WAR CABINET.

ADDITIONAL POWERS.

MEMORANDUM BY THE LORD PRESIDENT OF THE COUNCIL.

I submitted proposals to the War Cabinet on 18th May (W.P.(40) 128th Conclusions, Minute 1) in regard to certain additional powers which it might be necessary to confer on the Government in the event of the threat of attacks on this country becoming imminent. The War Cabinet invited me to continue my consultations with the Ministers and Departments concerned, with a view to the preparation of a detailed scheme which could be applied if circumstances should render this necessary.

The consultations have accordingly been continued and the main lines of a scheme have been sketched out.

At this stage I was made aware of the proposals of the Minister of Labour. These proposals are up to a point similar to those which I had in mind, but they are less drastic in that they do not involve any element of compulsion and less comprehensive in that they do not apply to services other than munitions production.

I have now had an opportunity of discussing the Minister of Labour's scheme with him and the other Ministers concerned with production. We are agreed that it will be necessary for the War Cabinet to take an early decision whether or not the wider and more drastic scheme is to be adopted. But it appears to me that the greater part of the machinery contemplated in the Minister of Labour's scheme would be required to implement the wider scheme. Accordingly it would seem desirable to take immediate steps to set up this machinery.

Particulars of the wider scheme are set out in Appendix I and Appendix II contains a memorandum by the Minister of Labour describing his proposals, slightly modified as a result of my discussion with him and the other Ministers concerned.

(Intld.) N.C.

Privy Council Office, S.W.1.
MEMORANDUM BY THE LORD PRESIDENT ON ADDITIONAL POWERS

The scheme outlined in this memorandum contemplates that, if and when the military situation is such as to require that the resources of the nation should be completely mobilised in defence of the State, powers would be obtained from Parliament to enable the Executive to exercise full control over Persons and Property. The control over persons would be such as to enable the competent authority to require and direct the services or labour of every individual over 16 years of age. The control over property would be such as to enable complete command to be obtained of all means of production and means of defence.

CONTROL OVER PERSONS.

The purpose for which control over persons is needed is to ensure that sufficient personnel is provided not only for the factories and workshops making munitions of all kinds, but also for any other work that is required in the national interest. For this purpose there must be no distinction of rank, profession, grade or sex. It is therefore proposed that the Minister of Labour should be given power to direct any person in the United Kingdom over the age of 13, to perform any services required. In issuing directions as to the performance of such services the Minister would have power to prescribe the terms of remuneration and the conditions of service, which would include prescription of hours of labour.

As regards remuneration, the basis would be "the rate for the job", and the Minister would have power to fix the rate for the job. This would be the statutory rate or the rate which is paid under industrial agreements, or in the absence of such agreements, the rate normally paid by good employers for work of the type which the person may be required to perform. Thus if a professional man were required to perform professional duties he would get the pay appropriate to those duties, but if he were required to perform work of a manual nature he would get the pay appropriate to work of the particular type he is directed to do. Some consideration would no doubt have to be given to special cases where a transfer involved expenditure, e.g. a transfer that necessitated living away from home.

The Minister himself obviously could not give all his directions personally and he would therefore be given power to delegate his authority to special officers, who would be called National Service Officers. These officers would partly be drawn from the existing staff of the Ministry of Labour and National Service but additional staff would have to be appointed. For this purpose it would be necessary to recruit from outside the ranks of the Civil Service and it is thought that it would be possible to enlist the services of a considerable number of officials of Trade Unions and possibly of professional organisations as well.

As part of this system, the Minister would have power to require persons of any class or description who had attained the age of 15 to register such particulars about themselves as might be necessary. The Minister would have power to enter and inspect premises and require employers to produce such books, accounts and records as might be necessary.

Anyone who refused to comply with an order issued by the Minister would be liable to prosecution before magistrates appointed for the purpose by a Secretary of State. It would be open to the magistrates, in addition to, or instead of imposing any other punishment, to impose sanctions such as the requirement of service under special discipline.
CONTROL OVER PROPERTY.

As regards general Government control of industry there seem to be two principal types of case -

(a) cases in which the Government desire to establish some form of control of a business; and

(b) cases in which the Government desire to secure that businesses continue to be carried on throughout the emergency.

As regards the first type of case there are no powers in existence at the present time precisely corresponding to the powers exercised during the last war to name certain munition factories "controlled establishments". Under that arrangement the management continued as before, but wages, profits, and many other matters were the subject of Government control. The existing powers should be extended to enable control to be assumed in this form without requisition of the business. In these cases, it is suggested, the Excess Profits Tax would be raised to 100%.

As regards the second type of case which it is believed will be exceptional where a manufacturer or retailer is specifically ordered to carry on his business, the question arises, in the first place, what should be the sanction supposing the owner of the business refuses to carry on? The answer is presumably that as in the case of any other individual who refuses to comply with the requirements of a competent Authority he would be required to perform service under special discipline and that the Government would put in its own men to run the business and take any profits.

Supposing the owner is not recalcitrant and continues to carry on the business. If the business were a large one, any increased profits would be subject to the excess profits Tax at whatever rate is decided to apply in the new conditions to ordinary business. Two other types of case may arise, namely -

(1) the business may make smaller profits than before, but still a profit;

(2) the business may make a loss.

It is difficult to believe that the Government can do less than give a living wage to the man who is ordered to continue his business in those conditions. In other words, if he made losses or profits below those equivalent to a minimum salary for a manager, the Government would have to make good the difference.
The closing down of small businesses which, in
given circumstances, would no doubt take place - and which
would have to be prevented only in part - would assist
in providing a considerable labour force available for
essential Government production.

It is understood that already full powers exist
to exercise any necessary compulsions in regard to farmers.

COMPENSATION.

The whole subject of compensation will require
re-examination and, it is suggested, overhauling.

Where property such as a motor car or a building
is requisitioned the owner has a legal title to compensation
which accrues due from the date on which the property
was taken and which in practice can obtain fairly rapidly.
If requisitioning is to be very widespread it would seem
necessary to consider whether compensation should not be
deferred until the end of the emergency. Should that
be done, however, the question would arise whether the State
is not under an obligation to provide for the subsistence of
the owner, e.g., a proprietor of taxis, when his property
has been taken away from him and his own services have not
been requisitioned.

BANKS AND FINANCIAL INSTITUTIONS.

As regards Banks no difficulty in principle is seen
in applying a system of control under which all major
questions of policy are governed by the directions of a
competent authority.

The broad object would be to secure that those
responsible for the management of the different banks would
act in the closest cooperation with each other and with
the Central Government roughly on the lines of the Railway
Executive Committee.

No great difficulties in practice are foreseen as
long as communications permit of control being exercised
through the London head offices. Should communication
with London totally break down, the general machinery set up
by the Government for all Government purposes exists in the
form of regional Commissioners. These Commissioners in
general have not the staff or expert knowledge for the
present purpose and the "Treasury Officers" attached to them
have no acquaintance with these problems. On the other
hand, it should be possible to obtain banking advice from
managers of important branches or local boards of directors.
We should have to rely on sending the Commissioners advice
and instructions whenever practicable. It may be desirable
to instruct the Commissioners in anticipation of the kind
of emergency envisaged to arrange in advance for a local
banking expert or possibly a Committee of practical bankers
to be ready to be attached to them.

The Stock Exchange would have to be closed at the start
and the regulations to be applied when it reopens need not
be settled now. In any case, dealings would be frozen up
in the contingency anticipated by the operation of minimum
prices.
In the case of other City financial institutions, e.g., discount houses, acceptance houses, the problems may be difficult but they can be solved in detail as they arise.

Building Societies will need separate consideration; their new business will dry up, but it will probably be necessary to protect them against any undue withdrawals of deposit or share money.

COMPETENT AUTHORITIES.

The Competent Authority for the exercise of the powers contemplated in this scheme would be, in each case, the appropriate Minister who would have power to delegate his authority to local subordinates. The competent authority for all questions of labour supply would, as indicated above, be the Minister of Labour.

In the event of a complete breakdown of communications, the system of Regional Commissioners is available. It is assumed that they would continue to function as far as possible, exercising the powers contemplated in this scheme.

They have already on their staffs officers representing many of the interested central Departments. If there are deficiencies in these respects, they should be remedied. But conditions may be such that the military will have to take control. The military have already a right and obligation under the Common Law to see that everything is done which the military situation demands.
APPENDIX II.

MEMORANDUM BY MINISTER OF LABOUR AND NATIONAL SERVICE.

SUPPLY OF LABOUR.

1. I have made it my first task to consider the nature of the measures necessary for securing that our war effort shall not be hampered or delayed by reason of the failure to provide the labour necessary for the production of essential munitions of war and that the required personnel shall, as circumstances demand, be available at the time and at the places where they will be needed. I have had the opportunity of examining certain proposals for achieving this purpose which had been under discussion in the Department, but I am of opinion that these proposals, in view of the changed circumstances and of the urgency of the situation which now confronts us, are not sufficiently comprehensive either in their scope or the measures suggested for dealing with the position.

2. The suggestions which were made to me were concerned primarily with the engineering industry, but it is my view that the whole problem of labour supply should be dealt with in one comprehensive decision by the War Cabinet and that it is necessary to consider and decide the conditions that should be laid down to deal with the problem in relation to the whole field of industry.

3. In this connection, the first proposal which I would desire to place before my colleagues is that the general problem of labour supply and of the use to which labour is being put should be a duty resting on one Department, and one Department alone. I consider that this is essential so as to enable the many different and frequently conflicting demands upon the supply of labour to be related to each other, and to secure that production is kept in step over the whole field of national requirements. I recognise of course that it may not be practicable or desirable to apply the scheme I have in mind universally at the outset, but the powers to survey the whole labour requirements beginning with the most urgent should be established at once. In the case of mining, agriculture and the Mercantile Marine for each of which there are separate Departments, authority should be given to the Department charged with the supervision of labour supply to delegate its powers to the Ministries of Mining, Agriculture and Shipping respectively.

4. As to the Department which should be charged with these duties, I understand that the general question of where the responsibility for controlling the use of labour in the factories should lie was discussed at a meeting held on 8th May which was presided over by the then Minister of Supply and at which representatives of the Admiralty, the Air Ministry, the Board of Trade and the Ministry of Labour and National Service were present and that it was the view of the Production Departments and the Board of Trade that "full responsibility should be vested in the Minister of Labour and National Service, with authority over-riding that of the Production Departments and the Board of Trade, where necessary, for taking the requisite steps to obtain, and use, the powers required to control labour supply in such a way as to ensure the most efficient distribution of labour and sufficiently rapid recruitment to the ranks of labour with a view to the concentration of the utmost effort on the conduct of the War".

I concur in that view, provided that an adequate organisation, as set out below, is set up and that adequate powers are vested in my Department. Indeed I can see no alternative course that would meet the situation. As between the conflicting demands for labour of the various Departments concerned, the Minister charged with supplying the labour must know where he stands. Moreover questions such as whether any particular firm
is using more skilled labour than is strictly necessary when there are legitimate demands for it elsewhere, or whether a particular firm is asking for more of such labour than is strictly necessary, can in present circumstances no longer be left to the uncontrolled discretion of the firms. These are questions which transcend all departmental limits and any measures taken must apply as much to Government Departments as to private concerns or concerns managed by private interests on behalf of the Government.

In order to discharge this responsibility, my Department must be equipped with the requisite staff, including, in particular, technical and inspecting staff and with the necessary executive authority, but inasmuch as the interests of a number of departments are vitally concerned in this matter it is essential to set up a body representing these departments and my own, which can settle general questions of policy and help in adjusting conflicting claims on productive capacity.

5. If it is to be my responsibility to supply the labour required for the programmes of the various Departments, I regard it as essential that I should know the extent of the demands for labour to be made upon me and also that there should not be imposed on my department the impossible task of reconciling the conflicting demands for labour of the various Departments and of their contractors. The scheme which I have devised accordingly provides for the establishment by the War Cabinet of a Production Council, charged with the direction of the organization of production. In deciding the work to be put in hand, the Production Council would give careful consideration to all the factors which limit production, including the availability of materials and labour, and would ensure that actual commitments are not entered into without full and proper consideration of the availability of materials, labour and every other requisite. It would also determine questions of priority as between Departments and in so far as it discharges this duty it should supersede the existing Labour Priority Sub-Committee which has in fact never met. It would also, no doubt, supersede the Ministerial Priorities Committee but the relationship between the Council and other existing Priority Committees would need to be determined with precision in order to prevent overlapping. I regard the formation of this Production Council as an essential pre-requisite of my whole scheme.

The Production Council, I suggest, be presided over by a member of the War Cabinet and the Departments to which it is essential to accord representation include the Admiralty, the Ministry of Aircraft Production, the Ministry of Supply, the Board of Trade and the Ministry of Labour and National Service together with the Building Department to which I refer in paragraph 7 below. Representatives of the Ministry of Agriculture and the Mines Department might be included. As regards other Departments, it would suffice if their representatives could attend meetings of the Production Council whenever points affecting them come up for consideration.

It would be the duty of this body to survey the production required for the prosecution of the war, to ascertain the state of production at any moment and to indicate where the position is such that stimulation is necessary. Production in my opinion must be closely related to the strategy of the war and it would be the duty of the Production Council to translate such strategical changes in the conduct of the war as are indicated to it by the War Cabinet into terms of the production of munitions which would in turn determine the extent of my duty to provide the personnel needed to give effect to these changes.
6. I consider further that if a comprehensive scheme of labour is to operate effectively, a decision should be taken by the War Cabinet bringing more establishments under direct Government control; in so far as this is not convenient, e.g., in the case of small sub-contractors, a price fixing system should be introduced of such a nature as will effectively limit profits.

I suggest that such a proposal is necessary and desirable not only because it is an intrinsic part of the whole scheme, but also because it would be effective in removing from the minds of the workpeople any suggestion that their additional energies are only directed to producing profits for others; at the same time it would be possible to determine the actual costs of production of individual items and so provide a check against exploitation and abuse.

While the powers of control that should be taken should in my opinion be general in their scope, the extent to which it would be possible to apply them at the outset would need consideration. What I would suggest is that, to begin with, we should apply them to all establishments engaged primarily in munitions production and on all building and civil engineering work for the Government, either by way of direct contracts, or of sub-contracts where these are extensive.

7. In this connection, I have also given careful consideration to the position of the Government's programme of building and works of construction. Owing to the size of the building programmes of the various Government Departments and the absence of any effective system for relating building requirements to practical possibilities a position has been reached in which large numbers of undertakings have been started with little or no hope of early completion. It is essential that a drastic remedy should be applied without delay and I therefore recommend that immediate consideration should be given to the establishment of a new Department which should be charged with the planning and execution of building and civil engineering works for the Government. It would be the duty of such a Department, in particular, to consult with the Production Council as to the possibility of meeting requirements by utilising or increasing the capacity of existing factories rather than by building new factories. Pending the establishment of this new Department, steps should be taken at once to strengthen the powers of the Works and Building Priority Sub-Committee by requiring all Departments proposing to undertake any new building works (except those of small size) to obtain the sanction of that sub-Committee before contracts are placed. In addition the sub-Committee should review existing programmes in order to concentrate effort on those most urgently required.

8. The organisation which I would propose for the Ministry of Labour and National Service itself for dealing with the problem of labour supply is as follows:

I propose to appoint a Director of Labour Supply, with an intimate and practical experience of management and with a wide knowledge of production and production methods. In addition to the existing organisation of the Department, I should also propose to give the Director the full-time assistance of three or four persons of practical experience drawn from the ranks of employers and trade unions. These persons would meet together as a Labour Supply Board. The Board would be in permanent session and its duty would be to survey the sum total of labour requirements in the war industries. It should have at its disposal complete information, to be supplied by the Production Council, as to productive requirements and other matters referred to in para. 5 above, and in the light of this information and of the available supplies of labour would consider the measures necessary for obtaining the labour required, whether by transfer, dilution, or otherwise; it would also take steps to
ensure the elimination of waste of labour. The Director of Labour supply should keep in close touch with the Department of the Ministry of Labour and National Service concerned with the Schedule of Reserved Occupations.

9. While it is important to have efficient control organisation, the success of our plans will greatly depend on the extent to which the detailed practical work can be devolved on local organisations and local people. I regard it as essential that this should be done to the utmost practical extent and further that we should do all we can to enlist local enthusiasm and emulation in support of our efforts.

The local organisation which I should desire is two-fold:

(a) I should propose to use the existing Area Boards (suitably reconstituted if necessary) as the channel for considering and adjusting any conflicting requirements of the Production Departments and the Board of Trade in regard to the supply of labour in the area. It would be necessary that my Divisional representative should take the Chair at meetings of an Area Board for this purpose.

(b) I contemplate setting up in each important centre a local Labour Supply Committee. The permanent members of this Committee would consist of a Chairman and two other members selected from industry and appointed full-time on my staff. A panel of industrial representatives should be set up for each important industry in the district and would be called into consultation by the Committee when points primarily affecting that industry are under consideration. In a number of cases Advisory Committees have been set up by the Ministry of Supply for the engineering industry and should, as far as possible, be drawn upon for the provision of local panels of the engineering industry.

It would be the business of the Committee to organise and foster local self-help in every possible way for meeting problems of labour supply. They would be assisted by the local staff of my Department. Their duties would include consideration of questions relating to the admission of women to munition works, the recruitment of women and any dilution problems that may arise in their areas. They would be expected to stimulate all possible methods of training workers in the area for munition production and further I hope that they would be closely associated with questions of welfare, lighting and ventilation of factories and workshops, arrangement of communal meals in the works and other similar questions, on all of which I am in communication with the Home Secretary.

10. In order to carry out the detailed investigations that will be required in respect of the use of skilled labour by particular firms, the possibility of transfer of such labour from one firm to another, and the progress of training and dilution, I propose to appoint in each area an adequate number (say 300 to 400 in all) of technical officers, controlled by a Chief Inspector. These Officers must function over the whole field of munition production, irrespective of the departmental interest in any firm. In the appointment of these officers I should have regard to the possibility of utilising the services of technical and other officers already in the service of my own and other Government Departments. Others should be drawn from expert trade unionists and from management of a technical character.
There are a number of related suggestions which I would desire to place before my colleagues for the effective carrying out of the scheme:

(a) In order to obtain the full utilisation of labour and to prevent firms retaining labour when not required, I propose that for purposes of employment, firms in particular districts should whenever possible, be grouped and the workpeople deemed, for purposes of transference, to be employed by the group and not by the individual firm so that where for some reason workpeople cannot be used in one works they can be transferred to another in close proximity with a view to the maintenance of maximum production. In these matters it will be essential that employers and trade unions are brought into closest co-operation. This process of grouping will be materially assisted if all the major establishments are controlled.

(b) With the same object in view, I also propose that powers should be taken by Order to require employers in specified industries to notify immediately to the local Employment Exchange the names of any men who are discharged, "stood off" for lack of work or employed on organised short time. The information I shall require is whether these interruptions of work are due to lack of material, lack of orders or other similar causes. When such notifications are received it would be the duty of my area officer to make immediate enquiry into the causes of the interruptions, and to take steps to secure that the difficulties are overcome so that the men can continue in production or alternatively to see that they move to employment elsewhere.

(c) In order to obtain the desired redistribution of skilled labour and to get skilled men to move from less essential to more essential work it will be necessary to supplement the arrangements outlined in the scheme described above by introducing a Munitions Volunteer Scheme, under which men in the occupations in scarce supply would engage to transfer to such work as they were asked to undertake. The general outlines of such a volunteer scheme have already been framed. Men who are transferred under the scheme will, however, require to be given certain guaranteed terms as to wages and conditions of employment, including lodging allowances, if living away from home and payment of daily travelling costs in appropriate cases and it will be necessary to arrive at the specific terms to be offered after consultation with the Treasury and the representatives of employers and workers in the engineering Industry.

(d) Training. I accept the view that there must be a bold and comprehensive scheme of training and I propose as soon as possible to refer the question of training and the best methods to take to achieve the desired end to the Labour Supply Board for examination.

I propose to extend the opportunities for training afforded in the Ministry of Labour Training Centres, which are at present confined to the unemployed, to persons already in employment, who might be prepared to accept the terms which I am now in a position to offer. The use of technical schools and colleges should also be extended, at least for the higher grades, but there are other establishments
which might profitably be used for training purposes. I refer to the many maintenance shops in industries other than the war industries which, though small in size, can at least supply the preliminary or elementary knowledge of a particular craft. I believe that the men in these shops would rally to the appeal of the State to assist in instruction. There are also works, which owing to the falling off of home commercial work, have space available which might be used for training purposes. I propose that the duty of searching for available accommodation suitable for this purpose should be entrusted to the Local Labour Supply Committees referred to in paragraph 9 above. These would, of course, consult the appropriate panel or Area Advisory Committee.

(e) Fair Wages Clause. A matter which causes me some anxiety is the necessity of creating in the minds of the workpeople confidence that the relaxation of customs which has been or may be agreed for operation during the war period shall cease to have effect on an appointed day following closely on the cessation of hostilities and that the existing agreements shall be restored in their entirety. It is already provided under the agreement that any changes made shall be registered by the employer on a standard registration form, copies of which are distributed to and retained by certain specified persons affected by the change. If necessary we should take steps to ensure that this is adequately carried out. Further, where relaxations are affected through the agency of the local Labour Supply Committee, full record should be kept by that Committee.

I also propose that there should be added to the Fair Wages Resolution of the House of Commons a clause providing that after the cessation of hostilities any firms which fail to restore the agreements would not be eligible for Government contracts. In accordance with ordinary practice this would also be applied to any contracts directly assisted by any Government grants and I have no doubt it would be adopted by municipalities and public authorities in general.

For the purpose of enabling this to be done I am taking steps to expedite the Report of the Committee which is at present examining the Fair Wages Clause, and I should be glad to have approval of this further proposal.

12. As my colleagues are doubtless aware, there has been a great deal of pressure exercised for the further application of the Control of Employment Act, particularly on account of allegations of "poaching" by employers. Attention has been called to this matter in the Report of the Select Committee on National Expenditure.

At present the only practical application of the Act to which effect has been given has been to issue an Order prohibiting (unless with the consent of the Minister) advertising for bricklayers, carpenters and joiners in the building industry. Advertisements do not, however, go to the root of the matter, and prohibition of it can easily be evaded. The problem of advertising is, in my opinion, a symptom rather than the cause of the difficulty. I do not, therefore, propose, as at present advised to extend the application of this provision of the Act to other industries. Moreover, the other provisions of the Act are too cumbersome for practical use. Nevertheless, some measure of control is necessary. I suggest that what we require is a condition that in specified industries - in which I should certainly include engineering, shipbuilding, building and civil engineering - all engagements of labour must be made through the Employment Exchanges or in appropriate cases through the Trade Unions. I see no other way of dealing effectively with this situation.

13. It will follow from the control of establishments to which I refer in paragraph 6 above that agreements between employers and trade unions will be applicable over a wider field. This will remove to some extent the difficulty of non-federated firms.
not adhering to these agreements but it may be necessary in order to prevent any action which might have a disturbing effect on industrial agreements to have recourse to legislation making agreed conditions compulsory within particular industries, though I am not in a position to propose such action at present.

14. The conclusions which I would ask my colleagues to endorse are accordingly as follows:

(i) that, subject to conclusion (ii) below, and subject to his having authority to delegate his powers as necessary to the Departments of Mining, Agriculture and Shipping, full responsibility for controlling in all industries, the supply of labour and the use to which it is put (with authority, where necessary, over-riding that of the Production Departments, the Board of Trade or other Government Department concerned) should be vested in the Minister of Labour and National Service who should be equipped with the necessary organisation and powers for this purpose. (paragraphs 3 and 4).

(ii) that a Production Council should be formed, presided over by a member of the Cabinet, for the general direction of the organisation of production. It should include in its membership representatives of the Admiralty, the Ministry of Aircraft Production, the Ministry of Supply, the Board of Trade, the proposed new Building Department referred to in conclusion (iv) below and the Ministry of Labour and National Service. The Mines Department and the Ministry of Agriculture might also be represented. Other Departments should arrange to attend whenever matters affecting them are under discussion (paragraph 7). It would be necessary to determine with precision the relationship between the Council and existing Priority Committees in order to prevent overlapping. The Council would, no doubt, in any case supersede the Ministerial Priorities Committee.

(iii) that general powers should be taken to "control" industrial establishments, and as a first step these powers should be applied to all establishments engaged primarily on munitions production and to all building and civil engineering work for the Government, whether by way of direct contracts or sub-contracts, where these are extensive (paragraph 6).

(iv) that immediate consideration should be given to the establishment of a new Department to undertake the planning and execution of all building and civil engineering works for the Government. In the meantime all Departments proposing to undertake any new building works (except those of small size) should obtain the sanction of the Works and Building Priority Sub-Committee before contracts are placed (paragraph 7). In addition that Sub-Committee should review the existing programmes in order to concentrate effort on those most urgently required.

(v) that a Director of Labour Supply should be appointed in the Ministry of Labour and National Service together with three or four persons with practical experience drawn from the ranks of employers and trade unions. These persons would meet together as a Labour Supply Board which would work through the Area Boards and Local Labour Supply Committees, in association with Panels or Area Advisory Committees, set up in particular areas. The Director would have a full staff of technical and inspecting officers (paragraphs 8, 9 and 10).
(vi) that steps should be taken to "group" for certain employment purposes firms in particular areas (paragraph 11(a)).

(vii) that powers should be taken by Order making it obligatory upon employers in specified industries to notify to the local Employment Exchange the names of men discharged "stood off" for lack of work or working organised short time (paragraph 11(b)).

(viii) that the arrangements outlined above for the control of labour supply should be supplemented by the introduction of a Munitions Volunteer Scheme, after consultation with the Treasury and the representatives of employers and workpeople in the engineering industry (paragraph 11(c)).

(ix) that there should be a bold and comprehensive scheme of training which, while developing the facilities provided by the Ministry of Labour Training Centres and by technical schools and colleges, would utilise for training purposes all available maintenance shops in industries other than the war industries as well as works whose ordinary commercial work has diminished (paragraph 11(d)).

(x) that a new Fair Wages Clause should be introduced in the House of Commons, which will include, in addition to any amendment in the Clause itself, a supplementary Clause providing that, after the cessation of hostilities, any firms which fail to restore agreements, the terms of which have been relaxed for the period of the war, shall not be eligible for Government contracts (paragraph 11(e)).

(xi) that no further steps be taken for the present to extend the application of the provisions of the Control of Employment Act, 1939, but that powers should be taken to secure that in certain specified industries all engagements of labour must be made through the Employment Exchanges, or in appropriate cases through the Trade Unions (paragraph 12).

(xii) the Question of making agreed conditions compulsory in particular industries may have to be considered (paragraph 13).

15. As my colleagues will realise many of these proposals are of such a nature that they must be discussed with the representatives of industry, but before beginning these discussions it is necessary for me to have the approval of my colleagues to the general outline of my scheme as described in paragraph 14 above. In view of the great urgency of the matter I ask for a very early decision.

(Intld.) E.B.

Richmond Terrace, S.W.1.