WAR CABINET, 239.

Minutes of a Meeting of the War Cabinet held at 10, Downing Street, S.W., on Wednesday, September 26, 1917, at 11:30 A.M.

Present:

The Right Hon. the VISCOUNT MILNER, G.C.B., G.C.M.G.
The Right Hon. GEORGE N. BARNES, M.P.

The following were also present:
The Right Hon. W. LONG, M.P., Secretary of State for the Colonies (for Minute 13).
The Right Hon. SIR A. STANLEY, M.P., President of the Board of Trade (for Minutes 12 to 14).
The Right Hon. C. ADDISON, M.P., Minister of Reconstruction (for Minutes 12 to 14).
The Right Hon. SIR GEORGE CAVE, K.C., M.P., Secretary of State for Home Affairs (for Minutes 13 and 14).

SIR L. WORTHINGTON EVANS, Bt., M.P., Parliamentary Secretary, Ministry of Munitions (for Minutes 12 to 14).

Lieutenant-Colonel W. DALLY JONES, C.M.G., Acting Secretary.
Fleet Paymaster P. H. ROW, R.N., Assistant Secretary.
Captain CLEMENT JONES, Assistant Secretary.
Mr. THOMAS JONES, Assistant Secretary.
The Western Front.

1. THE Director of Military Operations stated that the northern portion of the Second Army and the southern portion of the Fifth Army attacked on a front of 9,000 yards chiefly north of the Menin Road this morning, and that, with the exception of a portion of the front south of the Polygon Wood, had gained all their objectives by 8 A.M. The greatest depth of the advance was 2,000 yards. This gave us the southern portion of the Ridge.

Air Raid.

2. The Director of Military Operations stated that during an air raid the previous night, only one or two of the enemy aeroplanes penetrated the London defences, and it seemed probable that about ten enemy machines took part in the attack. Eight incendiary bombs were dropped in Deptford, and five explosive bombs in Bermondsey, four people being killed and fourteen injured at the latter place. The machines that were driven away visited Folkestone, where six bombs were dropped, but no casualties or damage resulted.

East Africa.

3. The Director of Military Operations stated that the reports from East Africa were good, and that the 25th Cavalry, which had recently arrived from India, had cut the communications of one of the enemy forces, and captured a supply depot and its garrison. There were indications that recent actions had resulted in heavy casualties to the enemy, and the prospects as regards further operations were promising.

Arabia.

4. The Director of Military Operations reported that a party of Arabs, under the command of Captain Lawrence, had carried out a raid near Maan and had derailed a train and two carriages and blown up a bridge. They had killed 70 Turks and 2 German officers and captured 80 more Turks.

Escape of German Prisoners.

5. The War Cabinet drew the attention of the Director of Military Operations to reports in the press as to the escape of German prisoners from Sutton Bonnington, near Nottingham, it being alleged that they were in possession of bundles of food and clothing and a detailed map showing the roads to the coast, and that the means of escape had been by way of a tunnel which they had dug 40 yards in length.

The War Cabinet requested—

Major-General Maurice to obtain and forward to them a report on the circumstances of the escape, with any remarks the Army Council might wish to offer on the same.

Submarines.

6. The First Sea Lord reported the following attacks on enemy submarines:

(a.) On the 25th instant, in the vicinity of Portland, a seaplane dropped four 100-lb. bombs on a submarine as she submerged, three of which exploded. A large quantity of oil was afterwards seen in the vicinity.

(b.) An enemy submarine, after sinking a French ship, broke surface in the vicinity of another French and a British ship, both of which hit the submarine by gunfire and claimed to have sunk her. She went down, leaving a dense volume of black smoke over the spot.

(c.) Two seaplanes, when cruising in the vicinity of the North Hinder Light vessel, dropped four 230-lb. bombs in the
vicinity of the swell created by an enemy submarine submerging. A zigzag stream of oil, about 2 miles long, was seen later.

7. The First Sea Lord reported that on the 25th instant a fire was caused at the Aircraft Depot, Dunkirk, by enemy bombs, and that the engine repair-shop was totally destroyed, involving the loss of all spare engines and engines under repair, to the number of between 120 and 180; the actual number had not yet been ascertained. The machines in the shop were also damaged. The fire gained a hold because a shell from one of the French anti-aircraft guns put the fire-engine out of action. The First Sea Lord stated that this loss would have a serious effect on the work of the Fighting Squadrons based in that vicinity. In reply to a question by the War Cabinet, the First Sea Lord stated that the anti-aircraft defence of Dunkirk was in the hands of the French, and the War Cabinet requested him to go into the matter with Admiral Bacon, with a view to augmenting the French defences with British anti-aircraft guns, and report in due course.

8. The First Sea Lord stated that we carried out a bombing raid on the Varssenaere Aerodrome on the morning of the 24th instant. Most of the bombs fell amongst the sheds and hangars, and amongst aeroplanes lined up at the Aerodrome.

Naval Activity in the Mediterranean.

9. The First Sea Lord informed the War Cabinet that the Naval Attaché at Rome reported that—

(a) On the night of the 19th instant an Italian naval airship dropped bombs on the shipyard and shipping at Prevlaka, in the Gulf of Cattaro.

(b) On the 22nd instant four enemy aeroplanes attacked Otranto, dropping sixteen bombs, but causing no casualties and little damage.

(c) On the 24th instant two Handley-Page hydroplanes scouting from Grado were attacked by three Austrian machines, and one of the former shot down. Enemy torpedo-boats attacked the motor-launch which was accompanying our hydroplanes, but aerial reinforcements and motor-launches arrived at Grado and beat off the enemy.

10. The First Sea Lord reported that the flotilla leader "Faulknor" and the destroyer "Nugent" were mined in the vicinity of the West Hinder Lightship on the 25th instant, one man being killed and four injured on board the "Faulknor," but there were no casualties on the "Nugent." Both vessels had arrived at Dover. The First Sea Lord stated that he had seen the damage, and was of opinion that it had been caused by the two vessels coming in contact with our own mine-nets, which had probably been dragged out of position, and that the injuries were not caused by German mines.

11. The First Sea Lord stated that one of our monitors had fired thirty rounds on Ostend harbour during the afternoon of the 25th instant at a range of 27,500 yards, using a smoke-screen. From observations carried out after the bombardment, it appeared that several direct hits were made on the Atelier de la Marine.
Fighting patrols were carried out over the fleet during the day and six hostile seaplanes were encountered, two of which were driven down.

12. The War Cabinets had before them a memorandum by Lord Curzon dealing with the Inter-Ally Council (Paper G.T.-2065).

Lord Curzon described the steps which had been taken towards the formation of the Council. He said that it was the Americans who had pressed for the creation of the Inter-Ally Council. They were anxious that the three British representatives on the Council should be men of the highest position and prestige, whose names would carry weight with the American public. With regard to the chairman of the Council, we had pressed that an American should come and take the chair of the Council in London, but our request has been twice refused.

Mr. C. J. Phillips stated that as the matter was of great importance a further representation had been made by telegram to the American Government. In the event of the Americans definitely refusing to provide a chairman, it was understood that a Frenchman would be nominated, in accordance with arrangements made with M. Clémentel, as a quid pro quo for the concession made by the French with regard to the place of meeting. The Italians had, however, protested against this nomination.

Lord Curzon suggested that the three British representatives should be—

General Smuts,
Lord Buckmaster,
Mr. Austen Chamberlain,

the last of whom should be Chairman of the British Priority Committee, which would deal with the British departmental claims.

The War Cabinet agreed to this suggestion, provided that the services of Mr. Chamberlain were not required by the Chancellor of the Exchequer for some other work. Lord Curzon undertook to consult Mr. Bonar Law on the subject.

General Smuts accepted the office.

Sir Albert Stanley said that the Board of Trade concurred in principle in the scheme of an Inter-Ally Council, as set forth in Lord Curzon's memorandum, though he thought that the title of the British Committee would be improved by omitting the word "Priority."

Sir Leo Chiorza Money agreed with Sir Albert Stanley, having regard to the fact that there was already a Tonnage Priority Committee, of which he was chairman, dealing with the tonnage of the whole world, whereas the Inter-Ally Council was concerned only with American affairs. All the departments and committees mentioned at the foot of Lord Curzon's memorandum were represented on his Tonnage Priority Committee, except the Oil Pool Board. The plan he suggested would be for the Inter-Ally Council or its Priority Committee to be represented upon the Tonnage Priority Committee so that the tonnage allocated to American supplies by the latter could be reviewed by the Inter-Ally Council.

Sir L. Worthington Evans had two points to bring forward, which he understood represented the views of Mr. Churchill. He undertook to ask Mr. Churchill to inform Lord Curzon of any further comments that he might wish to make. In the first place, Sir L. Worthington Evans agreed that the word "Priority" was a misnomer, in view of there being a Priority Committee in the Ministry of Munitions, another dealing with Tonnage, and possibly yet another permanent Priority Committee, referred to in War Cabinet 237, Minute 6. He said that as this British Committee dealing with our Departmental claims would have practically the same functions as were held by what was previously known as the American Board
(War Cabinet 210, Minute 16 and Appendix), the latter name should be adopted. In the second place, he pointed out that there was no existing machinery for carrying out the policy whereby the United States Government buy commodities in our markets, e.g., tin, at our prices, in the same way as we buy in American markets at American prices. He suggested that it should be the duty of the American Board to take cognisance of this work.

Mr. Balfour suggested that each Government should treat the other on the most favourable terms as regards purchases of every kind.

Sir E. Wyldborne Smith raised the question of the representation on the Inter-Ally Council of the smaller Allies, namely, Belgium, Portugal, Roumania, Serbia, and Greece. In the case of the last three there were two alternatives: their demands should be made either through the French representative Council, or through their own representatives on the Commission Internationale de Ravitaillement. He further added that purchases on behalf of the U.S.A. Government were already carried out through this Commission.

The Secretary of State for Foreign Affairs pointed out that the former alternative was open to criticism, inasmuch as it would give the French a certain measure of control over the smaller Powers, to which they have no claim.

The War Cabinet decided—

That all the smaller Allies should put their requests forward through the Commission Internationale de Ravitaillement.

To sum up, the decisions of the War Cabinet were—

(a.) The general scheme contained in Lord Curzon’s Memorandum should be adopted.
(b.) The reply from the American Government in regard to the Chairman of the Inter-Ally Council should be awaited before any further step was taken.
(c.) Lord Curzon should be asked to see Mr. Bonar Law in regard to the services of Mr. Austen Chamberlain.
(d.) That the Committee to deal with the British Departmental demands should be known as the “American Board.”
(e.) That if any difficulty as to price arises in the negotiations of the Commission Internationale de Ravitaillement that Commission should refer the matter to the “American Board” for settlement.
(f.) That all the smaller Allies should put forward their requests to the Inter-Ally Council through the Commission Internationale de Ravitaillement.

Imperial Mineral Resources Bureau.

13. The War Cabinet considered a Memorandum from the Ministry of Munitions on the proposal to set up an Imperial Mineral Resources Bureau, together with a Report by the Committee appointed by Dr. Addison (under direction of the War Cabinet), which had prepared a scheme for the establishment of the necessary organisation (Paper G.T.—1901). The Committee had comprised representatives of the Dominions and of the Colonial Office, India Office, Board of Trade, Ministry of Munitions, Central Reconstruction Committee, Geological Survey and Imperial Institute.

Dr. Addison explained the main features of the Report, and said he would like authority to proceed with the working out of the scheme in detail for submission to the War Cabinet at a later date. There were one or two matters of importance which might need consideration. There was also Mr. Churchill’s suggestion that the Minister of Reconstruction should account for the moneys voted by the Imperial Parliament for the maintenance of the Imperial Mineral Resources Bureau. Dr. Addison suggested that it might be thought preferable that this function should be discharged by
the Head of a Department with executive functions, but he would report on this point later to the War Cabinet.

Sir George Cave stated that his Department had not had an opportunity of considering the Memorandum and Report of the Committee, and as the Home Office was especially concerned with mines he hoped no immediate and final decision would be taken by the War Cabinet on the proposal.

Mr. Long said that if any important change in the Report was contemplated it would be necessary for him to inform the Dominions.

The War Cabinet authorised—

The Minister of Reconstruction to proceed with the scheme for the establishment of an Imperial Mineral Resources Bureau, subject to agreement with the Home Secretary, communicating as necessary to the Secretary of State for the Colonies and the Secretary of State for India any departures from the Report of the Committee. In case of failure to agree, the matter should be again brought before the War Cabinet.

Coal-miners' demand for increase of wages.

14. Sir Albert Stanley asked the attention of the War Cabinet to a matter of great urgency arising out of the demand of the coal-miners for an advance of wages. The Government might be faced with a crisis in the coal trade within twenty-four hours. Since the outbreak of war the wages of the miners had been advanced, either directly or by means of bonus, to about 40 per cent. above the pre-war basis. Conditions vary in different areas, but it might be taken that the average rise was about 40 per cent. In some areas there had been no increase for perhaps a year; in the South Wales area an increase had been granted in December last. Some weeks ago a demand had been put forward for an increase of 25 per cent. on the wages actually earned. As a result of negotiations this had been modified to a demand for an advance of 10s. per week per man, which would be equivalent to an average total increase during the war of 70 per cent. The demand for an increase had not been unexpected, and the Coal Controller, in reply, had made an offer of 7s. 6d., which might be regarded as a fair settlement, as it nearly approximated to the increased cost of living to the miners, and would not seriously upset other wage awards. As the Miners' Executive was not authorised to accept less than 10s., a Conference of the Delegates had been summoned and was meeting that morning. Their reply would be communicated to the Coal Controller that afternoon. From a private and reliable source he (Sir Albert Stanley) had been given to understand that the Government offer would be refused. During the last few weeks there had been several incipient strikes, unrest was widespread, and the men were impatient and in no mood to brook delay. A decision by the Government would have to be taken to-day, or at latest to-morrow morning. In reply to questions, Sir Albert Stanley said that there was now no sliding-scale operation which related the course of wages closely to that of prices. The Government controlled the price of coal, and in a sense the price was now artificial. If Parliament ratified the agreement with the mine-owners, which the Cabinet had approved, it would be necessary—if a deficit was to be avoided—to increase the price of coal, but it might be possible to restrict the increase to industrial consumers. It was estimated that the addition of 7s. 6d. per week to wages would increase the cost of coal by about 19,000,000L per annum.

The Minister of Labour said it was important that the Cabinet should consider the particular case of the miners in relation to actual and possible demands from other workers. The Committee on Production had called his attention to the Coal Controller's offer
of 7s. 6d. and to the undesirable effects it would have on the general wages situation. Many of the agreements now in force will have to be reviewed in October. Several agitations were already on foot, and they would be stimulated if the miners succeeded in their demand. The concession of 10s. per week would be equivalent to an addition of 30s. or 31s. to the wages of the miners during the War. The Committee on Production, on the other hand, had tried to keep within a limit of 15s. increase on pre-war wages. If the miners succeed similar demands will most certainly come from other sections of industry, and these it would be difficult for the Government to resist. The policy of the Ministry of Labour recently had been to harden against further advances because of the financial situation of the country. He (Mr. Roberts) and Mr. Clynes had urged on a deputation a few days ago the duty of taking into consideration the reduction in the cost of living which was being brought about by the Food Controller, and had suggested to the trade-union leaders present the desirability of restraining their men from making fresh demands for higher wages, inasmuch as in the past they had based their claims to an advance on the rising cost of living. Mr. Roberts felt strongly that an effort should be made to resist a demand exceeding 7s. 6d. It was for the Cabinet, however, to decide whether the war situation was such as to warrant the risk of a strike by a refusal of the demand for 10s.

Sir Albert Stanley stated that Mr. Robert Smillie, during the negotiations with the Coal Controller, had said that, speaking for himself, he thought it only fair that if the increase of wages were now granted there should be a reduction of wages when the cost of living fell. Should a strike take place, some industrial establishments which were without stocks of coal would have to close down at once. London was better off at the moment for coal than a year ago. The Navy would very quickly be calling for fresh supplies. The Board of Trade had for some time been urging the Gas Companies to increase their stocks.

The War Cabinet felt that the particular issue raised by the dispute with the miners was one of far-reaching significance and of the gravest importance to the State.

The War Cabinet decided to adjourn the discussion until the Prime Minister and Mr. Barnes could be present. In the meantime the President of the Board of Trade was requested to communicate to the War Cabinet at the earliest moment the result of to-day’s negotiations.

2, Whitehall Gardens, S.W.,
September 26, 1917.