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-----C.(57) 229COFY NO. 5011th October, 1957

CABINET

EDUCATION: CAPITAL EXPENDITUREMemorandum by the Minister of Education

The Cabinet decided last month that investment in the public sector in 1958/59 and 1959/60 should be restricted to the 1957/58 level (C. C. (57) 68th Conclusions, Minute 3). Educational investment should certainly be cut so as to restrict it during the relevant years to the level of 1957/58: but I think it is a matter for serious consideration whether we should do more than this.

2. In saying this I have in mind our announced policies, the continued increase in the number of children and the basic importance of improving our scientific and technical education. I fear that a cut in educational investment which is more severe than that on the public sector as a whole, coming on top of the decision to proceed with the general grant, will revive all the doubts about the sincerity of the Conservative Party with regard to education that were so widespread during the years immediately after 1951. Even levelling off will involve a highly unpopular return to rationing of "minor projects" and holding up some projects for rural reorganisation.

3. If it is considered essential to go further than levelling off, I would suggest a temporary embargo on starting new rural secondary schools needed for eliminating all-age schools in the villages; and a drastic cut in expenditure on "minor works". (These are jobs costing less than £10,000 each, many of which are for the improvement of bad conditions in old schools.)

4. This would make possible a cut of £11 millions in planned investment over the two years 1958/60, as compared with a cut of £8 millions which would be needed merely to restrict investment to the 1957/58 level.

5. The Chancellor of the Exchequer however has asked me, over the same two years, to make a cut of £20 millions. In addition to the measures listed in paragraph 3 this would mean delaying the programme for technical education and also cutting the minimum programme of school places needed for the growing number of children and for new housing areas. I cannot believe that, in the light of the Red Moon, any interference with technical education would make political sense. A cut in the main school building programme would mean that essential school places would simply not be ready in time. And the fact that we were contemplating this result would be immediately apparent.

SECRET

6. I could not recommend the adoption of either of these measures. I realise that our prime objectives are to stem inflation and to save the pound, and that all our economic policies must be directed to these ends. Yet I cannot persuade myself - and I am sure we shall not be able to persuade others - that the security of our currency cannot be attained without delaying the technical education programme or having children out of school.

G.L.

Ministry of Education, W.1.

11th October, 1957.

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