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C R E T.

CABINET

UNEMPLOYMENT COMMITTEE

241(24)

Third Interim Report on Unemployment.

1. The Unemployment Committee submit to the Cabinet the following conclusions and recommendations on certain questions which have been examined by the Committee since the date, 29th February 1924, of their Second Interim Report (C.P.145/24) which the Cabinet approved at their Meeting on Wednesday March 5th 1924 (Cabinet 18/24 Conclusions 4-6 inclusive).
2. With reference to C.P. 156(24) (4) 16, the Committee report that as a result of certain negotiations the Port of London Authority are prepared to abandon any claim they may have on the Government for financial assistance on the basis of a loan at $3\frac{1}{2}\%$ and to undertake the Surrey Commercial Docks and Tilbury works on the usual financial terms given by the Unemployment Grants Committee, viz: half the interest on the loans for a period of 15 years. In the case of Tilbury, however, the Port of London Authority wish to substitute for the Unemployment Grants Committee's conditions as to recruitment of labour certain special conditions which are in force for the work at the Surrey Commercial Docks. In the latter case a further difficulty arises in that the contract for the work was let without any condition being imposed that only British materials should be used and the Authority are reluctant to draw the attention of their contractors to the matter at the present time.

OF
ON
ORITY
STAKINGS.

The Unemployment Grants Committee were doubtful whether if concessions are made in the present case it would be possible ²⁵³ to maintain the normal conditions in other cases. It might be possible to distinguish between the Tilbury case (where the work had not yet started) and the Surrey Commercial Docks case (where work had begun) but there was some reason to believe that the late Minister of Labour had agreed to assist both the schemes on exceptional terms, / ^{in respect of labour.} Moreover, it was doubtful whether the Port of London Authority would proceed on the new financial basis unless their proposals as a whole were accepted.

In these circumstances the Committee invite the Cabinet to approve the following action which has been taken by the Committee in anticipation of Cabinet sanction:-

(1) To take note that the Port of London Authority were now prepared to carry out the Surrey Commercial Docks and Tilbury Schemes on the normal Unemployment Grants Committee financial terms, viz., half the interest on loans for a period of 15 years and to abandon the previous financial arrangements under which the Government were to lend the Authority £4,500,000 at 3½% for 30 years.

(2) That having regard to (1) above and also to the arrangements entered into by the late Minister of Labour with the Port of London Authority, the Committee have authorised the Unemployment Grants Committee to give favourable consideration to an application from the Port of London Authority for financial assistance on the normal basis subject to the following exceptions -

(1) That as regards recruitment of labour in both the Surrey Commercial Docks and Tilbury schemes there shall be substituted for the arrangements usually in force the terms agreed with the Contractors which in effect are as follows:-

'The Contractors undertake in order to secure that London labour shall so far as practicable be employed on the work that unskilled labour shall be recruited through the Labour Exchanges but any men engaged otherwise who have been during the past six months continually resident

in London shall be deemed to have been recruited through the Labour Exchanges; the Contractors to have the sole right of rejection of any men and their foremen to co-operate with the Labour Exchange officials in the selection; in the case of equal qualifications preference to be given to ex-service men.'

- (11) That in the case of the Surrey Commercial Docks scheme the condition that only British materials are to be used, should be waived.

3. The Committee have had under consideration a proposal that the Unemployment Grants Committee should give financial assistance towards the proposed construction by the Pembrokeshire County Council of a Light Railway from St. Davids to Mathry Halt at a cost of £150,000; when constructed the line to be leased in perpetuity to the Great Western Railway Company for £3,750 per annum, representing half the interest on the cost of construction. The work will employ 500 men for 18 months and will assist in the agricultural development of the district.

The Committee are informed that the Minister of Transport is not satisfied that the Railway Company could not undertake the work without assistance, and that in any case the particular scheme is not one of great urgency and importance or one which should be given priority on the ground of special unemployment in the district. If approved the case would constitute a

very undesirable precedent. It might be possible to persuade the Company to undertake the work unassisted if satisfied that a reasonable return on the expenditure would in effect be guaranteed under Section 58 (1) of the Railways Act, 1921.

The Committee recommend the Cabinet:-

- (1) That having regard to the serious political and other objections to the Government entering into future commitments with the Railway Companies, of the nature suggested by the Minister of Transport; the Minister of Transport should not be authorised either -
 - (a) to inform the Companies that while the Government cannot, of course, tie the hands of the Rates Tribunal, they would, so far as their influence goes, endeavour to see that nothing should be done to deter the Companies from embarking capital in useful extensions.
 - or, if this assurance did not satisfy the Companies -
 - (b) to inform the Companies that, if they desire, Section 58 (1) (b) will be amended so as to make it clear that expenditure on works certified by the Minister to be of public utility will not be regarded as not having enhanced the value of their undertakings.
- (2) That the Unemployment Grants Committee should be authorised to reply to the Promoters of the St. Davids' Light Railway Scheme that, having regard to the present position of the financial relations between the Government and the Railway Companies the Government do not consider that the grant of financial assistance to the St. Davids' Light Railway Scheme would be justifiable at the present time.

4. The Committee have examined a proposal that with a view to the encouragement of the building of tramp steamers the Government should advance one half of the cost of construction free of interest for 5 years and at $2\frac{1}{2}\%$ interest for a further period of 5 years, the capital to be repaid at or before the conclusion of the 10 year period.

The Cabinet^{are} reminded of the similar proposals recently submitted by Lord St. Davids and of the decision of the Cabinet regarding assistance to private enterprise C.P. 156 (24) para.29. It may also be noted that there are signs of a real revival of activity in the shipbuilding industry which might be prejudiced by Government action of the kind indicated.

The Committee recommend the Cabinet:-

To take note of and approve the view of the Committee that the above scheme for assisting the construction of tramp steamers is not one which the Government should entertain.

LAND RECLAMATION.

5. The Committee have further investigated Memoranda by former and the present Ministers of Agriculture and Fisheries respectively on the question of Land Reclamation as a means of relieving unemployment.

Arterial
Drainage
Schemes.

The Cabinet are reminded that provision had been made in the Estimates for 1924/25 for the expenditure of a sum of £250,000 on arterial drainage schemes. As a result of further examination the Minister of Agriculture is disposed to think that this sum might, with advantage, be increased to £350,000; he does not, however, propose to ask for an increased provision at the moment, though later in the year he may decide to return to the matter in the event of schemes materialising to a greater extent than had been experienced in previous years.

Reclamation.

The Cabinet will remember that the Ministry of Agriculture and Fisheries have consistently reported against the general policy of land reclamation. There are, however, certain exceptional cases where the reclamation of land is not open to the very serious objections which can usually be urged against the general policy. The Minister of Agriculture has laid before the Committee certain exceptional schemes from among which the Committee have selected the following scheme for special consideration.

The King's Lynn
Reclamation
Scheme.

During the war German prisoners had reclaimed certain land belonging to the Office of Woods and Forests about seven miles from King's Lynn. While it is difficult to estimate the precise economic result of this particular reclamation there is no doubt that the land reclaimed is now valuable land. Adjoining the area in question is another area of

about 390 acres which the Office of Woods and Forests are prepared to reclaim if the cost of the undertaking can be borne by the Exchequer. The work would be done by contract, the labour would be obtained mainly from King's Lynn, 300 to 400 men would be employed and the wage paid would probably have to be at a rate somewhat in excess of the Agricultural rate. While it is difficult to estimate the cost of reclamation it is roughly calculated that this might reach £80 an acre, or £32,000 for the undertaking. After two or three years time the reclaimed land might be worth £40 an acre.

It is suggested that the King's Lynn Scheme might be undertaken by the Government as an experiment from which valuable data would be obtained. On the other hand it may be pointed out that this Scheme is one where the conditions are peculiarly favourable and that it may not be possible to draw any too general conclusions from results shown by the scheme. According to the estimates the value of the land, when reclaimed will be only half the cost of reclamation and it may therefore be represented that the money could be more profitably expended in other forms of unemployment relief.

The Committee recommend the Cabinet:-

- (1) To approve in principle the proposal of the Minister of Agriculture and Fisheries that the King's Lynn Reclamation Scheme should be undertaken by the Office of Woods and Forests as an experiment at an estimated cost to the Exchequer of £32,000 spread over at least two financial years.
- (2) That the Minister of Agriculture and Fisheries should be requested to confer with the Chancellor of the Exchequer as to the provision of the sum of £32,000 in question.

6. In the course of the foregoing discussion the Committee were informed that a substantial amount of business was being held up owing to the failure to pass the Trade Facilities Bill into law. In particular reference was made to foreign orders from Japan and elsewhere which would be placed in this country in any cases in which the Trade Facilities Committee are in a position to approve the applications. 261

The Committee agreed to recommend to the Cabinet:-

That every effort should be made to expedite the early passage into law of the Trade Facilities Bill.

Signed on behalf of
the Committee.

(Sd.) SIDNEY WEBB.

CHAIRMAN.

2, Whitehall Gardens, S.W.1.

6th April, 1924.