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SECRET

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C.M. (47)

8th Conclusions

CABINET 8 (47)

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Thursday, 16th January, 1947, at 9 p.m.

Present :

The Right Hon. C. R. ATTLEE, M.P., Prime Minister (*in the Chair*).

The Right Hon. ARTHUR GREENWOOD, M.P., Lord Privy Seal.

The Right Hon. HUGH DALTON, M.P., Chancellor of the Exchequer.

The Right Hon. Sir STAFFORD CRIPPS, K.C., M.P., President of the Board of Trade.

The Right Hon. A. V. ALEXANDER, M.P., Minister of Defence.

The Right Hon. LORD JOWITT, Lord Chancellor.

The Right Hon. J. CHUTER EDE, M.P., Secretary of State for the Home Department.

The Right Hon. VISCOUNT ADDISON, Secretary of State for Dominion Affairs.

The Right Hon. LORD PETHICK-LAWRENCE, Secretary of State for India and Secretary of State for Burma.

The Right Hon. J. WESTWOOD, M.P., Secretary of State for Scotland.

The Right Hon. A. CREECH JONES, M.P., Secretary of State for the Colonies.

The Right Hon. G. A. ISAACS, M.P., Minister of Labour and National Service.

The Right Hon. E. SHINWELL, M.P., Minister of Fuel and Power.

The Right Hon. ELLEN WILKINSON, M.P., Minister of Education.

The Right Hon. ANEURIN BEVAN, M.P., Minister of Health.

The Right Hon. T. WILLIAMS, M.P.,
Minister of Agriculture and Fisheries.

The following were also present :

The Right Hon. VISCOUNT HALL, First Lord of the Admiralty.

The Right Hon. P. J. NOEL-BAKER, M.P., Secretary of State for Air.

The Right Hon. ALFRED BARNES, M.P., Minister of Transport.

The Right Hon. JOHN STRACHEY, M.P., Minister of Food.

The Right Hon. GEORGE TOMLINSON, M.P., Minister of Works.

The Right Hon. HECTOR McNEIL, M.P., Minister of State.

LORD PAKENHAM, Parliamentary Under-Secretary of State for War.

Mr. ARTHUR WOODBURN, M.P., Parliamentary Secretary, Ministry of Supply.

Sir EDWARD BRIDGES, Secretary to the Treasury.

Secretariat.

Sir NORMAN BROOK.

Mr. W. S. MURRIE.

CABINET 8 (47)

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**Road Haulage
Strike.**

(Previous
Reference:
C.M. (47) 7th
Conclusions,
Minute 1.)

1. *The Minister of Labour* informed the Cabinet that earlier in the day the delegate conference of the workers involved in the strike had agreed that work should be resumed on 18th January. Thereafter the Joint Industrial Council had been formally constituted and had adjourned until 19th January to enable the employers to carry out certain consultations before negotiations began. No difficulties would be made if the Services continued to move essential supplies until the strikers returned to work on 18th January.

The Minister added that he had been intending to see representatives of the General Council of the Trades Union Congress in connexion with the strike. He thought that, even though the strike had now been settled, it was desirable to proceed with discussions with the Trades Union Congress on the question of negotiating machinery.

The Home Secretary said that the Industrial Emergencies Committee had considered that on 17th January the Services should continue to handle any food supplies which were already in transit. He hoped the Cabinet would agree that their appreciation should be conveyed to the members of the Services, who had done such excellent work. The Service Ministers might also consider whether some compensation might be made to them.

In discussion it was agreed that this compensation should take the form, not of a money payment, but of additional leave. No publicity need be given to this.

The Cabinet—

- (1) Agreed that, until the strikers returned to work, the Services should continue to handle essential supplies already in transit;
- (2) Agreed that the Government's appreciation of the work done by the troops should be conveyed to those members of the Services who had been engaged in this duty;
- (3) Invited the Service Ministers to consider what arrangements could be made to grant additional leave to these members of the Services;
- (4) Agreed that the Minister of Labour should pursue with the General Council of the Trades Union Congress the question of improving the negotiating machinery in industry.

**Economic
Survey
for 1947.**

(Previous
Reference:
C.M. (47) 7th
Conclusions,
Minute 2.)

2. The Cabinet discussed the issues raised in the papers on the Economic Survey for 1947 (C.P. (47) 19, 20, 25 and 29) which had been presented to them by the President of the Board of Trade at their meeting earlier in the day.

The Cabinet first considered the appraisal of the general economic situation in the Economic Survey, reserving for later discussion the specific measures for remedying that situation which were recommended by the Committee on Economic Planning. The following were the main points made in this part of the Cabinet's discussion:—

(a) The Survey stressed the difficulties of our balance of payments; and one of the main questions raised was whether we could afford to go on importing so much from hard-currency countries. It was surprising therefore that there was so little reference in the Survey to agriculture. All the emphasis was laid on the need for increased exports of manufactured goods. Was it not at least as important to consider means of increasing the home production of food, with a view to reducing the volume of our imports, particularly from hard-currency countries? It might be true that nothing could be done now to increase the amount of food produced in this country in 1947; but the long-term position must also be faced for, unless drastic measures were taken to redress our balance of payments,

we might be forced to seek further financial assistance from the United States when the present Loan was exhausted. To restore our livestock, for example, plans must be laid far ahead. The main problem would be to maintain the labour force in agriculture; yet the Survey contained no proposals for replacing the large numbers of prisoners of war who would be lost to agriculture by 1948.

The suggestion was made that more women could be absorbed into agriculture if the organisation of the Women's Land Army were overhauled and its conditions of service made more attractive. The Cabinet agreed that the Agriculture Departments should look into this point.

(b) Was it not already too late to plan the distribution of our man-power in 1947? Most of the Departmental programmes for this period had already been made and approved and in many cases contracts had been let. Major adjustments could not now be made without great difficulty. General economic planning should precede the preparation of Departmental programmes; and the Cabinet should now be considering a plan for 1948.

(c) There was no doubt that the available man-power was not distributed in accordance with existing national needs. Attention was drawn in the Survey to the swollen labour force in the engineering industries and the need for diverting some of that labour to industries manufacturing consumer goods. The distributive trades were also employing more people than we could spare in present circumstances; and large numbers were engaged in wholly unproductive activities such as football pools, sports and entertainments.

Without powers of direction over labour, however, it would be difficult to redistribute the available man-power in accordance with an economic plan. Though the Ministerial Committee had recommended a limited scheme for applying industrial direction to young women, they had not contemplated the restoration of the war-time system of labour control. And, so long as we were without effective powers of control over the labour force as a whole, we could not expect to secure all the advantages which might be derived from a fully-planned economy.

(d) The statistical estimates on which the Survey was based necessarily contained a large margin of error. Some of the figures (*e.g.*, those relating to the Armed Forces and their supply) were already out of date, as a result of decisions taken while the Survey was under consideration by the Ministerial Committee. The statistical gap shown in the Report might therefore give a somewhat exaggerated picture of the economic consequences which would follow if all the measures recommended by the Committee were not adopted.

(e) The figures of man-power requirements were presumably based, in the last resort, on estimates by individual firms of the labour which they required. Experience during the war had shown that such estimates were too often inflated. It would be dangerous for the Government to take drastic measures to increase the total man-power available for industry so long as employers made inefficient use of the labour so supplied. Better results might be obtained by maintaining the pressure on industry to make more efficient use of the labour available.

As against this, it was pointed out that the estimates had been prepared by the responsible Departments, who had long experience in discounting the demands of industry. Moreover, these were not estimates of the labour required for optimum programmes, but realistic estimates related to the programmes which could be achieved under current economic conditions. No better estimates could be framed than those provided by the responsible Departments; and, if these were to be rejected, all forward planning became impossible.

(f) The gap of 630,000 disclosed in the Survey represented only 2·3 per cent. of the employed population. Was it not reasonable to expect that a large part of this gap might be closed by increased productivity? With greater efficiency in the use of labour, increased use of machinery and improved incentives, much could be done to secure a higher rate of output per man; and greater efforts should be made to secure a solution along these lines. Even a small percentage increase in productivity would go a long way towards closing the gap.

As against this, it was pointed out that the estimates provided by the Departments included all the allowance which they had felt justified in making for increased productivity. Attention was also drawn to the inter-relation of labour shortages. In many industries increased efficiency depended on the installation of new machinery; and this was delayed by the inability of the industries manufacturing that machinery to meet all the demands which were being made on them. Shortages in one sector of industry prevented the attainment of efficiency in other sectors. This was strikingly illustrated by the widespread effects, throughout industry, of the shortage of man-power in coalmining.

(g) Whatever decisions were reached on the specific recommendations made in C.P. (47) 25, special efforts would have to be made to present to the public the broad facts of our economic position so that all might appreciate the need for increased efficiency and effort in industry.

The Cabinet were informed that the Ministry of Labour would shortly be producing a pamphlet based on addresses made to the National Joint Advisory Council by the Lord President, the Chancellor of the Exchequer and the President of the Board of Trade; and that arrangements had been made to secure that this received a wide distribution among employers and workpeople in industry.

The general conclusion reached by the Cabinet in this part of their discussion was that, while there might be some margin of error in the statistical estimates included in the Economic Survey, there was no escape from the broad conclusion that the nation's economy was overburdened and that some adjustments were necessary, particularly in the distribution of our man-power, if we were to achieve our primary objectives of attaining the export target and maintaining essential production for the home market. At the same time, it was important to avoid extreme courses of retrenchment such as had been adopted after the war of 1914-18. The Government should take a balanced view of the situation. In particular, it seemed reasonable to assume that some part of the gap assumed in the Economic Survey could be closed by more vigorous action to secure increased productivity in industry.

In the light of this general conclusion, the Cabinet turned to consider the specific measures recommended by the Committee on Economic Planning. They first discussed the proposal, in paragraphs 20-25 of C.P. (47) 25, that the raising of the school-leaving age should be postponed from 1st April to 1st September, 1947.

School-leaving
Age.

The Minister of Education said that there were no educational grounds on which such postponement could be justified. It would deprive 150,000 children of a whole year's education, and the children to suffer would be precisely those whose education had been most seriously interrupted by the war. They would all be children of working-class parents; and parents in better circumstances would remain free to keep their children at school. Postponement could not be justified on the ground that preparations for the change were incomplete. The additional teachers and accommodation would be ready by the date prescribed in the statute. The education authorities would complete their preparations in time largely because of the special steps which had been taken to convince them that the Government would honour their pledge to introduce this reform on 1st April. If the Government now went back on this,

the education authorities would relax all their efforts and were more unlikely to be ready for 1st September than they were now for 1st April. Moreover, the success of any future efforts by other Departments to get local authorities to complete a task by a given date would be gravely prejudiced.

The Secretary of State for Scotland endorsed these views. In paragraph 21 of C.P. (47) 25 reference was made to a memorandum which he had submitted to the Lord President's Committee about the difficulties of providing the additional accommodation required in Scotland by the prescribed date. He wished, therefore, to make it clear that this memorandum had been submitted, not for the purpose of suggesting postponement, but to secure special priority for his building requirements. He was fully prepared to meet any administrative difficulties which might arise from the raising of the age on 1st April.

In discussion the point was made that this proposal would produce great social and educational hardship for very little economic advantage. It had often been suggested that the withdrawal of cheap juvenile labour would be one effective means of forcing employers to achieve greater efficiency in their use of labour; and some of the best employers in industry were now reluctant to employ children below the age of 16. It was also pointed out that this was a short-sighted proposal; for if, as was admitted, we must in the long run rely for increased industrial output on greater skill and productivity rather than numbers, the loss in education would in the end outweigh the benefit derived from bringing these children into industry a year in advance of their normal time. Finally, it was felt that the political disadvantage of breaking the definite pledges which had been given in Parliament out-balanced the economic benefits which would be derived from this proposal.

The Chancellor of the Exchequer said that in view of the Cabinet's attitude he did not desire to press this particular recommendation. If, however, this were withdrawn it became all the more important that the Cabinet should adopt the other measures recommended in the Committee's Report.

The Cabinet—

- (1) Agreed that the statutory date for the raising of the school-leaving age should not be postponed.

Direction of
Women into
National
Service.

The Cabinet next considered the recommendation, in paragraphs 16-19 of C.P. (47) 25, that young women should be required to undertake work of national importance for a period of two years.

The President of the Board of Trade said that the essence of this proposal was that all young women should, for a period equal to that for which men would be called up to the Forces, be required to work in one or other of the occupations of national importance which were suitable for the employment of women. Women who preferred to serve in the Armed Forces would be allowed to do so, to the extent that the Services could absorb them. The proposal would not only bring into useful employment women who were doing no work at all, but would also enable women to be diverted to those industries and services, such as the textile industries or nursing, where the shortage of female labour was most acute.

The Minister of Labour said that in his view the proposal could be defended on the ground that it meant equal treatment for men and women. It would be necessary to ensure that the conditions of employment in the industries and services to which women were directed were satisfactory. The number of women in each age group would be about 345,000.

In discussion several Ministers expressed doubts about this proposal. In particular, it was argued that it would not mean equality of sacrifice as between men and women, or even among the women themselves, since some women would be directed into less

attractive work than others. Thus, most of those in Lancashire would be required to work in the cotton industry, while in other areas they would be able to choose more congenial occupations. Further, in many parts of the country there would not be enough suitable occupations for the available women, with the result that women would have to be required to undertake work away from home. On this and other grounds the direction of women had provoked strong feeling even during the war; and the difficulties of administering such a system would be very much greater in peacetime conditions. If women had to be directed to employment away from their homes, would they receive lodging allowances and, if so, would the cost fall on their employers or on the Exchequer? Could young women, in the limited period for which they would serve, acquire sufficient skill to make them a useful addition to the female labour force in the occupations into which they would be directed?

In further discussion it was agreed that, before the Cabinet reached a decision on this proposal, they should have more information on the points noted above and on such matters as the numbers of women in the appropriate age group who, if not required to perform national service, would undertake no work or would be employed in non-productive occupations, the numbers who could be absorbed in the various industries and services of national importance and the numbers who might have to be transferred from their existing occupations or from their home areas. The Cabinet should also be informed what numbers were to be absorbed into the Armed Forces under existing plans, and whether the Forces could not absorb more women in substitution for men.

The Cabinet—

- (2) Invited the Minister of Labour to prepare, in the light of the discussion, a memorandum giving full information about the effect of a scheme for the direction of women on the lines proposed in paragraphs 16-19 of C.P. (47) 25.
- (3) Agreed to discuss the remaining recommendations in C.P. (47) 25 at a meeting on the following day.

*Cabinet Office, S.W. 1,
17th January, 1947.*

