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C A B I N E T 26 (33).

Meeting of the Cabinet to be held at
10, Downing Street, S.W.1., on Monday,
April 10th, 1933, at 10.30 a.m.

A G E N D A:1. UNEMPLOYMENT INSURANCE.

(Reference Cabinet 25 (33), Conclusion 2).

Third Report of Cabinet Committee.
(C.P. 89 (33) - already circulated).

Memorandum by the Minister of Labour.
(C.P. 90 (33) - already circulated).

(Continuation of Discussion).

2. THE MOTION OF CENSURE (UNEMPLOYMENT INSURANCE)

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

2, Whitehall Gardens, S.W.1.,
April 7th, 1933.

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SECRET,

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C A B I N E T 26 (33).

CONCLUSIONS of a Meeting of the Cabinet held
at 10, Downing Street, S.W.1., on MONDAY,
April 10th, 1933, at 10.30 a.m.

PRESENT:

The Right Hon. J. Ramsay MacDonald, M.P.
Prime Minister. (In the Chair).

The Right Hon.
Stanley Baldwin, M.P.,
Lord President of the Council.

The Right Hon.
Neville Chamberlain, M.P.,
Chancellor of the Exchequer.

The Right Hon.
Sir John Gilmour, Bt., D.S.O.,
M.P., Secretary of State for
Home Affairs.

The Right Hon.
The Viscount Sankey, G.B.E.,
Lord Chancellor.

The Right Hon.
The Viscount Hailsham,
Secretary of State for War.

The Right Hon.
Sir John Simon, G.C.S.I.,
K.C.V.O., O.B.E., K.C., M.P.,
Secretary of State for
Foreign Affairs.

The Right Hon.
Sir Samuel Hoare, Bt., G.B.E.,
C.M.G., M.P., Secretary of
State for India.

The Right Hon.
J.H. Thomas, M.P., Secretary
of State for Dominion Affairs.

The Most Hon.
The Marquess of Londonderry,
K.G., M.V.O., Secretary of
State for Air.

The Right Hon.
Sir Godfrey Collins, K.B.E.,
C.M.G., M.P., Secretary of
State for Scotland.

The Right Hon.
Sir Edward Hilton Young,
G.B.E., D.S.O., D.S.C., M.P.,
Minister of Health.

The Right Hon.
Walter Runciman, M.P.,
President of the Board of
Trade.

The Right Hon.
Sir Bolton Eyres-Monsell,
G.B.E., M.P., First Lord of
the Admiralty.

Major The Right Hon.
Walter Elliot, M.C., M.P.,
Minister of Agriculture and
Fisheries.

The Right Hon.
Sir Henry Betterton, Bt.,
C.B.E., M.P., Minister of
Labour.

Major The Right Hon.
W. Ormsby-Gore, M.P.,
First Commissioner of Works.

Colonel Sir M.P.A. Hankey, G.C.B., G.C.M.G., Secretary to the
Cabinet.

1. The Cabinet resumed their discussion, begun on Friday last, on the subject of Unemployment Insurance, and again had before them the two following documents, which were briefly summarised on page 4 of the Conclusions mentioned in the margin, viz.:-

The Third Report of the Cabinet Committee (C.P.-89 (33)):

A Memorandum by the Minister of Labour (C.P.-90 (33)).

The Minister of Labour referred to the last paragraph of the summary of the discussion on Unemployment Insurance appended to the Conclusions of the Cabinet Meeting mentioned in the margin, and explained that he had not intended to imply that the only possible Minister to undertake responsibility for those outside insurance should be the Minister of Health. What he did mean was that the proposed Bill incorporated many duties which were obviously duties of the Minister of Health.

He also made a number of observations in reply to the Chancellor of the Exchequer's statement of his objections on page 6 of the summary of the discussion at the preceding Meeting. If the Cabinet wished to convert the Bill into a Ministry of Labour Bill, he would be willing to take the Bill into his Department and make every possible effort to meet the various points that had been raised in the course of the discussion, within the instructions of the Cabinet; but he regarded the Bill, the heads of which were before the Cabinet, as definitely retrograde. In the course of the discussion he made quite clear that if the Bill was to be a Ministry of Labour Bill the Minister must have responsibility for preparing the scheme for consideration by the Cabinet.

EMPLOYMENT
INSURANCE.

Previous
reference:
Cabinet 25
(S), Con-
clusion 2 and
appendix.)

F.R. 27(33)7.

48(33)H.

During the discussion explanations were given to clear up misunderstandings on certain points: e.g., the Chancellor of the Exchequer explained that the contribution of the Local Authorities was intended to be put into a common fund and handed over to the Commission, which would adopt large areas within which the fund would be used.

The Minister of Health explained that he had contemplated that the Commission would resort to His Majesty's Office of Works for the purchase or hire of buildings, etc., exactly the same as would any Government Department.

A good deal of the discussion was devoted to the question of whether the responsibility for the scheme should rest with the Minister of Health or the Minister of Labour. One suggestion was that there might be advantages in amalgamating the Ministry of Health and the Ministry of Labour into a single Ministry embracing the field of social service at present covered by the two Departments. This proposal, however, did not receive any support.

The Cabinet were informed that the Committee had never discussed the question of which Ministry should be responsible. The main reason why several members of the Cabinet preferred the Ministry of Labour to the Ministry of Health was in order to avoid Poor Law taint.

The Minister of Health said he had considered this question since the last Meeting and was of opinion that the scheme could be worked under either the Minister of Health or the Minister of Labour.

This question of which should be the responsible Department was stated to have both political and administrative aspects. It was suggested that the decision turned on whether the problem of the transitional

payment class was regarded as part of our industrial problem or as part of the problem of relief to poor people: in other words, as to whether the problem of helping these people who wanted work and were capable of work, but for whom work could not be found, was one of industry or assistance.

The Prime Minister pointed out that everyone was agreed in the desire to abolish the Poor Law. It was contemplated under the scheme to divide the functions of the Poor Law between the Local Authorities and the Commission, and, in addition, to deal with the transitional payment class, which lay between the insured class and the casual class. He was not sure that the Cabinet were clear as to the precise line of demarcation.

On this point the Minister of Health explained that the Local Authorities would become responsible for infirmaries, public hospitals, children's homes, mental institutions and medical relief in the domicile: that is to say, all kinds of relief of a medical nature. The Commission would take responsibility for assistance to the transitional payment class and all out-relief which was not in the nature of medical relief, and which would therefore include outside payments now made under the Poor Law. The Commission would also take over the casual wards, transitional

It was suggested that this involved some confusion of function, since the Commission would have to arrange at the same time for payments at present made by the Poor Law to aged folk who would never work again, as well as to the able-bodied man who was out of work.

The Minister of Health agreed that the point at which the line was to be drawn was fundamental. In the scheme the frontier was drawn between out-door relief ^{medical and medical} and ^{out-door} institutional relief; that is to say, relief which was at present Poor Law relief would be transferred to the Commission, whereas ^{medical} institutional relief would be transferred to the Local Authorities. The reasons for this were twofold: first, that the experts of his Department were unanimous that any definition of the "able-bodied" was, for administrative purposes, impracticable; and, second, that there was no real distinction in principle between an elderly person receiving assistance at the domicile and a young able-bodied man who was out of work. Both ought to be treated with the same consideration.

The Minister of Labour reported that his experts gave exactly the contrary advice, and the Secretary of State for Scotland advised the Cabinet that in Scotland a differentiation was in fact regularly practised between the "able-bodied" and persons "unfit for employment".

At this point the Secretary of State for Foreign Affairs summed up the position as follows:-

All the Cabinet appeared to be agreed that they did want an important scheme which would strike the public imagination and should emphasise that the State was taking in hand more effectively than hitherto the case of those who want work but cannot find it. The method by which that was to be accomplished included the setting up of a Commission and the abolition of the existing Poor Law. The practical difficulty was to draw the line as to what functions should be transferred to the Commission and what to the Local Authorities.

He suggested that if the object of the Bill was clear it should not be impossible to discover how the line was to be drawn, and the experts of the Departments concerned might be called in for this purpose.

The Cabinet agreed --

That a Cabinet Committee, composed as follows --

The Chancellor of the Exchequer
 (in the Chair),
 The Secretary of State for Home
 Affairs,
 The Secretary of State for Dominion
 Affairs,
 The Secretary of State for Scotland,
 The Minister of Health,
 The Minister of Agriculture and
 Fisheries,
 The Minister of Labour,
 The First Commissioner of Works --

should re-examine the scheme submitted to the Cabinet in C.P.-89 (33), in the light of the Cabinet's discussions, with a view to reaching an agreed scheme. They should also report as to which Ministry, or Ministries, the responsibility for carrying out the scheme should be allotted.

UNEMPLOYMENT
INSURANCE.

Vote of
Censure.

(Previous
Reference:
Cabinet 25
(33), Con-
clusion 2.)

FR.

27(33)7.

2. The Cabinet had under consideration the following Vote of Censure to be moved on Wednesday, April 12th, in the House of Commons:-

"That this House regrets that, instead of making the burden of unemployment a national charge, His Majesty's Government have driven large numbers of able-bodied unemployed persons to seek the aid of the Poor Law, thereby exhausting the resources of an ever-increasing number of local authorities".

The Minister of Health pointed out that the difficulties of the Debate would be very considerable if only a temporising or negative reply were given to the representations on behalf of the distressed areas. He urged that some form of non-permanent relief to the seriously distressed areas should be announced pending the completion of the Government's permanent scheme.

This raised the question as to whether some general reference could be made in the Debate to the scheme now under consideration by the Cabinet.

The Chancellor of the Exchequer's difficulty was that once extra grants were given, even though nominally they were only temporary, they could never be recovered; they would form the starting-point of the negotiations with Local Authorities in connection with the scheme now in contemplation, instead of being merged into the scheme. He thought that possibly some relief might be given in the most urgent cases by means of a re-distribution of block grants.

The Minister of Health suggested that any Exchequer grant given might be assessed in a temporary manner pending the adoption of the larger scheme now under consideration, which in any event could not take effect until next year. If assistance was to be given, why should it not be prompt?

Attention was drawn to statements in the Press that the Government considered that the cost of relief to the able-bodied should rest with the Chancellor of the Exchequer. No decision to that effect had been taken. It was suggested that the Minister of Health might be permitted to announce that, in the circumstances of the country, the Government were prepared to take the cost of relief to able-bodied unemployed on to the Exchequer, but that the Local Authorities would have to recognise that this meant a readjustment of the block grants.

The Cabinet agreed --

- (a) That the Minister of Health should reply on behalf of the Government to the Vote of Censure:
- (b) That the Minister of Health and the Chancellor of the Exchequer should discuss the question of announcing some temporary assistance to the most distressed areas pending the permanent scheme on which the Cabinet are working:
- (c) That the Minister of Health should circulate to the Cabinet, before Wednesday's Meeting, a brief indication in summary of the line he proposed to take in the Debate:
- (d) That the question of who should wind up the Debate should be left to the Prime Minister to decide in consultation with the Lord President of the Council.

RUSSIA.

Anglo-Soviet
Relations.Arrest of
British
Subjects.(Previous
Reference:
Cabinet 23
(33), Con-
clusion 2.)

F.R

27(33)1.

3. The Secretary of State for Foreign Affairs informed the Cabinet that there appeared every risk that the Englishmen now under trial in Russia would be convicted and sentenced. It seemed very desirable, therefore, to let the British public know the manner in which the evidence had been taken. After consultation with Mr Strang, our Chargé d'Affaires at Moscow, and with his agreement, he had come to the conclusion that it would be advisable to issue a new White Paper which would prepare the public for what was likely to be the result of the trial.

A short discussion took place as to whether a stenographic note of the trial should be taken. It was urged that the British public was likely to insist on very full information. On the other hand, it was suggested that the evidence of a shorthand-note, giving baldly the trumped-up evidence irrespective of the surrounding circumstances, might be completely misleading.

The Secretary of State for Foreign Affairs said that more effective practical information was likely to be obtained from a note taken by a diplomatic representative.

The Cabinet agreed --

To approve the suggestion of the Secretary of State for Foreign Affairs for the issue of a new White Paper.

. . .

2, Whitehall Gardens, S.W.1.

April 10, 1933.