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. 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).

The Right Hon. E. Shortt, K.C., M.P., Secretary of State for Home Affairs (for Minutes 3, 5, and 6).
The Right Hon. Sir J. Maclay, Bart., Shipping Controller (for Minutes 1, 2, and 3).
The Right Hon. T. J. Macnamara, LL.D., M.P., Financial Secretary, Admiralty (for Minute 8).

Mr. Thomas Jones, Acting Secretary.
Mr. Pembroke Wicks, Assistant Secretary.
Lieutenant-Colonel L. S. Store, C.B., Assistant Secretary.
Captain L. F. Burgis, Assistant Secretary.
Mr. G. M. Evans, Assistant Secretary.
Industrial Unrest: The Shipping Position

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., e.g., 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 Dantzig. 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.

3. The War Cabinet had before them a Memorandum by the President of the Board of Trade (Paper G.T. 6869) in which he stated that during the war the Admiralty had confined the issue of Confidential Route and Sailing Instructions to masters of merchant ships who could be regarded as entirely trustworthy and, as they found that British merchant vessels had in some cases been commanded before the war by foreigners, they had made it their practice to refuse to give these Confidential Instructions to masters who were not "British born of parents who, at the time of their son's birth, were themselves British subjects by birth or by naturalisation." It was an essential part of the Government War Risks Insurance Scheme that the master of a merchant ship insured under the Scheme must obey all Admiralty instructions, and it was accordingly impossible for a British shipowner to get the Government War Risks Insurance for
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 a 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.

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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.

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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.

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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.