CABINET 11 (24).

Meeting of the Cabinet to be held at No. 10, Downing Street, S.W.1, on FRIDAY, FEBRUARY 8th, 1924, at 3 p.m.

AGENDA.

3 p.m.
1. UNEMPLOYMENT AND HOUSING.
   (Paper C.P.-83(24))
   Report of Committee - (To be circulated).

2. AGRICULTURE.
   Draft Statement for Prime Minister, approved
   by the Agricultural Policy Committee (Paper
   C.P.-81 (24) - To be circulated).

3. UNEMPLOYMENT INSURANCE.
   Memorandum by the Minister of Labour (Paper
   C.P.-45 (24) - already circulated).
   Memorandum by the Chancellor of the Exchequer
   Paper C.P.-76 (24) - already circulated).
   No.1 Bill (Paper C.P.-79 (24) - To be
   circulated).

4. NATIONAL HEALTH INSURANCE.
   Memorandum by the Minister of Health
   (Paper C.P.-52 (24) - already circulated).

5. IMPERIAL AND IMPERIAL ECONOMIC CONFERENCES.
   THE PROPOSED PREFERENCES.
   Note by the Secretary (Paper C.P.-69 (24) -
   already circulated).

6. KENYA - POSITION OF INDIANS IN
   Memorandum by the Secretary of State for India
   (Paper C.P.-46 (24) - already circulated).

7. BURNEY AIRSHIP SCHEME.
   (To be raised by the Secretary of State for Air.)

   (Signed) M.P.A. HANKEY,
   Secretary, Cabinet.

2, Whitehall Gardens, S.W.1;
February 7, 1924.
CONCLUSIONS of a Meeting of the Cabinet held at 10, Downing Street, on FRIDAY, FEBRUARY 8th, 1924, at 3 p.m.

PRESENT:

The Right Hon. J. Ramsay MacDonald, M.P.
Prime Minister and Secretary of State for Foreign Affairs. (In the Chair).


The Right Hon. Philip Snowden, M.P.
Chancellor of the Exchequer.

The Right Hon. J.H. Thomas, M.P., Secretary of State for the Colonies.

The Right Hon. Lord Olivier, K.C.M.G., C.B., Secretary of State for India.


The Right Hon. John Wheatley, M.P.
Minister of Health.

The Right Hon. Noel Buxton, M.P., Minister of Agriculture and Fisheries.

The Right Hon. William Adamson, M.P.
Secretary for Scotland.

Col. The Right Hon. J.C. Wedgwood, D.S.O., M.P.
Chancellor of the Duchy of Lancaster.

The Right Hon. Viscount Saldane, K.T., O.M.
Lord Chancellor.

The Right Hon. A. Henderson, Secretary of State for Home Affairs.

The Right Hon. Stephen Walsh, M.P., Secretary of State for War.

Brig.-General The Right Hon. Lord Thomson, G.B.E., D.S.O., Secretary of State for Air.

The Right Hon. Sidney Webb, M.P., President of the Board of Trade.

The Right Hon. Charles Trevelyan, M.P., President of the Board of Education.

The Right Hon. Tom Shaw, G.B.E., M.P.
Minister of Labour.

The Right Hon. Vernon Hartshorn, G.B.E., M.P.
Postmaster-General.


CONCLUSIONS of a Meeting of the Cabinet,
held at 10, Downing Street, S.W.1, on FRIDAY, FEBRUARY 8, 1924, at 3 p.m.

RUSSIA.

1. Under instructions from the Prime Minister, a letter from M. Rakovsky to the Prime Minister, dated February 8, 1924, which constituted the official reply of the Union of Russian Soviet Social Republics to the British Note of de jure recognition, was handed round to the Cabinet at the outset of the Meeting.

The Prime Minister, as Secretary of State for Foreign Affairs, drew the attention of his colleagues to the cordial character of this communication, and informed the Cabinet that he intended to send M. Rakovsky a memorandum of the outstanding points between the two Governments, with suggestions as to which should be dealt with, direct between the Governments and which should be referred to the Joint Commission to meet in London. M. Rakovsky would then take these himself to Moscow.

The attention of the Cabinet was also drawn to the recent communications of Mr. Hodgson, the British Chargé d'Affaires at Moscow, in regard to the situation in Russia.

The attention of the Cabinet was also drawn to the claim in M. Rakovsky's letter that the authority of the Russian Government extends "throughout all the territories of the former Russian Empire with the exception of those which have been severed with the consent of the Soviet
Government and in which independent States have been constituted”.

The Cabinet took note, however, that the British recognition was as stated in the British Note of February 1st.

(N.T.E. “They recognise the Union of Socialist Soviet Republics as the de jure rulers of those territories of the old Russian Empire which acknowledge their authority”. Telegram to Mr Hodgson, No.16, February 1st, 1924, para.1.)
FOREIGN POLICY. 2. The Prime Minister informed his colleagues that he had received a most cordial letter from M. Poincaré, intimating that the splendid relations between the two Governments would not be disturbed by the recent allegations in the Press in regard to certain decisions at the Peace Conference. The letter, however, was not intended for publication.
3. The attention of the Cabinet was drawn to the following question to be asked in the House of Commons on Tuesday, February 12th:

"37. Captain Reginald Terrell, - To ask the Prime Minister whether any members of the Cabinet are connected in any way with Trades Union organisation or work, and whether he proposes to apply to them the same rule affecting Cabinet Ministers in respect to directorship of public Companies".

The Cabinet agreed —

That the Prime Minister should reply to the effect that Cabinet Ministers had already applied to themselves in respect of Trades Union organisation or work the same rule as was applied in respect to directorship of public Companies.
4. After consideration of an Interim Report of the Committee on Unemployment (Paper C.P.-53 (24)), the Cabinet agreed --

I. To approve the Report of the Committee, the principal recommendations of which are as follows:

(a) To take note of the Committee's view that the most hopeful solution of the Unemployment problem lies in the re-establishment of normal peaceful conditions throughout the world, and, in particular, in the removal of all impediments, whether political or otherwise, to the full reopening of normal trading relations with countries where such relations do not at present exist.

(b) That, subject to the examination of the draft Trade Facilities Bill by the Home Affairs Committee, authority should be given for the introduction of the Bill in the House of Commons as soon as possible after the re-assembling of Parliament.

(c) That the President of the Board of Trade, in consultation with the Chancellor of the Exchequer, should be requested to examine carefully the regulations under which export credits are given, with a view to amending any rules which unnecessarily restrict the beneficial operation of the Export Credits Scheme.

(d) To confirm the decision taken by the late Government to assist the Local Governments in carrying out the Kenya-Uganda railway scheme to the extent of a loan of £3,500,000 free of interest for five years, repayable thereafter by annual instalments spread over a period of 37 years, and to authorise the presentation to the House of Commons of the required Supplementary Estimate.

(e) To request the Secretary of State for the Colonies to submit, for consideration of the Unemployment Committee, his other proposals for undertaking Empire Development works.
(f) To request the Secretary of State for the Colonies to consider the advisability of formally approaching the Government of the Irish Free State with a view to seeing whether that Government would be prepared to take advantage of the Imperial Economic Conference terms.

(g) To take note of the Committee's opinion that the carrying out of a large Housing programme would materially contribute towards relieving unemployment, provided that it does not unduly deplete the resources necessary for general trade development.

(h) That the President of the Board of Trade and the Minister of Labour should be requested to enquire and present a joint report to the Unemployment Sub-Committee on the position and prospects of the above-named and any other basic industries where unemployment has been continuously severe over a long period.

NOTE. The industries referred to are: - Shipbuilding, Heavy Engineering, Iron and Steel, Cotton.

(i) That the Minister of Transport should be authorised —

(i) To re-open negotiations with the Authorities interested in the scheme for the Liverpool-Manchester Road on the basis that the Government contribution should be fixed in accordance with terms agreed between the Minister and the Treasury.

(ii) To prepare for the consideration of the Unemployment Committee a programme of Works for the winter 1924-25; such programme to include; among other important undertakings, the North Orbital Road and the new Chertsey Road.

(iii) To prepare for the consideration of the Unemployment Committee a statement as to the practicability of relieving unemployment by means of:

(1) An extension of light railways, particularly in agricultural districts:

(2) Improvements in the existing Canal system.
(i) To request the Chancellor of the Exchequer, in consultation with the Minister of Transport, to examine the general question of the provision of further financial resources for the proposed new programme indicated in (d) above, particularly with a view to determining whether the existing limits within which the Road Fund can operate should be extended, and, if so, in what form Parliamentary sanction for such extension is necessary.

(k) To take note that the Committee propose in the near future to examine suggestions submitted to them by the Minister of Transport (C.U.-336 and C.U.-337) for undertaking a new road and bridge construction programme and also for stimulating employment by the improvement of existing highways.

(l) That, in order that the Unemployment Grants Committee may be able to continue to assist schemes on the loan basis, the Committee may be authorised to exceed the existing limit of £20,000,000 (the total value of such schemes to be assisted in 1923-24) by a further sum of £2,000,000, making £22,000,000 in all.

(m) That the Cabinet should approve in principle the policy of assisting works starting in the Spring and Summer months.

(n) That the Treasury, the Ministry of Health, the Scottish Office and the Unemployment Grants Committee be authorised to formulate proposals regarding the financial provision to be made during 1924-25 in respect of the Committee's various schemes, with a view to the issue of a circular to Local Authorities early in March, 1924.

(o) That the Unemployment Grants Committee be requested to submit for the consideration of the Unemployment Committee a memorandum on the proposals and difficulties of the present schemes under which financial assistance may be given to Public Utility Undertakings.

(p) The Committee understand that the Central Committee on Women's Training and Employment are considering the matter and will shortly be making proposals to the Ministry of Labour on the possibility of finding employment for some of the unemployed women, and these proposals will receive immediate consideration. Financial provision for these schemes will have to be made, and the Committee propose to consider this question in the near future.
Juvenile Unemployment.

(Previous Reference: Cabinet 4 (24), Conclusion 2.)

(q) That a Committee composed of representatives of the Treasury, Board of Education, the Scottish Education Department and the Ministry of Labour, be authorised to prepare a report for the consideration of the Unemployment Committee on the whole question of Juvenile Unemployment, regard being had to matters such as the extension of the system of Juvenile Unemployment Centres, the lowering of the age limit in the Unemployment Insurance Act, and the raising of the school-leaving age.

Agricultural Unemployment.

(Previous Reference: Cabinet 9 (24), Conclusion 5.)

(r) That the Minister of Agriculture and Fisheries should be authorised to expend a further sum (over and above the £250,000 authorised by the late Government and now exhausted on commitments) in assisting outstanding land drainage works in relief of unemployment, and that work on the schemes be allowed to continue until 30th June, 1924.

(s) That the Scottish Board of Agriculture should be authorised to expend a further sum (over and above the sum of £30,125 already provided) for assisting works of land drainage, farm water supplies and improvements of farm roads in Scotland, and that work on the schemes be allowed to continue until 30th June, 1924.

(t) That the amounts to be provided under (r) and (s) above should be considered as soon as possible by the Unemployment Committee in connection with Departmental proposals referred to in the following paragraph.

Further Departmental Proposals.

(u) Steps have been taken to obtain from all Government Departments concerned with unemployment relief measures statements showing the type of work which each Department would wish to put forward assuming financial provision were available. As soon as the Departmental replies have been received, the Committee propose to consider them in detail, and they hope to be able to submit to the Cabinet a suggested programme of further works to be undertaken in the immediate future, together with estimates of the cost of the work and the amount of employment accruing.
II. To take note that the Secretary of State for India has telegraphed to the Government of India asking them to do everything possible to speed up orders to be placed in this country.

III. That in dealing with the question of Unemployment in the House of Commons on Tuesday, February 12th, the Prime Minister should draw attention to the fact that many of the works, such as road-making, would increase the value of private property in their vicinity, and should utter a warning in general terms that the Government were not prepared to see prices put up unfairly against either the Government or the Local Authorities, and that if this occurred they would not hesitate to deal with the question.

IV. That the question of the North-Western Motorway should be further considered by the Unemployment Committee.

V. That the Chairman of the Committee, in conjunction with the Minister of Labour, should send to the Prime Minister, if possible, before Monday February 11th, an estimate of the expenditure involved in the proposals of the Committee and of the number of men to whom they would give employment.
Housing. 5. After consideration of the Report of the Unemployment Committee on Housing (Paper C.P.-89 (24)) and a Memorandum by the Chancellor of the Exchequer (Paper C.P.-65 (24)), the Cabinet agreed —

(Previous Reference: Cabinet 10 (24), Conclusion 4.)

To approve the general lines of the scheme proposed in the Report of the Unemployment Committee (Paper C.P.-89 (24)) (Appendix I), subject to the following variations:

(a) For the purpose of a general estimate, the figure of 9/- a week to be taken to cover rent and rates.

(Nota. The 9/- compares with 8/- in the Report of the Unemployment Committee (Paper C.P.-89 (23), para. (5).)

(b) The State share of the subsidy not to exceed an over-all average figure of £9 per house for the number of years eventually agreed upon (See below).

(c) That as regards the number of years during which the State subsidy of £9 would be payable, the Minister of Health, in his negotiations with the Local Authorities, should endeavour to secure a time-limit of 20 years, but if he cannot obtain acceptance of this figure, he should have power to increase the time-limit. In this contingency he should make the best bargain he can, but in no event should he agree to the payment of the subsidy for more than 40 years.
6. The attention of the Cabinet was drawn, as a matter of urgency, to the recent action of the Minister of Health in rescinding the Order issued by Sir Alfred Mond in 1922 which required the Poplar Board of Guardians, in granting out-door relief, not to exceed the prescribed scale.

The Minister of Health gave the Cabinet a full account of the circumstances in which he had decided to rescind the Order, and the Lord Chancellor made a statement on the legal aspects of the question.

From these statements it was clear that the Order issued by Sir Alfred Mond in 1922 had for some time been a dead letter, and that powers for surcharging the Guardians existed under very early legislation.

The Cabinet agreed —

That, in view of the great public interest and the anxiety in financial circles which, in ignorance of the facts, had been aroused by this decision, the Minister of Health, in consultation with the Lord Chancellor on the legal aspects of the question, should prepare a statement for issue to the Press at the earliest possible moment, and preferably the same evening. (See Appendix II.)
7. Arising out of the question referred to in the previous Conclusion, the Prime Minister made a strong appeal to his colleagues not to make public announcements on questions of great public interest, particularly when they were of a controversial character, without previous consultation with the Prime Minister, who would consider whether it was necessary to consult the Cabinet.
After consideration of the proposals suggested by the Agricultural Policy Committee for announcement in Parliament by the Prime Minister (Paper C.P.-81 (24)), the Cabinet agreed —

To approve the proposals as a basis for the Prime Minister's statement of Policy in regard to Agriculture (Appendix E).
9. After consideration of a Memorandum by the Minister of Health on the subject of National Health Insurance (Paper C.P.-52 (24)), the Cabinet agreed —

That the following Committee should be appointed —

The Minister of Health
The Secretary of State for the Colonies,
The Secretary for Scotland,

with power to add other Ministers
(among whom the Financial Secretary to the Treasury should be included) —

to examine the questions raised in the Minister of Health's Memorandum (Paper C.P.-52 (24)), with power to consult the various authorities concerned and to submit definite proposals to the Cabinet.
10. The Cabinet had before them the following documents relating to Unemployment Insurance:

A Memorandum by the Minister of Labour, setting forth the points which call for immediate action in Unemployment Insurance, and other points which will need attention during the next Session (Paper C.P.-45 (24)):

A Memorandum by the Minister of Labour, covering the draft of a Bill for abolishing the three weeks’ "gap" in Unemployment Benefit (Paper C.P.-79 (24)):

A Memorandum by the Chancellor of the Exchequer (Paper C.P.-76 (24)):

A Memorandum by the Minister of Labour (Paper C.P.-86 (24)).

The Cabinet agreed —

(a) To approve the introduction in Parliament, as soon as it meets, of a Bill for abolishing the three weeks’ "gap" in Unemployment Benefit:

(b) That the Prime Minister, in his Statement of Policy in the House of Commons on Tuesday, February 12th, should make a statement to the effect that the Government, after very careful consideration, had come to the conclusion that the existing restrictions on the grant of unassisted benefit to certain classes of applicants, namely, single men and women residing with relatives, married women, short-time workers and aliens with less than 10 years residence, were illogical and indefensible. Since the whole of the money both for covenanted and unassisted benefit was obtained under a contributory scheme, and the liability to pay contributions whilst in insurable employment was the same for all, the test of "need", which admittedly could not be applied to covenanted benefit, could not justifiably be applied to unassisted benefit. As the restrictions had been imposed by administrative action, the Government intended to remove them by administrative action. They intended, however, in no way to depart from the essential requirement that no-one is to receive unassisted benefit who is not "genuinely seeking whole-time employment and unable to obtain it".
11. The question of the proposed Imperial Preferences, dealt with in the Summary of the Conclusions of the Imperial Conference (Cmd. 1990), included in Paper C.2. The Proposed Preferences.69 (24), was adjourned for consideration at a later Meeting of the Cabinet, when it was hoped that the views of the Departments concerned would be available.

Reference: Cabinet 9 (24), Conclusion 15.)
12. The Cabinet had before them a Memorandum by the Secretary of State for India on the points of greatest importance in India, which included, inter alia, a summary of the position in regard to Indians in Kenya (Paper C.P.—46 (24), pages 5 and 6).

The Cabinet were informed that the Secretaries of State for India and the Colonies had been in communication on the question, that the immigration question was smoothed over for the moment, but that on the constitutional question some need for consideration might possibly arise after the Government of India Colonial Committee had been appointed, if they so desire.
13. The Secretary of State for Air informed the Cabinet that he was not satisfied with the Barney Airship Scheme as adopted by the late Government; that £400,000 had been included in the Estimates for carrying out this Scheme; that he had written to the Chancellor of the Exchequer asking if this figure could be retained in the Estimates for airships; and that he hoped at an early date to be in a position to submit an alternative scheme under which airships would be developed on rational lines rather than by giving a subsidy and a monopoly to a public company.

The Cabinet agreed—

That the Secretary of State for Air should circulate a Memorandum on the subject and should send an advance copy to the First Lord of the Admiralty, whose views could then be laid before the Cabinet.
14. The Prime Minister informed the Cabinet that Mr Asquith, who had been approached by the Government Whip through the medium of the Liberal Whip, had not responded favourably to the proposal that the Deputy Chairman of Ways and Means should be selected from the Liberal Party. He (the Prime Minister) had now instructed the Chief Whip to make it clear to Mr Asquith that the aim of the Government was to approach towards a non-Party appointment and to try and arrange that every Party in the House should have some representative in the Chair who would be, as it were, training for the post of Speaker. The Conservative Party had two men who were trained, and his proposal would enable the Liberals, by nominating the Deputy Chairman, to train some Member of their Party, leaving to the Government Party what was essential, pending the development of a completely non-Party appointment, namely, the Chairman, who had the duty of fixing the time for Private Bills. If Mr Asquith did not respond favourably to this further approach, he proposed to ascertain whether the Conservative Party would like to nominate a Chairman, provided that they were willing to make an acceptable nomination.
15. The Prime Minister informed the Cabinet that since the appointment of the present Minister of Transport he had ascertained that, as the result of the Geddes Report on National Economy, the status of that Ministry had been reduced and it had not been presided over by a separate Minister, but had been supervised by a Parliamentary Secretary, who had worked under the nominal authority of some other Minister.

The Cabinet were informed that the present occupant had taken the Oath as "Minister of Transport".

The Prime Minister asked the Chancellor of the Duchy of Lancaster, in concert with another Minister whom the Prime Minister would himself nominate later, to enquire into the question and make recommendations to him.
The Lord Chancellor drew attention to the Conclusions reached by the Committee of Home Affairs the same morning (H.A.O. 1st Conclusions (24)) (which had been circulated immediately before the meeting) making recommendations as to the order of priority in which the Bills submitted by the various Government Departments should be dealt with in the House of Commons.

The Cabinet agreed --

To consider this List at a future Meeting.
17. The Cabinet agreed —

To meet on Tuesday next, February 12th, at 12 Noon, for the purpose of considering such questions of urgency as the Prime Minister might wish to bring before them.

2, Whitehall Gardens, S.W.1,

February 8, 1924.
(1) The Committee have received Reports from the Housing Sub-Committee (U.632 and U.644) and after consideration of those Reports at their meetings on the 5th February, 1924 (U.74th Conclusions) and the 7th February, 1924 (U.75th Conclusions) have decided to present the following Report.

(2) Requirements.

The estimate of the number of houses required is a matter of some difficulty but clearly it must provide for three things - normal expansion of population; the overtaking of the accumulated shortage and the replacement of unsatisfactory houses.

For England and Wales the number of houses required to meet ordinary growth may be put at about 75,000. The Committee consider that a modest estimate of the accumulated shortage of small houses would be 300,000. As regards the replacement of bad houses, it may be estimated that there are 6,000,000 small houses in England and Wales and that the normal life of a house could not properly be put at more than 100 years. As, however, a large proportion of these houses, built during the period of rapid industrial
development, have still a considerable life, it would not be necessary at once to put in hand the full programme for the renewal of 60,000 houses per annum.

The Committee propose to adopt the following figures as representing an annual programme for a period of ten years:

- To make good the accumulated shortage, 30,000 houses.
- To provide for the normal expansion of population, 75,000 houses.
- To provide for renewals, 45,000 houses.

Total: 150,000 houses.

Assuming that 50,000 houses per annum were required for Scotland, the total annual programme, for 10 years, would be 200,000 houses.

Problem.

The problem may, therefore, be defined broadly as being to supply over a period say, of 15 years some 2,375,000 houses i.e. to secure in each of the fifteen years an average of, say 162,000 houses, which can be let at a rent which the workers who erect the houses can afford to pay from their wages.

In this connection it may be observed that the Chamberlain Scheme fails to meet the latter condition for under that Scheme the houses are to a large extent being built for sale and where they are being built by local authorities for letting, the rents charged are ordinarily too high for the ordinary worker.
(4) **Difficulties to be overcome.**

The primary difficulties to be overcome in carrying out a scheme of this kind are the shortages in labour and in certain kinds of material:

(a) **Labour.**

At the present time it is perfectly clear that there are not sufficient skilled men in the building industry to ensure the carrying out of a programme of the magnitude indicated. This no doubt results in a large measure from the instability of conditions in the building industry in the past. The President of the Building Trades Employers Federation stated a few days ago that in 1906 there were from 800,000 to 900,000 men employed in the industry, and that this number had been reduced to about half. In fact, with a greater population in 1924 than in 1906, the number of men in the industry was 450,000 less than it was 15 years ago. He was of opinion that the building trade could place at once 100,000 additional skilled workers to cope with the contract work offered. He considered that for 200,000 houses an additional 300,000 men would be required. These figures are probably on the high side but assuming that the demand for labour for commercial and other work than housing remains constant, it will certainly be
necessary to introduce into the industry a large number of additional skilled men.

(b) Materials.

The position as regards materials is not quite so serious though in the matter of bricks some considerable expansion of productive capacity would be required to guarantee the erection of 200,000 houses a year. The existing plant in the country would supply all the light castings and cement required and there is not likely to be any difficulty in regard to a supply of timber.

(5) Financing the scheme.

The Committee are convinced that arrangements must be made to secure that the houses provided can be let at rents roughly equivalent to those paid by the working classes before the war. Thus rents would vary with the locality but for the purpose of a general estimate the figure of 8/- a week to cover rent and rates may be taken. On the basis of an average cost of a house of £500, the annual loss would be, approximately £16 a year for 80 years or £38,000,000 for the total programme of 2,375,000 houses. If higher rents were attainable on the basis of letting the houses to those workers for whom they are intended, the total loss might be somewhat reduced. If the support of the local authorities to a policy of letting houses at a rent of the kind contemplated is to be secured, generous arrangements will have to be made as to the share of the loss to be borne by the State. This would have to be a matter of negotiation with the local authorities.
It is, of course, important in the interest of economy and proper management that the local authorities should have a definite financial interest in the scheme.

(6) Broad conditions which the scheme must satisfy.

The broad conditions which must be met if a scheme is to be a success are as follows:

(a) The supply over a long period of such a number of houses as will overcome shortage, keep pace with normal demand and replace unsatisfactory dwellings by healthy houses.

(b) The supply of these houses at such rents that the ordinary worker will be able to live in them.

(c) Security for the workmen, builders and manufacturers of material who are asked to expand the resources of the industry, and for the local authorities who will be responsible for giving effect to the scheme.

(d) Protection against profiteering.

Every practicable step must be taken to guard against the great increase of prices which brought the Addison scheme to a standstill and in fact, rings of all kinds whether manufacturers, builders or workers must be prevented. The full co-operation of labour, builders, manufacturers and local authorities must be assured.
(7) Arrangements to be made with various interests.

(a) Labour. It will be necessary to approach the Unions to secure agreement in the adoption of the scheme to supply the labour necessary in increasing quantities to ensure that there will be no slacking and to guarantee that the launching of the scheme will not be used as a means of obtaining wages they would not have been able to secure but for the Housing Scheme. It will be possible to assure the representatives of the Unions that it is the intention to provide for a scheme which will guarantee them against unemployment for at least ten years, provided houses are delivered according to a reasonable time table. It will also be possible to assure them that a primary object of the scheme is the provision of houses at rents which the ordinary workman will be able to pay.

There are two ways by which the number of men in the industry can be increased:

(a) By promoting men already in the industry to be craftsmen; and,

(b) By the addition of apprentices.

It should be practicable to secure with goodwill the addition of an appreciable number of craftsmen, possibly 25,000 by the promotion of labourers. The apprenticeship question is one of very great importance for the condition of the industry at present is that it is not providing for its ordinary growth. It is estimated that the number of apprentices in the trade at present does not exceed 21,000, while even under existing rules three or four times that number would be permitted. This question is already engaging the attention of a Committee of the Employers and Operatives, and it should
be practicable to secure a satisfactory solution.

(b) Builders. The builders are again clearly interested in the guarantee of a definite programme covering a number of years, and they will require to be assured on this point if they are to make the necessary expansion of their arrangements and undertake to accept apprentices in large numbers.

The importance of preventing inflation of cost through undue profits or otherwise will have to be impressed upon the builders. The fact that the Local Authorities who will be responsible in the main for carrying out the scheme will have the direct financial interest in the expenditure will serve as a valuable check against undue increasing of tender prices. It will be necessary, however, for the Departments to be able to assist Local Authorities in this matter, and the Departments should keep detailed records of costs which will enable checks to be applied. It may further be necessary to have in reserve a power of direct building by the State.

(c) Manufacturers of Materials. The manufacturers of materials also will be asked in view of the large programme to take steps to increase their production. So far as practicable they should adopt methods of standardisation and aim at low prices by mass production. It may be possible to secure some definite agreement on the subject of profits, and for this purpose it may be necessary in the near future to undertake costing investigations by accountants and other experts. In any event definite statutory powers must be taken providing for severe penalties against profiteering. It may even be necessary in the last resort to take powers to take over works closed down by an owner or to put down plant if supplies prove inadequate.
(d) **Local Authorities.** With the Local Authorities it will be necessary to obtain assurances of whole-hearted co-operation in the scheme, and especially acceptance of the principle that the houses are to be provided at a rent which the workman who builds the houses can afford to pay. This will probably in the main turn on a question of the amount of the Exchequer contribution and, as suggested above, it is proposed that this should be settled on lines which would be generous to the Local Authorities while giving them a direct incentive to economy.

(8) **Immediate steps to be taken.** An outline of a scheme which the Committee consider will fulfil all conditions and enable the programme to be carried out with success is set out below. Preliminary conferences have already taken place with representatives of the building trade employers and employed. Meetings with representatives of building materials manufacturers are being arranged and at a later stage negotiations with the Local Authorities will be undertaken.

**Outline of Legislation necessary for Scheme.**

1. Provide for immediate extension of the Chamberlain scheme from October, 1925 to October, 1928. This will start the scheme with a straight run of 5½ years under known and generous subsidy conditions. Provision would also be made for modifying the amount of assistance and for giving the assistance at different rates for say three categories of districts; assistance at highest rate to be given in districts considered most necessitous according to some tests. The modification of the amount of assistance would be made on the principle of so adjusting.
the annual Exchequer subsidy that the local authority would be able to let the houses at a low rent without throwing an undue burden on the rates while retaining the local authority's direct financial interest in their expenditure. It is proposed that the State share of the subsidy should not exceed an over-all average figure of £ per house for years. Such increased assistance would require to be given for all houses not contracted for or the construction of which was not started at the time the scheme was announced.

ii. Provide that if at the end of 1927 an average production exceeding 120,000 houses a year taken over for 2 years 1926 and 1927 had been reached for England and Wales and an appropriate figure for Scotland, Government assistance shall be continued for 3 years further from October, 1928, i.e., to October, 1931, but the Government in 1928 shall have the right to revise the rate of assistance in the light of the existing circumstances. This will make the continuance of Government assistance dependent on the industry delivering the goods and will be an incentive to local authorities to administer the scheme. The builders will have to deliver the houses at a reasonable price, the material makers must provide for the additional material required and the men will have to have arranged for the expansion of the personnel. If the scheme is killed by builders or material manufacturers or others inflating the price the Government will withdraw their assistance.
It is to be observed that the 120,000 to be aimed at at this stage is a minimum. In actual practice all the agencies concerned, the local authorities, the building industry and the suppliers of materials would make certain of the continuance of the scheme by exceeding, perhaps by a considerable margin, the minimum required.

iii. Provide further that if at the end of 1930 a production of not less than 150,000 houses a year, for England and Wales, and a proper figure for Scotland, has been reached over the two years 1929 and 1930 assistance will be available for a further 3 years to October, 1934, but the Government shall again have a right to review the rate of assistance for the ensuing 3 years.

iv. Provision to be made for a further term of 5 years provided that houses are built in numbers sufficient to secure that the average production of 158,000 a year for the fifteen years is obtained in Great Britain as a whole. The precise figures to be inserted in the Bill as regards Scotland need to be further considered and some adjustment as regards England and Wales may be required when fuller information is available as to the output of the industry and the rate of probable expansion.

v. Provide definite powers for dealing with profiteering in the event of the plan of making Government assistance dependent upon output failing to secure the provision of materials at reasonable prices.

(Signed on behalf of the Committee).

SIDNEY WEBB
Chairman.

2, Whitehall Gardens, S.W.1.
8th February, 1924.
APPENDIX II.

STATEMENT ISSUED BY THE MINISTRY OF HEALTH IN REGARD TO THE RESCISSION OF THE SPECIAL POPULAR ORDER, 1922.

The action of the Minister of Health in deciding to rescind the special Poplar Order of 1922 and to remit any surcharge made under it appears to have given rise to considerable misunderstanding. The Order in question was issued under Section 52 of the Poor Law Amendment Act, 1834, and its effect was to limit the amount of outdoor relief to the scale laid down in Regulations issued under the Local Authorities (Financial Provisions) Act, 1921, for governing claims upon the Metropolitan Common Poor Fund. The position which the Minister discovered was this:

"The Local Authorities (Financial Provisions) Act, 1921, had been superseded by the Local Authorities (Emergency Provisions) Act, 1923, and the scale prescribed by the Regulations under the former Act had been replaced by a statutory flat rate prescribed by the Act of 1923; this had not been interfered with. Hence the Order of 1922, though not rescinded, had, in fact, become obsolete, and experience had shown that it was in practice unworkable.

The results of the rescission are not all that appears to be commonly supposed. The action taken does not involve or imply any alteration in general Poor Law policy. The Poplar Board of Guardians will remain in exactly the same position as every other Board of Guardians in the country, and will be subject to precisely the same limitations and restrictions. Any expenditure on relief which is excessive or otherwise unlawful, whether incurred by the Poplar or any other Board of Guardians, will continue to be liable to disallowance and surcharge. Moreover, the claims of the Poplar Board of Guardians upon the Metropolitan Common Poor Fund will be restricted as before to the prescribed flat rate, and any expenditure in excess of that flat rate will fall upon Poplar alone."
CABINET.

Agricultural Policy.

Note by the Minister of Agriculture and Fisheries.

I circulate herewith for the information of my colleagues the proposals of the Agricultural Policy Committee suggested for announcement in Parliament by the Prime Minister.

N.B.

Ministry of Agriculture and Fisheries,

7th February 1924.
AGRICULTURE.

Proposals suggested for announcement in Parliament.

1. A definite statement that neither protective duties on food nor subsidies on the lines hitherto suggested can be adopted. Agriculture must be conducted on an economic basis without artificial supports from the public purse.

2. Wages. Machinery must be set up to provide for the payment of reasonable rates of wages to agricultural labourers. Wages must be a first charge on the industry and the Government cannot acquiesce in the continuation of a system under which the current rate of wages is fixed on the basis of what the least efficient members of the industry can afford to pay.

3. Co-operation. The Government desires to extend and develop co-operative organisations for the purchase and sale of agricultural requirements and produce on the lines recommended by the Linlithgow Committee. In particular, Parliament will be asked to provide funds for the purpose of making loans to assist in the establishment of bacon factories, creameries, egg collecting depots, fruit grading stations, cheese factories, slaughter-houses, auction marts, etc. It is proposed to appoint an Advisory Committee to the Ministry to consider and report on applications for loans.

4. Credit. The Government is examining the question whether further facilities should be provided for granting credit to farmers for working capital either under the Agricultural Credits Act or otherwise.

5. County Agricultural Committees. The Government proposes to make more use of these Committees, possibly on a reconstituted basis, for the promotion and development of agriculture in their districts. The Committees will be invited to use their influence to raise the standard of farming, to call public attention both to cases of new and successful enterprises by progressive.
farmers and to any cases in which land is being mismanaged or misused; to advise as to the conduct of a campaign of publicity and propaganda to advertise British agricultural produce; to interest the general public in agricultural problems; to promote the fuller use of the educational and advisory service, and to assist in organising co-operative enterprises and better marketing facilities as well as developing schemes for the improvement of transport facilities, the provision of electrical power and light, and the revival of village life.

6. Allotments. The Government is anxious to assist and develop the allotment movement both in the urban areas and in those country villages in which insufficient provision is made at present for the needs of the population. The responsible Local Authorities will be urged and stimulated to make the fullest possible use of their powers in that direction.

7. Small Holdings. The schemes for the settlement of ex-service men on the land will be pressed forward and completed. With regard to rents, the Government recognises that in many cases rents were fixed three or four years ago when agricultural conditions were more favourable than they are at present and that consequently the original level of rents cannot be maintained. A thorough and systematic revision of rents is being carried out by consultation between the Ministry of Agriculture, the County Councils and the small-holders themselves, and in more than half of the counties in England and Wales this revision has been completed and a settlement satisfactory to all parties has been arrived at. The Government will make it their business to see that the revision of rents in the remaining counties shall be continued and completed with the minimum of delay.

The Government will also consider whether the scheme under which small-holdings for non-service men, which was in operation before the War, should not be revived in order to provide for the needs of many men all over the country who have the necessary knowledge and experience to become successful
small-holders, but who have been debarred for the last ten years from any opportunity of obtaining land.

Research and Education. The Government will lose no opportunity of developing and extending the provision for education and scientific research in the belief that the success of agriculture depends more than anything else on the personal qualities of those who occupy and cultivate the land of the country. The Government believes that while reasonable provision has already been made for the investigation of most of the purely scientific problems affecting agriculture, there is great need for more effort to bring home to the ordinary working farmers the lessons that science can teach, and to do more in the direction of practical research and experiments in connection with the economic problems of the industry. Further, it is suggested that, in accordance with the recommendation of the Linlithgow Committee, it would be advisable to attach marketing officers to the Agricultural Colleges, who could assist and advise farmers as to marketing problems. Funds could also be usefully spent in making grants to assist in the formation and maintenance of Farmers Account Keeping Societies, whereby bodies of farmers would be encouraged to combine to employ an accountant to keep their books on up-to-date lines.

The Government is examining all these possibilities of economic research and education and will consider whether further funds should not be provided for the purpose.

It may be added that the Secretary for Scotland has already appointed a Committee to advise on the organisation and finance of agricultural education and research in Scotland.

Drainage. It has been estimated that not less than 1,000,000 acres of land is seriously waterlogged and is consequently producing much less than it could if it was properly drained. The Government proposes to increase the provision of funds for drainage schemes and to extend the time during which such schemes can be carried out.