. To this enquiry I have, of course, replied in the negative.

I should like to urge the following considerations in favour of a revision of the War Cabinet decision:

1. If the Report is circulated to the leading Unions and Employers’ Associations it at once loses its confidential character, and will become a general subject for discussion, but not for free discussion.
2. This will give rise to complaints from the House of Commons that an important State document like the Report should have been circulated widely without their having the opportunity of reading it.
3. It will give opponents of the scheme an opportunity of misrepresenting it because its precise nature will not be generally known.
4. More important than any of these considerations is the fact that a great deal of the prevailing unrest arises from the belief that the Government is not dealing seriously with the labour question; and is not concerned about the position of the working classes after the war.

On the other hand, the argument against publication would appear to rest on the apprehension that the Report might be regarded as embodying the Government’s settled policy, and as likely to give rise to controversy between Unions whose members
are skilled and those whose members are semi-skilled or unskilled. The first of these difficulties can, I think, be surmounted if the Report is published with a covering letter explaining that the Report does not embody the Government's settled policy. The second difficulty would not, I think, arise, as the Report would necessarily be circulated to the Workers' Unions and the National Union of General Labourers and other Unions not concerned with the engineering trades. Consequently, the publication of the Report would not give rise to the belief that it was intended solely or mainly to deal with the difficult questions which will arise in the engineering industry after the war.

In addition to the reasons given above in favour of publication, I feel very strongly that the issue of any document which showed that the Government was taking a real interest in the future of labour would have a most beneficial effect both at home and with the armies in the field. On the other hand, if the Report is circulated in accordance with the War Cabinet decision, but is not openly published, the scheme may be prejudiced through the misrepresentation and misunderstanding which is likely to arise through garbled versions of the Report becoming current. Such a result would, I think, be deplorable, and I therefore feel justified in bringing the matter at once to the notice of my colleagues.

June 19, 1917.

G. N. B.