CABINET UNEMPLOYMENT COMMITTEE.

Interim Report on Unemployment.

COMMITTEE'S TERMS OF REFERENCE.

At their Meeting on the 23rd January 1924 (Cabinet Conclusion 3a) the Cabinet after constituting the Unemployment and Housing Committee as follows:

Mr. Sidney Webb (President of the Board of Trade) (in the Chair)
Mr. Clynes (Lord Privy Seal)
Mr. Philip Snowden (Chancellor of the Exchequer)
Mr. Tom Shaw (Minister of Labour)
Miss Margaret Bondfield (Parliamentary Under Secretary, Ministry of Labour)
Mr. John Wheatley (Minister of Health)
Mr. Charles Trevelyan (Minister of Education)
Mr. F.W. Jowett (First Commissioner of Works)
Mr. Walter R. Smith (Parliamentary Under Secretary, Board of Agriculture)
Mr. James Stewart (Under Secretary of Health for Scotland)
Mr. H. Gosling (Minister of Transport)

With Mr. R.B. Howorth, as Secretary, agreed that the Committee should meet at once with power to appoint Sub-Committees in order to investigate all aspects of the question of Unemployment and the connected question of Housing and to make definite recommendations to the Cabinet as to what schemes for dealing with these subjects are practicable and desirable.

The Unemployment and Housing Committee at their meeting on the 25th January 1924 (C.U. 73rd Conclusions (i) appointed the following Sub-Committee, to examine the Unemployment portion of the Committee's Terms of Reference.

Appointed at Cabinet 8(24) Conclusion 7.
The Unemployment Sub-Committee have held several meetings and have considered a large number of Memoranda and other documents circulated to them by the Departments concerned. After a careful review of the situation, the Unemployment Committee submit the following Report to the Cabinet:

8. It may be convenient to the Cabinet to have before them a brief statement as to the present unemployment situation, a summary of the various schemes for the relief of unemployment initiated by previous Administrations and now in operation, and lastly the suggestions and recommendations of this Committee for alleviating the position. At the outset the Committee wish to/
emphasise the fact that in the brief time at their disposal it has not been possible for them to examine in detail numerous proposals and suggestions which have been submitted to them but a general survey of the problem has led the Committee to certain conclusions which are set out in the following pages.

PART I.

The Present Unemployment Situation.

3. According to the latest available figures namely those for the week ending January 21st 1924, of the live register of unemployed at the Unemployment Exchanges in Great Britain compared with the figures on the corresponding dates 1921-1922 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>24th January 1922</th>
<th>22 January 1923</th>
<th>21st January 1924</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>1,389,721</td>
<td>1,125,449</td>
<td>897,716</td>
</tr>
<tr>
<td>Boys</td>
<td>64,974</td>
<td>52,771</td>
<td>40,389</td>
</tr>
<tr>
<td>Women</td>
<td>366,967</td>
<td>216,200</td>
<td>238,446</td>
</tr>
<tr>
<td>Girls</td>
<td>46,198</td>
<td>44,439</td>
<td>39,130</td>
</tr>
<tr>
<td></td>
<td>1,076,689</td>
<td>1,430,841</td>
<td>1,215,681</td>
</tr>
</tbody>
</table>

The percentage of unemployment in the insured industries at the end of:

<table>
<thead>
<tr>
<th></th>
<th>November 1921</th>
<th>November 1922</th>
<th>November 1923</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>... ...</td>
<td>... ...</td>
<td>... ...</td>
</tr>
<tr>
<td></td>
<td>16.5</td>
<td>12.4</td>
<td>11.4</td>
</tr>
</tbody>
</table>
The live register shows the number of persons registered at the Exchanges as desirous of employment whether as claimants or non-claimants under the Unemployment Insurance Act. These figures give as accurate a picture as is practicable of the statistical position of unemployment. It is true that domestic servants, agricultural workers, a certain number of juveniles, workers who having or having been refused exhausted benefit do not think it worth while to maintain registration, and numbers of "professional trampers" may not be included, but save in the case of agricultural workers who may be thrown out of employment owing to the effect of the slaughtering of dairy herds through cattle disease which may cause serious local unemployment, the experience of the Ministry suggests that no large addition needs to be made to the Live Register to see the picture properly.

4. The only trades of outstanding importance in which employment can now be said to be good are the coal trade where only 2.4% of the industry were unemployed at the end of the year and the tinplate and steel sheet industry where about 3.6% were unemployed.

In the railway carriage /
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4. The only trades of outstanding importance in which employment can now be said to be good are the seal trade where only 2.4% of the industry were unemployed at the end of the year and the tinplate and steel sheet industry where about 3.6% were unemployed.

In the railway carriage /
and wagon building and in the carpet industry the rate of unemployment is low and apart from painters and the unskilled workpeople employment in the building trade can be said to be fairly good.

In most of the great staple industries of the country, however, employment is still bad. It is worse in shipbuilding, marine engineering and shipping where 34.2%, 22.2% and 21.1% respectively are out of work, but the rate of unemployment is also very high in general engineering and ironfounding (18.3%) Iron and Steel Manufacture (17.1%) Road Transport (16.2%) Public Works Contracting (18.9%) Pottery (14.6%) Cotton Industry (12.0%) Linen Trade (15.1%) Lace Trade (15.5%) Woollen and Worsted Industry (9.9%) Tailoring (12.4%) Hat and Cap &c. Trade (13.5%). Food trades (other than Bread Milling &c., Confectionery) (14.0%).

In the building trades the general overall rate of unemployment is as high as 13.6% but this is due principally to the seasonal depression in painting (26.7%). In most of the skilled occupations in the industry the rates are much lower -

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carpenters</td>
<td>4.1%</td>
</tr>
<tr>
<td>Masons</td>
<td>3.5%</td>
</tr>
<tr>
<td>Bricklayers</td>
<td>2.0%</td>
</tr>
<tr>
<td>Slaters</td>
<td>5.4%</td>
</tr>
<tr>
<td>Plasterers</td>
<td>3.5%</td>
</tr>
<tr>
<td>Plumbers</td>
<td>6.0%</td>
</tr>
</tbody>
</table>

Out of the 97,450 workpeople unemployed in the building trades at the end of December, 1923, 54,686 were labourers, 28,510 were painters and 24,242 were in a miscellaneous group of occupations.
The following districts may be classed as those in which unemployment is heaviest and distress therefrom greatest or very considerable.

Shipbuilding.
- Barrow
- The Clyde
- Tyneside
- The Tees and Tees.

Shipping and Shipbuilding.
- The Mersey
- The Dock Districts of London, Portsmouth and Southampton and Chatham, Plymouth and Devonport.

Heavy Metal Districts.
- Sheffield District
- The heavy metal districts of the Midlands, (Wolverhampton, West Bromwich, Wednesbury, Bilston and the Black Country generally).

Others.
- Ipswich and Lincoln (Agricultural Engineering).
- Cumberland (generally).
- Dundee, Norwich, Merthyr Tydfil, Dartford.

5. For various reasons it has always been found most difficult to make any reliable estimate of the number of unemployed who have obtained work directly or indirectly in consequence of the measures taken by Government to relieve unemployment. There is, however, no doubt that in the aggregate the number is a substantial one. At the same time it is necessary to bear in mind that with certain important exceptions, such as the arrangements under the Trade Facilities and Export Credits legislation, the existing schemes for the relief of unemployment have had comparatively little effect in those highly skilled industries, shipbuilding, shipping, heavy metals and textiles, in which unemployment is particularly severe.
PART II.

Important Unemployment Relief Arrangements approved by previous Administrations and now in operation.

In the following paragraphs the Committee summarise briefly the principal arrangements for Unemployment Relief approved by previous Governments.

The principal Contracting Departments have undertaken to accelerate Government work during the present winter to the following extent:—

Admiralty .................. £1,010,000
War Office .................. 615,000
Office of Works and Forestry Commission .. 200,000
Post Office ................. 1,000,000

£2,825,000.

It is doubtful whether this aggregate figure could, with advantage, be appreciably increased. In addition to the above the late Government approved (Cabinet 5 (24) Conclusion 4) the insertion in the Naval Estimates for 1924-5 of the sum of £5 millions for the construction of Cruisers. Tenders for the vessels have not yet been invited, and while it should be noted that some little time must elapse before construction can commence it must not be forgotten that from the purely unemployment point of view the orders will be the most useful work which can be undertaken in the severely distressed shipbuilding industry.
In each of the years 1920-1, 1921-2 and 1922-3 large sums have been allocated from the Road Fund towards works which have been put in hand at an earlier date than otherwise would have been done in order to afford employment. Towards earlier programmes certain contributions were made by the Exchequer, the balance of the money being found by the Local Authorities. The estimated aggregate cost of the works in these programmes is now put at £26 million, of which, in round figures the State bears £15 million and the Local Authorities £11 million.

In addition to the above a programme of special works in relief of Unemployment was sanctioned last Autumn under which the Road Fund will contribute £8 millions to works estimated to cost £11½ million. In all, therefore, the total sum sanctioned in respect of which contributions have been promised or allocated amount from the Road Fund to £37 million, towards which figure the total Government contribution is about £22 million.

Works assisted by the Ministry of Transport include the construction and maintenance of arterial and other roads and the construction, maintenance and repair of bridges etc. Among other important schemes, which have recently been approved and on which
which work is now proceeding or will shortly be
started, are certain Greater London Arterial Road
Schemes to cost £3 million, the new Edinburgh-
Glasgow Road, and the Birmingham-Wolverhampton Road.
Certain large Bridge Schemes are under consideration:
the Tay and Queensferry Bridges will require
Parliamentary powers and negotiations for the new
Menai Bridge are in progress, and the design of the
bridge is under consideration.

Several large schemes for Arterial Roads have been,
prepared and considered by the Ministry of Transport
which would not require Statutory Authority, but for
which no definite financial provision has been made.
The most important of these is the scheme for the
Manchester-Liverpool Road. This scheme would cost
a total of £3 million and negotiations are being
conducted on the basis of a Government contribution
of 50 per cent. Other schemes are the North-Orbital
Road round London, and the Chertsey Road, estimated
to cost £5 million and £1,500,000 respectively.
In addition there are a large number of miscellaneous
applications from Local Authorities whose schemes
aggregate about £3 million.

The Grants given by the Ministry of Transport are
based on the cost of the Works and vary normally from
50 per cent to 65 per cent; in very exceptional cases
Grants have been given up to 75 per cent.

In further substantial commitments of the
Road Fund are entered into it must be assumed that it
will be necessary to call upon the Treasury, although
not in the immediate future, for substantial advances,
and possibly for a considerable period. Such advances
if required over a period of more than one year are in
effect short term borrowing by the Road Fund.
Up to the summer of 1923 the Unemployment Grants Committee had dealt with nearly 10,000 schemes of work and had approved grants in respect of schemes costing over £40,000,000, providing approximately 1,500,000 man-months of direct local employment, and at least as much more indirect employment in the manufacture of materials.

As regards the present winter the position is as follows.

Circulars were issued last year to Local Authorities inviting them to indicate the extent to which they would be prepared if necessary to put in hand with State assistance works for the relief of unemployment during the Winter 1923-24.

At the same time Local Authorities were informed that the terms on which State assistance would be granted to approved schemes were to be improved in the case of certain classes of so-called "revenue producing" works by increasing from five years to fifteen years the period of grant of 50% interest on the capital cost of the works – later this was extended to all revenue producing works.

The terms for non revenue producing works were continued as before, viz. 65% of the interest and sinking fund charges on the loan raised for the work for fifteen years or half the period of the loan.

Further sums were also provided for granting assistance on the basis of 60% of the wages cost of works financed otherwise than by loan.

The response to the Committee's circular was highly satisfactory - Local Authorities submitted preliminary and provisional statements of schemes amounting to over £24,000,000 on the loan basis and over £1,000,000 on the 60% wages cost basis. This was a marked increase on the response to the Committee's circular of the previous year, when the value of provisional schemes submitted on the loan basis amounted to some £19,000,000.
As a result Local Authorities were then asked to put forward definite schemes in detail and up to the 23rd January schemes to the value of no less than £21,100,000 have been submitted of which £14,193,000 have been approved, £2,220,000 rejected, and £4,687,000 are under consideration.

More schemes are being received daily, but apart from these, the total of schemes approved so far exceeds considerably the total figure for the Winter 1923-3 which amounted to under £12,000,000.

On the basis of 60% of the wages cost the value of schemes approved up to the 23rd January amounts to £1,514,000 out of a total value submitted of £2,577,000, of which £455,000 have been rejected or withdrawn and £410,000 are under consideration.

Here again the figures are far ahead of the corresponding period of last year and more are being received daily.

 Provision is being made in the Estimates for 1924-25 to meet payment of grant on all schemes likely to be received this Winter, and schemes have been refused on practically two grounds only e.g. that they are unsuitable or that unemployment in the particular district is not severe.

The total number of different schemes so far dealt with by the Committee this Winter amounts to 2,150 out of 2,574 received.

The total amount of employment being or to be afforded directly by the schemes so far approved this Winter amounts in all to 624,000 man-months.

The schemes assisted have been varied in nature, and on the whole they have been works of marked public utility not only from the primary point of view of directly providing
local employment to unemployed persons, but also in affording employment to workmen at their own trade in factories, workshops, etc., to a number at least as great as the figures given above.

To measure the effect of these works in relieving unemployment it is accordingly necessary to double the figures of man-months in the preceding paragraph.

As forecasted in Parliament in August last a new departure undertaken this winter to relieve unemployment in industries seriously affected has been to grant a modified form of assistance to Public Utility Undertakings carrying out works similar to those of Local Authorities, where the work is clearly of a nature which normally would not be executed for some years.

A number of proposals of this nature have been received by the Unemployment Grants Committee from Statutory Bodies such as Gas and Water Companies, Dock Undertakings and Electricity Undertakings. In practically all the cases so far dealt with the dividends of the companies are already limited by statute; in such cases as they were not so limited the Committee have satisfied themselves that the making of a grant was not likely to affect the dividend.

The total value of the schemes assisted on this basis so far amounts to about £1,550,000 and a good many cases are under consideration - more are being received.

In all these cases employment in the iron and steel industry must result by reason of the manufacture of pipes, rails, cranes and other machinery, and girders for steel frame buildings.
The Ministry of Agriculture's total commitments are £250,000, this sum providing for schemes of a total cost of £305,000. £250,000 was the total money provided for the financial year and the Ministry's resources are accordingly now exhausted. Up to January 5th an average of 1,180 men had been employed on these works for twelve weeks.

Similarly the Scottish provision of £35,000 has been exhausted and Scotland has asked the Treasury for an additional £40,000.

Under the Export Credits Scheme, which is intended to facilitate the resumption of the ordinary means whereby traders can obtain facilities from their bankers to enable them to finance their export trade, the Government guarantee drafts drawn against shipments of goods exported from Great Britain to approved countries abroad.

Originally a system of "Advances" (i.e. cash discounting of bills) was adopted, but has been discontinued and superseded by two systems of "Guarantees", viz.: (a) general credits which do not involve a separate reference to the Export Credits Department in respect of each specific transaction; (b) credits in respect of each specific transaction.

Position at December 31, 1923.

<table>
<thead>
<tr>
<th>Type of Sanctions</th>
<th>Total Sanctions</th>
<th>Sanctions Cancelled</th>
<th>Amounts of Advances, Bills Paid and Guarantees Cancelled.</th>
<th>Amounts in use or earmarked.</th>
<th>Maximum Exchequer contingent liability</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Loans</td>
<td>3,164,267</td>
<td>1,412,107</td>
<td>1,752,150</td>
<td>344,790</td>
<td>1,407,360</td>
</tr>
<tr>
<td>odifications</td>
<td>17,983,832</td>
<td>9,831,436</td>
<td>5,447,370</td>
<td>3,115,720</td>
<td>5,056,675</td>
</tr>
<tr>
<td>Perel</td>
<td>6,635,287</td>
<td>3,961,285</td>
<td>695,206</td>
<td>604,089</td>
<td>2,084,042</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total</th>
<th>£</th>
<th>£</th>
<th>£</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum Exchequer contingent liability</td>
<td>28,000,000</td>
<td>Amount in use or earmarked</td>
<td>8,528,678</td>
<td>Balance available</td>
</tr>
</tbody>
</table>
Under these Acts the Treasury is empowered, on the advice of an Advisory Committee, to guarantee the payment of interest and principal, or either interest or principal, of loans raised in connection with capital undertakings, provided the loans are expended in such a way as to relieve unemployment in Great Britain.

Position at December 31, 1922.

<table>
<thead>
<tr>
<th>Exchequer contingent liability authorised by Trade Facilities and Loans Guarantee Act, 1922 (Session 2), in respect of capital</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>£50,000,000</td>
<td></td>
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</tbody>
</table>

Total amount in respect of which Treasury have stated their willingness to give guarantees £38,205,645

Since November 1923 no further guarantees have been definitely approved because the Powers of the Treasury to give guarantees expired on 9th November and will not be brought into existence again until a new Act has been passed. The Committee, however, have recommended to the Treasury further guarantees in excess of £1,000,000 and the Treasury have expressed their willingness to give guarantees in those cases as soon as the necessary Statutory Powers have been obtained. One of these guarantees is to the Government of Lithuania for £1,000,000 for the construction of certain railways and the construction of grain elevators. The Committee have also indicated to Companies the terms on which they would be prepared to recommend guarantees. The total amount involved being £4,250,000 the two largest being the Electricity scheme of the British Aluminium Company, and shipbuilding proposals amounting to £1,700,000.

In response to enquiries by the Unemployment Committee of the late Government, the Colonial Office recently submitted certain proposals for assisting the
relief of unemployment at home, and at the same time developing the Colonies and Protectorates in Africa. By far the most important of these proposals was one for the construction, at an estimated cost of £6,150,000, of a Railway in Kenya and Uganda to open up large cotton growing areas. The late Government, on the recommendation of the Unemployment Committee, approved in principle the construction of this Railway and requested the Treasury and the Colonial Office to examine the financial aspects of the proposals, with a view to the scheme being financed on terms as favourable as the circumstances may permit.

The present intention is that the assistance given to development schemes in the Crown Colonies and Protectorates should be on the same terms as were offered at the recent Imperial Economic Conference to the Dominions, namely the provision by the British Government of three-quarters of the interest for a period of five years on loans raised for the undertakings.

These terms have been communicated to the various Dominions concerned and are still under consideration. So far as is at present known no proposals have yet been received from the Dominion Governments or from the Dominion State Governments.
Various proposals for dealing with the highly important and difficult problem of Juvenile Unemployment were recently under consideration by Committees of the late Government. Copies of the Reports of these Committees, C.U.614, have been before the Committee. Beyond approving the policy of stimulating Local Authorities to greater activity for pressing on the position of Juvenile Unemployment Centres on the existing basis of the State bearing 75% of the cost, the late Government took no definite decisions on the recommendations contained in the Reports in question.

In addition to the measures summarised above, it must, of course, be remembered that various arrangements are in operation tending to mitigate and to relieve the situation. In this connection reference must be made to matters such as Overseas Settlement, Unemployment Insurance, Post-war Settlement—mainly of ex-service men, Land Settlement and the action taken by Poor Law Authorities in pursuance of their statutory powers. Particulars of these arrangements will be found in the special Report on Unemployment for the month ending December 31st, 1923, C.P.24 (24), attached.

It must not also be forgotten that Local Authorities and important public utility undertakings have, themselves, accelerated work in order to relieve unemployment. As an instance, reference may be made to the activities of certain of the Railway Groups whose recent announced programmes of renewals etc. aggregate about £30,000,000; it is uncertain how much of this expenditure really represents new work.
THE COMMITTEE'S SUGGESTIONS AND RECOMMENDATIONS FOR
DEALING WITH THE UNEMPLOYMENT PROBLEM.

In this part of their Report the Committee submit to the
Cabinet their views as to the best remedies for the immediate
relief and ultimate solution of the unemployment problem. Owing
to the very short time available the Committee have not been
able to examine the possibilities and effects of a change of
policy and for the time being they feel bound to limit their
suggestions to little more than an extension of the chief adminis-
trative measures they have found in operation, particularly
those like the Trade Facilities scheme and the Export Credits
scheme, which stimulate the development of normal trade along
normal lines.

In the past the tendency of previous Governments has been
to start by attempting to alleviate unemployment by the provision
of relief works of various kinds and after experience has shewn
the difficulty of solving the problem on these lines; to concen-
trate more and more on efforts to revive and expand trade. The
Committee assume, however, that the policy of the present
Government will, from the start, aim at the augmentation of the
total volume of employment and the consequential absorption of
the unemployed in their own trades and industries, and that the
Government will regard the ad hoc schemes for the temporary
relief of the unemployed as of secondary importance and as being
merely supplementary expedients pending the coming into full
operation of the Government's plans for providing further
permanent employment.

It follows from this that the Government's schemes should
go on all the year round and that arrangements should not aim, as
in the past at attaining their maximum effect in the winter months.

The Committee think it necessary that emphasis should be
laid on the Government's policy not being so much for the
"relief" of unemployment as for the restoration of trade.

Specific schemes recommended to stimulate trade or temporarily to
absorb unemployed, must be seen in perspective to the Govern-
ment's whole policy both in foreign and internal affairs for
the restoration of the international trade on which we

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so largely depend. The Committee are so impressed with the importance of this fact, which has been too little recognised in the past, that they suggest that the Prime Minister might take the earliest possible opportunity of making it clear that the Government have no intention of drawing off from the normal channels of trade large sums for extemporised measures which can only be palliatives, and that the necessity of expenditure for subsidising schemes in direct relief of unemployment will be judged in relation to the greater necessity for maintaining undisturbed the ordinary financial facilities and resources of trade and industry.

By the end of 1923, a number of important industries had made some recovery (in one or two cases almost complete) from the serious depression which prevailed earlier, and there seems no reason to think that during the first few months of 1924, at least, this recovery will not be maintained. Among these industries may be mentioned coal (which produced more than in any other previous year except 1913, and exported almost as much as in that year); iron and steel (which is benefiting by the recent large orders placed by the railway companies and the improvement, such as it is, in shipbuilding, but may be adversely affected by intensified competition from Germany, France and Belgium); building material; pottery; leather; and boots and shoes. With a large housing scheme in operation, improvement should spread material from the building and building/trades to a number of other related industries.

Shipbuilding seems to have moved from low-water mark, but the improvement, so far, is slight and there is no...
is no prospect of normal activity being reached for some considerable time to come. General engineering is also likely to remain below normal, though some improvement may be anticipated. The light motor car, the textile machinery, and the heavy electrical engineering sections are those which have been least unsatisfactory. Heavy chemicals, cement, and the heavier branches of the miscellaneous (non-ferrous) metal trades show signs of fair activity. The glassware industry seems to have small prospects of advance.

The textile industries are probably those which show the least promise of early improvement. Hosiery and carpets are not so unsatisfactory, but lace is very depressed. Silk, Jute, flax (Dundee canvas more than Belfast linen) wool and cotton are all unsatisfactory. The shortage of flax due to the absence of Russian supplies, and of cotton because of the small American crop, and the probable shortage of wool due to diminished flocks of sheep have had the effect of maintaining prices at a high level, with an upward tendency; and in the case of wooden goods, French competition has been and may again be a seriously disturbing factor.

Any attempt at prophecy must necessarily be very qualified and the whole situation might be radically altered should disturbing elements arise either at home (e.g. serious industrial disputes) or abroad.

Some Notes on particular trades are annexed.

See Appendix II.
MEASURES DESIGNED TO STIMULATE AND ENCOURAGE THE EXPANSION OF TRADE.

A. Improved Relations with Foreign Powers.

The Committee are convinced that no permanent solution of the Unemployment problem is possible until normal conditions of peace have been re-established throughout the world, and in particular, until the relations of Great Britain with certain Foreign Powers which, in the past, have been her important customers, have undergone improvement. In this connection, the Committee have in mind the re-establishment of normal conditions in Europe and the full resumption of political and trading relations with Russia and certain other countries.

The Committee welcome the decision of the Government to grant de jure recognition to Russia as a first step in this direction. At the same time they are of opinion, from the information before them, that the grant to Russia of de jure recognition will not of itself have any great immediate effect upon the Unemployment situation because -

(a) The maximum amount of trade which could be done with Russia in any case is not great;

(b) The problem of finance, without which no large volume of trade is possible, is still unsolved;

(c) The revival of trade, must in any case be a slow and difficult process;

The Committee also feel that the above general considerations apply, though no doubt to a much less extent, to the case of Mexico from which country at present de jure recognition is withheld.

-20-

/The Committee
The Committee recommend to the Cabinet -

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 re-opening of normal trading relations with countries where such relations do not at present exist.

As indicated above the Committee recognise that all schemes for the artificial creation of employment or for relieving unemployment by payment of benefit can only be regarded as palliatives and that the only real cure is such a revival of normal trade activity as will automatically re-absorb unemployed workmen into their accustomed occupations. This revival will naturally be expedited by any improvement in the political and economic situation in Central Europe. Apart from this, however, it would not be wise to expect too great immediate-relief from positive Government measures of encouragement. The Committee's attention, however, has been called to the operation of two measures, the Export Credits Scheme and the Trade Facilities Act, both of which were expressly devised to stimulate enterprise of a kind likely to increase employment in the United Kingdom. Immediate legislation is necessary to extend the period during which guarantees can be given under both these measures. The Trade Facilities Bill as drafted extends the operation of the existing legislation for one year, namely, to November 9th 1924, and should it be decided to extend the arrangements beyond that date further legislation in the Autumn would be necessary, but may be very difficult to enact having regard to Parliamentary considerations. It has accordingly been agreed that the Bill should provide for an extension to March, 1925
It is also proposed to extend the period of guarantees under the Export Credits Scheme to September, 1926, and the period during which the guarantees may remain in force to September, 1930. No addition is required to the sum already available for Export Credits.

The Committee assume that if the financial negotiations with Soviet Russia about to be opened in London are successful they will be followed by the extension of export credits and trade facilities to that country. No new legislation will be required for this purpose, and the Committee understand that any modification of method which may be found necessary in applying the Export Credits Scheme to a country like Soviet Russia where foreign trade is a Government monopoly, can be made by administrative action.

The Committee recommend to the Cabinet:-

(1) 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.

(11) 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.
Clause 2 of the Draft Trade Facilities Bill carries out the scheme adopted by the Imperial Economic Conference for assisting Empire development. Subject to certain conditions the Treasury undertakes to pay, for a period not exceeding five years, to the Government of any part of His Majesty's Dominions an amount not exceeding three-quarters of the interest payable on such part of a loan as is expended in the United Kingdom.

In addition to the proposed extensions of the Usain Gishu railway in Kenya and Uganda at a cost of £3,500,000 to which reference is made above, the Committee understand that the Secretary of State for the Colonies has under consideration various proposals for assisting Empire development which, if adopted, might involve an aggregate capital expenditure of a further £3,000,000. Steps are also being taken to ascertain whether the smaller Colonies and Protectorates could not, with advantage, undertake harbour, railway, bridge etc. works on Imperial Economic Conference terms. The Committee hope to be in a position to make definite suggestions to the Cabinet regarding certain of these proposals in the near future.

The Committee recommend to the Cabinet:

(1) 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 £2,500,000, free of interest for 5 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.
(2) 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.

(3) 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.

The proposals of the Committee's Housing Sub-Committee for dealing with the housing shortage, if adopted and carried into operation, would undoubtedly result in increased employment in the building trades and in those trades and industries which supply the requisite material.

The estimates of the number of additional men who will find employment, assuming a very large extension of the present schemes, differ considerably. For example, on page 3 of their Report, (C.U.632) the Housing Sub-Committee give the opinion of the President of the Building Trades Employers' Federation that for 200,000 houses an additional 500,000 men would be required. This figure has since been modified to 200,000.

This figure is probably on the high side and the Ministry of Health have estimated that on the basis that there is likely for a long time to come to be a steady and large demand for other building work, i.e., assuming that there is no available pool of skilled labour, except in painters, at the present time and that commercial building, maintenance work and building of larger houses is likely to maintain its present demand for labour for some years, the following will be the total number of additional skilled and unskilled men required in the building trades alone, to execute programmes of 100,000, 150,000 and 200,000 houses per annum...
<table>
<thead>
<tr>
<th>Scheme</th>
<th>Estimated Total</th>
<th>Balance 1919</th>
<th>Total 1919</th>
<th>Balance 1923</th>
<th>Total 1923</th>
<th>Balance 1924</th>
<th>Total 1924</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>100,000</td>
<td></td>
<td>150,000</td>
<td></td>
<td>200,000</td>
</tr>
<tr>
<td></td>
<td>Skilled</td>
<td>Unskilled</td>
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<td>Skilled</td>
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<tr>
<td></td>
<td>employed of</td>
<td>employed of</td>
<td></td>
<td>number of</td>
<td>number of</td>
<td></td>
<td>number of</td>
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<tr>
<td></td>
<td>1919 men</td>
<td>1923 men</td>
<td></td>
<td>extra</td>
<td>extra</td>
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<td>extra</td>
</tr>
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<td></td>
<td>needed, ed.</td>
<td>needed, ed.</td>
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<td>needed, ed.</td>
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</tr>
<tr>
<td></td>
<td>19,097</td>
<td>13,300</td>
<td>58,250</td>
<td>40,153</td>
<td>42,100</td>
<td>88,875</td>
<td>63,770</td>
</tr>
<tr>
<td></td>
<td>250</td>
<td>29,000</td>
<td>250</td>
<td>29,000</td>
<td>29,000</td>
<td>54,300</td>
<td>50,700</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>32,897</td>
<td>88,953</td>
<td>96,153</td>
<td>153,175</td>
<td>120,470</td>
</tr>
</tbody>
</table>

The above figures do not, of course, include the additional employment which would be given indirectly as a result of greatly increased building activity.

On the above basis and assuming the erection in 1925 and 1926 of 100,000 extra houses employment in the building trades alone will be found for a further 69,000 skilled and unskilled men.

The Committee recommend the Cabinet:

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.
One of the main perplexities before the Committee is that unemployment is most serious in those industries which it is most difficult to help through the ordinary channels of Government assistance e.g., shipbuilding, heavy engineering, iron and steel, cotton. While it is true that these industries are suffering from the general trade depression there are particular causes at work in each. For example, shipbuilding is dependent on the requirements of shipping, and there is afloat several million tons of tonnage more than in 1913 at a time when the movement of international trade is much below the 1913 level. While it is true that some of this tonnage is obsolescent, there is probably still a margin between the available tonnage and the required tonnage to be taken up as trade revives before any substantial orders for new tonnage are likely to be placed.

Heavy engineering is nominally carrying a personnel probably substantially in excess of its prospective....
prospective requirements. This is due of course to the artificial increase of the engineering industry caused by war work, and the position has been intensified by the great reduction in the market for armaments.

The iron and steel trade shows a percentage of unemployment of 17% (a falling percentage) but according to press reports its production is now at the level of 1913. This is due probably to the very great improvement in mechanical plant introduced during the war.

The cotton trade has to face the diminished purchasing power of valuable eastern markets and at the same time the prospect, this year, according to market reports, of a possible shortage, and/or severe increase in the price of raw cotton.

It would be difficult so far as the Committee have been able to go at present to bring within the ambit of any general scheme for relieving in unemployment/trades with such diverse problems and accordingly the Committee recommend:-

That the President of the Board of Trade and the Minister of Labour should be required to enquire and present a joint report to the Unemployment Committee on the position and prospects of the abovementioned and any other basic industries where unemployment has been continuously severe over a long period.

-27-
As is indicated on page 9 above there are various important road works which could be undertaken by the Ministry of Transport if definite financial provision was forthcoming.

These schemes are:

- The Manchester-Liverpool road, Total cost £3,000,000
- The North-Orbital Road round London, Total cost £5,000,000
- The North-Chertsey Road, Total cost £1,500,000

In addition, there are a large number of miscellaneous applications from Local Authorities whose schemes aggregate about £3,000,000.

The Committee have requested the Ministry of Transport to furnish them with particulars of these various projects, the carrying into effect of which necessitates some consideration of the finance of the Road Fund which is discussed in the following paragraphs.

The actual state of the Road Fund on the 31st March, 1924, is likely to show an excess of liabilities over assets of about £6 millions. In future years it is expected that this excess will be liquidated and will be fully discharged by the end of 1928-9. This calculation, however, includes no contribution to the Manchester-Liverpool Road - (the estimated cost of which to the Road Fund would be £1½ million on a 50% basis) or other similar future undertakings, for which no provision has as yet been made.
On the 31st March next the Road Fund will hold very large cash reserves (over £13,000,000) and no question of borrowing to meet existing liabilities arises immediately in view of this fact.

The existing Statutory Borrowing Powers of the Road Fund are conferred by Section 13 of the Development and Road Improvement Funds Act, 1909, which empowers the Minister, with the approval of the Treasury, to borrow on the security of the Road Fund for expenditure "which appears to the Treasury to be of such a nature that it ought to be spread over a term of years, so, however, that the total amount required for the payment of interest on and the repayment of money so borrowed shall not exceed in any one year £200,000".

The question whether to exercise, or even to extend, the existing powers of borrowing was considered by the late Government but it was considered that with the guarantee of Treasury cover the Road Fund would be able to finance not only its liabilities then existing, but the new (1924-25) programme, and also the Liverpool-Manchester Road. It was therefore considered unnecessary to pursue the question of exercising the existing powers of borrowing or to ask Parliament to extend the limit within which the Road Fund can borrow with a view to future exercise of the powers so extended.
In considering the extended use of the Road Fund for financing works in connection with unemployment it must be remembered that the Road Fund is derived from taxes on vehicles, almost the whole of which comes from mechanically-propelled vehicles. These taxes, which were imposed in consultation with the industry, were based on the understanding that the money should be used for the improvement of roads. The motoring industry is suspicious that the money is in fact being diverted for the relief of unemployment which they consider is not a proper charge on the Road Fund. The Ministry of Transport has always selected works which are required in the interests of traffic and has only anticipated them for the purposes of unemployment relief, but in any suggestion to tie up the finances of the Road Fund for a long period of years, criticism and possibly opposition must be expected from the motor users.

The new motor taxation introduced by the Finance Act, 1920, formed in effect a bargain between motor vehicle owners, as road users, and the Government. This understanding was referred to again and again in the course of the debates on the Finance Bill and the Roads Bill.

The Committee recommend to the Cabinet -

(1) That the Minister of Transport should be authorised -

(a) 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.
(b) 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.

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

(i) An extension of light railways, particularly in Agricultural districts.

(ii) Improvements in the existing Canal system.

(2) 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 (1) 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.

(3) To take note that the Committee propose, in the near future, to examine suggestions submitted to them by the Minister of Transport (C.U. 636 & C.U. 337) for undertaking a new road and bridge construction programme and also for stimulating employment by the improvement of existing highways.
The Committee have noted the very substantial measure of unemployment relief which has resulted from the efforts of the Unemployment Grants Committee. The Committee feel, no doubt, that the Cabinet will wish the work to be continued generally on existing lines.

The Unemployment Grants Committee were authorised to approve for grant works carried out by loan, commenced during the Autumn and Winter of 1923/24 up to a total capital cost of £20,000,000. They have approved over £14,250,000 worth of such works and have under consideration further schemes to the value of £4,250,000 making a total figure of £18,500,000. More schemes are coming in daily and it is probable that the figure of £20,000,000 to which their authorisation extends will be reached if not exceeded in the course of the next few weeks.

The Committee propose to consider, in consultation with the Unemployment Grants Committee certain of the conditions upon which grants are at present made with a view to seeing whether any relaxation of the conditions is desirable.

It will also be necessary for the Committee to make an early recommendation as to the total capital value of works carried out by loan which the Unemployment Grants Committee will be authorised to aid in the coming Financial year. As indicated above the corresponding figure for the Autumn and Winter of 1923/24 was £20,000,000 and on the information at present before them, the Committee think that sanction for an amount not less than this figure will be required.
The Committee recommend to the Cabinet:

(i) 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).

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

(iii) 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.

(iv) 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.
The latest analysis of the Ministry of Labour of the industrial distribution of unemployment on the 21st December 1923 shows that 270,000 females were unemployed in Great Britain and Northern Ireland out of an insured population of 2,975,000, a percentage of 9.1 as compared with a corresponding percentage for males at that date of 11.8. Of this figure the textile trades including textile bleaching and dyeing account for about 92,000; the clothing trades, particularly tailoring and dress and mantle making and millinery for 38,000; the distributive trades for 23,000; and hotel, boarding house and club services, which are of course affected by seasonal considerations, for a further 21,000. It is obviously a very difficult problem to devise "relief schemes" applicable to women, and so far it has only been possible to make arrangements for different types of domestic training. 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.
The Committee recommend to the Cabinet -

That a Committee composed of representatives of the Treasury, the 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.

While some unemployment undoubtedly exists in certain rural areas, the question is not so abnormal and acute as in the towns and is largely bound up with the larger problems of agricultural depression which is under the consideration of the Agricultural Policy Committee. Social causes such as the Cattle Slaughtering policy no doubt tend to swell the volume of rural unemployment. The Committee consider that, pending further investigation, the best policy will be to continue the existing relief schemes for which additional financial provision in respect of the current year will have to be made.

The Committee recommend to the Cabinet -

(1) That the Minister of Agriculture and Fisheries should be authorised to expend a further sum (over and above the £260,000 authorised by the late Government and now exhausted on commitments) in assisting outstanding land drainage works in relief of unemployment at that work on the schemes be allowed to continue until 30th June, 1924.

(2) 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.

(3) That the amounts to be provided under (1) and above should be considered as soon as possible by the Unemployment Committee in connection with Departmental proposals referred to in the following paragraph.
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 had 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 which accrue.

Immediately on the re-assembling of Parliament it will be necessary to present to the House of Commons a Supplementary Estimate of the amount required in the year ending 31st March, 1924 for relief arising out of unemployment, including grants in aid. The total amount of the Supplementary Estimate in question is £730,100.

As regards the normal Departmental Estimates for 1924/25 the position speaking generally is that these estimates are still under consideration and that should the Cabinet decide to increase the provision at present made in the various Estimates for unemployment relief the necessary alterations could be effected.
NOTES ON TRADE PROSPECTS IN 1924.

Steel Trades. Imports of raw materials in 1923 were in every quarter better than in 1922 and though the impulse of the Ruhr died out, the fourth quarter showed a revival on the third. The imports of iron ore were in that quarter nearly 72% of the quarterly average for 1913. British exports also were better than in 1922 and again the fourth quarter showed a revival on the reaction of the third and was only slightly behind the total of the second. The revival was most noticeable in the more finished classes of tinplates, galvanised sheets, railway material, &c. Prospects for 1924 appear bright.

Chinery. Competing imports are not important except in a few classes. The loss in exports during the summer was nearly made good in the fourth quarter which was only 2,000 tons behind the first. This revival should continue, as steel production has increased.

Motor Cars and Cycles. Exports of motor cars and cycles increased progressively through the year, and those of locomotives were greatest in the fourth quarter. There is no reason to anticipate a check in this development.

Cotton. Retained imports of raw cotton in the fourth quarter of 1923 were nearly 16% greater than those in the fourth quarter of 1922, but owing to the short American crop and higher prices it appears doubtful whether the aggregate imports of last year will be equalled. Outlook bad.

Sheep's and Lambs' wool. Retained imports of sheep's and lambs' wool in the second half of 1923 were less than one-fifth of those of the first half. Supplies, especially of merino, are short and prices are rising. Outlook bad.
In textiles, Outlook better than in 1922 or 1923, especially for jute, but flax is still very short and expansion in that branch unlikely.

Non-ferrous Metals. Outlook better than in 1922, especially for copper and tin and zinc. There was, however, a reduction in lead imports in the fourth quarter of 1923 and supplies are reported to be short.

Imports of wood pulp in fourth quarter of 1923 show a seasonal decline, but still were below fourth quarter of 1922. Considering the large increases in the other quarters this may not be of importance and the outlook may be regarded as favourable.

Increased imports of hides in second half of 1923 over first half and over second half of 1922 augur well for 1924, and imports of leather were also maintained. Outlook for leather and boot trades good.

All trades. Imports in 1923 compared with 1922 show a patch of development, but generally comparing the last quarter outlook for 1924 shows some improvement.

Chemicals. Judging by the run of the exports in 1922 and 1923 prospects are good in ammonium sulphate, sodium compounds, coal tar dyes, painters' colours and soap.