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SECRET.

WAR CABINET, 312.

Minutes of a Meeting of the War Cabinet held at 10, Downing Street, S.W., on Thursday, January 3, 1918, at 11:30 A.M.

Present:
The Prime Minister (in the Chair).

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

Lieutenant-General the Right Hon. J. C. Smuts, K.C.
The Right Hon. Sir Edward Carson, K.C., M.P.

The following were also present:
The Right Hon. Lord Robert Cecil, C., M.P., Acting Secretary of State for Foreign Affairs, Minister of Blockade.
Admiral Sir R. E. Wemyss, K.C.B., C.M.G., M.V.O., First Sea Lord and Chief of the Naval Staff (for Minute 1).
Sir A. D. Steel, Bart., M.P. (for Minute 6).
Mr. Stanley Baldwin, M.P., Treasury (for Minutes 6 and 7).
The Hon. Sir Edward Kemp, K.C.M.G., Minister of Overseas Military Forces from Canada in the United Kingdom.

The Right Hon. the Earl of Derby, K.G., G.C.V.O., C.B., Secretary of State for War (for Minutes 1 to 5).
The Right Hon. W. S. Churchill, M.P., Minister of Munitions (for Minutes 6 and 7).
The Right Hon. C. Addison, M.D., M.P., Minister of Reconstruction (for Minutes 6 and 7).
The Right Hon. Sir A. Stanley, M.P., President of the Board of Trade (for Minutes 6 and 7).

Captain Clement Jones, Assistant Secretary.
Mr. Thomas Jones, Assistant Secretary.
Captain L. F. Burgess, Assistant Secretary.
Sir Edward Kemp.

1. THE Prime Minister welcomed Sir Edward Kemp to the meeting of the War Cabinet.

2. Sir Edward Kemp stated that the 100,000 men the Canadian Government proposed to raise by conscription were now civilians and could be reckoned as over and above the number now in the recruiting depots. Before further drafts could be made, the consent of Parliament would have to be obtained. There was a strong feeling in Canada that the United States, with their large reserves of man-power, should now do their share.

3. The Secretary of State for the Colonies expressed the opinion that there was very little chance of obtaining many more recruits from New Zealand.

4. The Acting Secretary of State for Foreign Affairs stated that the news from Russia was not encouraging, although a hitch had occurred in the peace negotiations. He then read telegram No. 4 from Petrograd, dated 1st January, 1918, in which the British military attaché said that M. Trotzki had postponed the re-assembly of the Joint Conference, as the Germans had tried to trick him; also differences had arisen over the "no annexation" clause. M. Trotzki maintained that the enemy delegates at Brest-Litovsk agreed to evacuate the occupied territory in order to allow the population to select their form of government without pressure. The enemy stated that assemblies of notables in Poland and Courland had already declared their wish for independence, while remaining in the sphere of the Central Powers. It was stated that Kühlmann was in Berlin endeavouring to induce the German General Staff to agree to M. Trotzki's wishes. The telegram stated, in conclusion, that M. Trotzki and his friends had so ruined the Russian army that if he does break off negotiations the enemy will advance a few kilometres and capture his guns. Telegram No. 5 was also referred to, in which the British Ambassador stated that the Bolsheviks had discovered a German plot, and that they might have to break off negotiations, and they therefore wanted to know what assistance might be expected from America should they have to go on with the war.

The Prime Minister asked the Director of Military Operations whether he would prefer the Russians to continue in the war at the price of the loss of the guns, as described by the Acting Secretary of State for Foreign Affairs, or a separate peace.

General Maurice replied that he would prefer the former, as, though there was little hope from the Northern Russian front, the situation in the South would keep the Austrians engaged.

Mr. Long suggested that it might be worth while for the War Cabinet to obtain information from a certain Mr. Lattimore, an Englishman who had just returned from Petrograd, where his brother, a bookseller, still resided. Lattimore could put the Prime Minister in touch with M. Trotzki.

During the meeting the Acting Secretary of State for Foreign Affairs and General Smuts saw Mr. Lattimore in an adjoining room, but, as a month had elapsed since he had left Petrograd, no information of special value was elicited, beyond an expression of Mr. Lattimore's personal opinion that M. Trotzki was an honest idealist.
5. General Smuts raised the question of the position, in a scheme of priorities, of the naval and mercantile shipbuilding programmes.

The War Cabinet confirmed the decision which they had taken on the 5th February, 1917 (War Cabinet 58, Minute 1), by which the Naval programme had been partially cut down, but, subject to that reduction, had retained priority over merchant shipbuilding.

6. With reference to War Cabinet 248, Minute 13, the War Cabinet had before them interim report No. 6 of the Committee appointed to consider the question of an Economic Offensive (Paper G.-177).

Sir Edward Carson explained that the report gave additional reasons for the policy—already approved by the War Cabinet—of denouncing commercial treaties. He drew special attention to paragraph 5 of the report, dealing with the state of opinion in the House of Commons. In view of the criticism of, and opposition to, the Non-ferrous Metal Bill and the Imports and Exports Temporary Control Bill, it was most desirable that a statement of the general commercial policy of the Government should be made as early as possible, in order that the significance of each Bill, in relation to the policy as a whole, should be appreciated. It was most undesirable that the measures connected with the economic offensive and with post-war reconstruction should become entangled with the fiscal controversies which had agitated the country before the war.

Dr. Addison said he thought, when the position was explained to business men, they would recognise at once the necessity of the proposed legislation. It was not necessary at this stage to commit ourselves to the details of the control of trade beyond intimating that imports and exports would be regulated by licence.

Sir Albert Stanley stated that the Bill dealing with imports and exports could be considered without any declaration on the Government's general policy in the future. Power to extend the control of imports and exports to the period after the stoppage of hostilities was absolutely essential to prevent chaos. On the question of the control of raw materials, he hesitated about making any Government declaration, because of the enormous difficulties of putting such control into effective operation. The matter was at present before him at the Board of Trade, but so far no solution of the difficulties involved had been discovered.

Mr. Long said that he was certain that the Dominion Governments would give the most favourable consideration to any proposals for control of materials within the Empire, which might be placed before them.

Lord Robert Cecil said that it was essential to have the power of suspending the most-favoured-nation clause, in order to enable us to fulfil our obligations to our Allies. The rebuilding of Belgium, for example, could not take place without such a suspension.

Mr. Churchill said that he was in agreement with the measures proposed, in so far, and only in so far, as they were war measures and necessary for the wearing down of the enemy.

The War Cabinet decided that—

(a.) The Imports and Exports Control Bill should be considered by Parliament at the earliest possible date;

(b.) A convenient opportunity should be found at an early date for a statement of the general commercial policy of the Government in relation to the war and to the transition period immediately following the war;

(c.) The Report of the Economic Offensive Committee (Paper G.-177) be approved, but that such approval should not
compromise the political and economic views of anyone agreeing to it, the measures proposed being accepted as essential as a war measure for bargaining in the peace negotiations and for the rationing of materials in the transitional period at the close of the war.

7. The War Cabinet had before them the seventh interim report of the Economic Offensive Committee, dealing with new issues of capital (Paper G.-183).

Sir Edward Carson explained that it was not proposed to abolish the New Issues Committee at present acting for the Treasury, but that there should be a right of appeal to a Committee of Ministers by the Minister responsible for any Department whose recommendation had not been accepted by the New Issues Committee.

The War Cabinet decided that—

The matter should be adjourned until the Chancellor of the Exchequer could be present.

8. The Prime Minister said that the War Cabinet had had several conversations on the subject of the action to be taken in regard to the statement issued by the enemy on the 25th December of their negotiations for peace with the Bolshevik Party in Russia. Although the Allies were not in diplomatic relations with the Bolsheviks, and did not recognise their authority to treat for peace on behalf of Russia, these negotiations had resulted in an important declaration of policy by the Central Powers. The War Cabinet had felt that we ought not to pass this declaration by unnoticed. We ought to take advantage of it to issue such a declaration of our own war aims as would maintain our own public opinion, and, if possible, lower that of the enemy. In fact, the view to which the War Cabinet inclined was to issue a declaration of our war aims which went to the extreme limit of concession, and which would show to our own people and to our Allies, as well as to the peoples of Austria, Turkey, and even Germany, that our object was not to destroy the enemy nations. He thought that there was a general agreement of the War Cabinet as to the kind of terms which we could offer. They must include the restoration of Belgium, and reparation for all the damage inflicted on that country. The same applied to Serbia and Roumania. Germany had as yet not even offered complete restoration of Belgium, for there were phrases in the enemy statement which suggested the possibility of the retention of garrisons and economic control. Much less had Germany made any suggestion of reparation. On this point we might hope even to secure the assent of the Russian Bolsheviks. The next point brought us on to much more disputable ground, namely, Alsace-Lorraine. Whatever might be the opinions held by individuals as to the probability that France could realise the whole of her war aims in this respect, it would be dangerous at this stage of the war to suggest the contrary. We should treat Alsace-Lorraine as a matter in which we would support the wishes of the French democracy, who were making very great sacrifices. In regard to Italy, we could indicate in general terms our support to the Italian claims to be united with the peoples of Italian nationality now under Austrian rule, without specific reference to the whole of the Italian war aims. Some reference ought to be made in our statement to such races as the Italians, Croats, Slovaks, Czechs, &c., who are under Austrian rule, and who seek some form of autonomy. A statement should also be made in favour of an independent Poland.

The most difficult point, so far as we were concerned, related to the German colonies. We must remove the impression, sedulously
spread about by German propaganda, that we were merely trying to
annex more territory to an over-gorged Empire. He thought the
War Cabinet were in general agreement that our proper course
would be to express our willingness to accept the application of the
principle of self-determination to the captured German colonies.
Precisely how the principle was to be applied need not now be
discussed, but there were chiefs and heads of tribes who could be
consulted. The same principle might be applied in the case of
Mesopotamia—which was occupied by Arabs and not by Turks—
and in the case of Palestine, which had a very mixed population.
Our attitude should be that we were not going to hand these
territories back to the Germans or Turks unless their inhabitants
expressed a preference for German or Turkish rule. The first step
to be taken, therefore, was to draw up a statement of the case for
the consideration of the War Cabinet, in accordance with the
democratic principles enunciated by the Bolsheviks and to some
extent accepted by the enemy.

The next question which arose was as to whether we were to
discuss the question with all our Allies before publishing a state­
ment. This would take some weeks, and it would be very difficult
to draw up a document to which general assent would be given
which did not lack virility and individuality. Hence, if an answer
was to be given promptly, this course was unsuitable, and we ought
to adopt President Wilson's plan of an independent statement.

If this was agreed on, the question arose as to the form which
our answer should take. Should it be a note, and, if so, to whom
should it be addressed? We could not send a note to M. Trotzki,
since we were not in diplomatic relations with him; neither could
we send it to Count Czernin, because that would involve opening­
negotiations with the enemy. An alternative was to issue an
official statement. Our Allies might justly complain if we took this
course.

A second alternative was to make a statement in the form of a
speech. Speeches were constantly made by political leaders of all
the Allies, and there was no obligation to consult them before making
a speech.

The suggestion that had been made to him was that, in the
course of the negotiations which Sir Auckland Geddes was con­
ducting with the trades union leaders on the subject of man-power
and the release from certain pledges entered into earlier in the war,
should be arranged that the Prime Minister should read a carefully
weighed statement of the War Cabinet's policy. This was the more
easy to provide for, since it was understood that the trade unionists
would raise the question of war aims in the course of the discussions
with Sir Auckland Geddes. If the War Cabinet agreed to such a
statement, it should, in his opinion, be couched in terms which would
provide a counter-offensive to Count Czernin's recent statement, and
which would weaken the enemy. The Germans had got their blow
in first in this peace offensive, but there were not lacking signs that
it was beginning to expend its force. Personally, he did not believe
that the enemy's statement was a bonâ fide peace offer. Its object
was to sow dissension among the Allies and to rally the German
people.

Sir Edward Carson drew attention to an article in the "Cologne
Gazette" which indicated alarm on the part of the Germans lest
they should be taken at their word in regard to their statement of
peace terms.

Mr. Barnes stated that he attached great importance to the
psychological effect which would be produced at home by the issue
of a full and reasoned statement of our war aims.

Lord Robert Cecil said that he would like an opportunity to
express his views at full length, both in regard to the form and
substance of the statement to be issued. He warned the War
Cabinet that the speeches of Ministers in this country, and
particularly those of the Prime Minister, were very closely scrutinised by our Allies. He was opposed to any unnecessary delay, but he urged that the subject should be most carefully weighed before a decision was taken.

The Secretary of State for the Colonies urged that, before any statement were made, he should communicate the general lines of it to the Governments of the self-governing Dominions.

The Prime Minister agreed, and suggested that Mr. Walter Long should tell the Dominions the reasons for making the statement. He thought that the press should be warned that this was intended as a counter-offensive to Count Czernin's statement.

One point which he proposed to add, if the War Cabinet agreed, was that if the Russian democracy had not taken the responsibility of entering into negotiations with the enemy by themselves, we should have stood by them, as we intended to stand by the French democracy.

This was agreed to.

The War Cabinet decided that—

1. The question should be adjourned until 5 P.M.
2. Mr. Barnes, who was to take the chair at Sir Auckland Geddes's conference with trade unionists in the afternoon, should endeavour to secure an opportunity for the Prime Minister to make his statement on Saturday, if an earlier moment could not be arranged.
3. Before the meeting at 5 o'clock, the Secretary should reproduce and circulate the three draft statements prepared respectively by Mr. Philip Kerr, under instructions from the Prime Minister, General Smuts, and Lord Robert Cecil.
4. The Secretary of State for the Colonies should be authorised to telegraph to the self-governing Dominions informing them that a statement was to be made, and explaining the reasons for this course.

Obligations to Our Allies: Sir Edward Carson said that he found great difficulty in following what our obligations were to our Allies, and suggested that a synopsis should be made by the Foreign Office showing (with maps) the obligations we had undertaken. Sir Edward Carson said it would be a great help if he could give a paper of this sort to the Chairman of the Newspaper Proprietors' Association (Sir George Riddell).

The Prime Minister thought the latter suggestion inadvisable.

Attention was drawn to a Memorandum prepared in the Colonial Office (Paper G.T.-3174) on the subject of the disposal of the German colonies.

Mr. Long said that the re-establishment of Germany in the Pacific would expose the United States of America and Canada to great danger, and would involve an additional burden on Great Britain.

The Prime Minister suggested that a copy of this Paper should be sent to the President of the United States of America.

The question was postponed for the further discussion agreed to on Tuesday, the 1st January, 1918 (War Cabinet 309, Minute 18).

The War Cabinet decided however, that—

In the meantime the Foreign Office should prepare a synopsis, with maps.

2, Whitehall Gardens, S.W.,
January 3, 1918.