

# WE CAN CONQUER UNEMPLOYMENT



We Mobilised  
for War

Let us Mobilise  
for Prosperity

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# WE CAN CONQUER UNEMPLOYMENT

## MR. LLOYD GEORGE'S PLEDGE

The Pledge	3
We Can Conquer Unemployment	3
The Facts	4
A Programme of National Development	5
Roads and Bridges	6
Telephone Development	14
Electrical Development	17
London Passenger Transport	18
Work for the Workless, Now	20
It Will Pay	22

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LA BELLE SAUVAGE, LONDON, E.C.4  
1929

## THE PLEDGE

*If the nation entrusts the Liberal Party at the next General Election with the responsibilities of Government, we are ready with schemes of work which we can put immediately into operation, work of a kind which is not merely useful in itself but essential to the well-being of the nation. The work put in hand will reduce the terrible figures of the workless in the course of a single year to normal proportions, and will, when completed, enrich the nation and equip it for competing successfully with all its rivals in the business of the world. These Plans will not add one penny to national or local taxation.*

*It will require a great and sustained effort to redeem this pledge, but some of us sitting at this table have succeeded in putting through even greater and more difficult tasks in the interests of the nation.*

*Extract from Mr. Lloyd George's address to Liberal Candidates on 1st March, 1929.*

## WE CAN CONQUER UNEMPLOYMENT

THE word written to-day on the hearts of British people, and graven on their minds is Unemployment. For eight years, more than a million British workers, able and eager to work, have been denied the opportunity. At the end of 1928 the total reached a million and a half; a quarter of a million more than a year before. These workers with their dependants, represent four or five million souls. They are a very nation, denied the opportunity to earn their daily bread, condemned to hardship, to wearing anxiety and often to physical and mental demoralisation. What a tragedy of human suffering; what a waste of fine resources; what a bankruptcy of statesmanship! This is by far the biggest single issue before the country. All parties will claim to have a solution, It is the task of the electors to decide which solution is the most likely to achieve success. In making a decision, they must consider not only the superficial attractiveness of the various proposals, but the extent to which they are based on sound reasoning and patient enquiry, and will be backed by driving power and by experience.

This is a brief outline of the proposals of the Liberal Party. They have been developed as the result of enquiries of the most exhaustive character, lasting over years; indeed, even political opponents have paid tribute to the thoroughness and the ability put into the work of investigation. For a fuller statement of Liberal Policy, reference should be made to the Report of the Liberal Industrial Enquiry and to other Liberal publications.

**Attention will be concentrated here on the specific remedies which the Liberal Party are prepared to put into immediate operation.**

There are three essentials to a solution of our unemployment problem:

**The first is that we should decide that the problem is really capable of solution!** The determination to succeed is half the battle. One of the most disturbing features of the present situation is that, as a result of years of Tory ineffectiveness (described as "tranquillity"), the nation is in danger of losing confidence in its ability to win through its present difficulties. In face of such immense suffering and waste, tranquillity is treason. The first condition of success is for the Government responsible to believe that it can solve the problem; and to stake its reputation on solving it. **The Liberal Party confidently believes that, if put into power, it can solve the problem and bring unemployment down to proportions which experience has shown to be normal.**

The second essential is that the problem should be faced in the same spirit as the emergencies of the War. The suffering and waste caused by unemployment are as important as was the provision of munitions during the war. South Wales and the Industrial North are our Devastated Areas.

It was said in the war that we never could produce all the munitions our men begged for; but Mr. Lloyd George produced them. Legislation that would normally have taken months was passed through in days. The present situation must be approached in the same spirit, and with that **effectiveness of administration** which only driving force and experience can secure, and which the Liberal leaders possess in special degree.

**The third essential is a carefully formulated policy**, based on a survey of the economic realities of the situation. It is the last which it is the main purpose of this booklet to define.

## THE FACTS

The essential facts about unemployment are that whereas before the war we had on an average 4.7 per cent. of unemployment, representing something over half a million unemployed, for more than eight years now we have had above a million. After over four years of Tory Government, with a majority so large as to make possible any reasonable policy of solution, we have an increase of some 200,000 in the numbers unemployed; in other words, including dependants, nearly a million more persons suffering directly from the effects of unemployment than when the Government took office. A peculiarly distressing feature is the large proportion of young men who are forgetting what it is to work, or have never had the opportunity to learn.

For the permanent cure of this situation along normal lines certain long-term remedies are necessary.

(1) **the raising of the level of the efficiency of British industries** to such a point that, in spite of the special post-war difficulties, they may regain, and improve upon, their pre-war prosperity; this being assisted by the securing of co-operation between employers and employed and achieved without adopting any policy of wage-reduction;

(2) **the development of new industries** necessitated by permanent changes in other industries.

This policy, resolutely and intelligently pursued is calculated to remove our abnormal unemployment in the course of years.

But are we to be content with that? **Are we prepared to tolerate the thought of more years of unemployment on something like the scale to which we have recently been accustomed?**

Surely the waste and the folly of such a course are self-evident? Side by side, we have a great army of workers longing for employment and a multitude of tasks waiting to be done. Is statesmanship so barren that by appropriate organisation the two cannot be brought together? Cannot we use this great labour force to improve our roads, house or re-house our workers, develop our power resources, drain our lands? It is not merely a question of finding employment for those who must in any event be maintained. It is that we should seize this great opportunity to raise the whole level of efficiency and amenity of our national life. It is that we should deliberately assist our heavy industries, struggling very largely from the consequences of the war, to regain their feet by ordering from them the steel and the plant, the cement and the bricks, and in consequence the coal, needed for this work of reconstruction and development. Innumerable things cry to be done and a very Niagara of fine labour-power is running to waste. Can it be beyond the wit of man to harness this power? Are we to struggle painfully through this period of depression, only to be faced at the end with inability to take full advantage of the prosperity which then offers, because of our failure to utilise our present opportunities?

Nothing, we think, will strike the future historian more than the waste of our present unemployment policy. If the country allowed the unemployed to starve and die, it would at least be logical, though inhuman. But when humanity demands that we maintain them, why not make use of their service? In two neighbouring Welsh towns, with a combined population of some 25,000, the Employment Exchanges alone (without reference to poor relief or charity or trade union or other benefits) have paid out since 1920 no less than £125,000, for which there is nothing whatsoever to show except the bare maintenance

of those receiving these unemployment benefits. Think what might have been done in that area with an expenditure of that volume; houses rebuilt, roads made and renewed, hillsides afforested, land reclaimed. In addition, however, to these very pertinent considerations of economy and wise use of present opportunities, there are the higher considerations of humanity. The labour of more than a million workers is being wasted; but the hearts of millions of our fellow workers, and of their suffering wives and families, are being broken. Are we content to meet this situation with a helpless shrug of the shoulders, and an indifferent reference to the slow workings of economic laws; and then to pass by on the other side?

We, for our part, deny either the justification or the necessity for the policy of helplessness. We believe we can throw off the national shoulders this Old Man of the Sea of unemployment, if we have the will, and if we follow the large-scale and definite policy which we now propose. We have the men, the money, and the management; put together, these mean goods and services for the benefit of the whole nation. Let us put them together.

Here, as elsewhere, we are obsessed by precedent and routine. But the present situation cannot be dealt with by precedent. It is unique in history, and it must be met by unique methods. The countries of Europe have displayed infinite courage, resource and initiative, in rebuilding the towns and areas which the war had ruined; and we must profit by their example, if we do not wish history to brand us as destitute of the high qualities that make reconstruction possible. At the moment, individual enterprise alone cannot restore the situation within a time for which we can wait. The State must therefore lend its aid and, by a deliberate policy of national development, help to set going at full speed the great machine of industry.

At the very least, by such a policy, we should save multitudes of our fellows from demoralisation or despair; we should help to bridge over that difficult period in which our industries are recovering their competitive position in the world's markets; we should stop a large part of the waste of the nation's finest resources, its labour power; we should improve our national estate and increase our national efficiency. At the best, we should give just that stimulus which is wanted in the present condition of economic inertia to set industry moving vigorously again on the normal line of progress. Perhaps it is a venture of faith, but the present is a situation which demands faith as the alternative to despair.

The Liberal Party stands four-square therefore for this great policy of hope; and calls upon the goodwill, the courage and the imagination of the British people for its successful pursuit.

## **A PROGRAMME OF NATIONAL DEVELOPMENT**

Based on our previously outlined programme of national development and the machinery by which it should be carried out, the Liberal Party have worked out specific proposals which would begin to absorb Labour within three months of the adoption of this policy, and would before the end of twelve months reduce the numbers of unemployed workers to normal proportions.

The period over which we should have to be prepared with works of national development in order to maintain and improve upon this position has been envisaged as one of five years, with the major effort concentrated in the first two years. Before that time the stimulus given to industry would have resulted in a great development along normal lines. The need for State intervention would have diminished greatly and the work of national development could gradually be reduced as normal employment increased. For our present purpose therefore we have concentrated on a specific programme for the next two years, indicating only in more general terms the work for the remainder of the period.

The proposals, in each case, are based on the best expert and technical advice available. They are not hazy generalisations, but provide for the doing of definite work, estimated to cost stated amounts, and to employ stated numbers of men: work which is not in any sense relief work, but must be done sooner or later. Our proposal is that instead of being spread over ten or fifteen years, it should be done now, while labour resources are available and while unemployment demands a remedy. In short, we advocate a simple policy

of common sense and wise economy, which (as we show later) can be carried out without inflation and without increasing the scale of taxation.

## ROADS AND BRIDGES

There is need for a great improvement of our road system. Adequate transport facilities are essential to the life of a modern industrial community; indeed a country's facilities for transporting its traffic are a clear index of its general industrial efficiency; and in this connection the coming of the petrol engine restored the roads to the front rank. The rate of growth of motor traffic is sometimes hardly realised. In 1921 the number of private motor cars taxed was 250,000. By 1927 it had increased to 786,000, or over three times in six years. The total of motor vehicles licensed at the latter date, including commercial vehicles, was 1,900,000. Over the same period the number of motor vehicles per mile of classified road (that is to say Class I and II roads) increased from 20 to 49. Even to-day if all motor vehicles were placed in line on the classified roads there would be one for every thirty-five yards of road! If the growth should continue at the same rate during the next five years as during the last three, by 1931 we shall have over 3,000,000 motor vehicles. Moreover, it is not only the number which is increasing but the weight carried also; in many places more than 5,000 tons of traffic pass over a given stretch of road in one day. In some cases weight has increased twenty times in ten years. Sir George Beharrell, who is a leading authority on the subject, has estimated the present annual weight carried by the roads as 4,000,000,000 net ton miles.

This new Transport Revolution was foreseen by the Liberal Government as early as 1909. At that date they established a Road Board and initiated a Road Fund which would grow with the growth of road transport.

Speaking in the House of Commons in April, 1909, Mr. Lloyd George said:

"It is quite clear that our present system of roads and of road making is inadequate for the demands which are increasingly made upon it by the new form of traction. Roads are too narrow, corners are too frequent and too sharp; high hedges have their dangers; and the old metalling, admirably suited as it was to the vehicles we were accustomed to, is utterly unfitted for the motor car."

Equally striking in its foresight was the inclusion in the Development and Roads Improvement Funds Act of 1909 of a specific provision that when making advances "regard shall be had, so far as is reasonably practicable, to the general state and prospects of employment." The Tory Party at that time strenuously opposed these steps.

The necessities of war time prevented any proper development of the road system, but in 1920 the Ministry of Transport was established and large schemes of road improvement were initiated, some of the big arterial roads being constructed during the succeeding slump in trade; and plans were developed by the Road Department on a very comprehensive scale.

Then came the blighting effect of the present Government. Not only was there no great forward movement such as the situation demanded, but plans already in hand were torpedoed by Churchillian finance. In 1926-27, Mr. Churchill made his first "raid" on the Road Fund; appropriating for other purposes £7,000,000 contributed by road users for road purposes, and actually set aside to meet road obligations already incurred. The following year he made a further raid, this time taking £12,000,000. In addition he appropriated for general taxation in 1926, £3,500,000, in 1927 £4,000,000, and in 1928 £4,000,000, contributed by road users. Up to the present time, therefore, the contribution of the Tory Government, under this head, to the twin problems of better roads and more employment has been the filching from its proper purpose of over £30,000,000, **which, on a conservative basis, would have provided employment for a year for over 150,000 men.** Perhaps to this should be added their promise to abolish the Ministry of Transport! This, however, is another of the promises they have not carried out.

In consequence of these raids, the whole movement for a better road system has entirely lost its momentum.

This policy of road parsimony is false economy in two ways. In the first place, the cost to the community of insufficiency of roads and congestion of traffic is very real and very great. To give only a single illustration, the General Secretary of the Commercial Motor Users Association some little time ago put the cost of traffic congestion in Greater London alone, as high as £25,000,000 per annum. This gives some notion of the total real cost to the country of insufficient road accommodation at the present time, and with the numbers of vehicles and weight of traffic increasing so rapidly, it is difficult to imagine what this cost will soon become if immediate steps are not taken to meet the situation. Moreover, quite apart from the cost of delay, this is a matter directly affecting employment. Sir George Beharrell has, estimated the number of men directly or indirectly employed in connection with the motor industry at 780,000 and considerably in excess of the total numbers employed on the whole of the Railways of Great Britain. The motor industry has been one of our new rapidly developing industries, and it is very important that its growth should not now be checked by road strangulation, but rather increased by greater road facilities.

Secondly, road work itself is peculiarly suitable for a time of unemployment; because a large variety of labour can be employed, widely spread over the country, and because a very high proportion of the total expenditure represents wages. Those endeavouring to find reasons for avoiding expenditure, estimated the cost of giving work to "1,350 unskilled men on trunk road reconstruction" at £1,000,000. If this means only those directly employed on the road it is a serious under-estimate. If it means what it would clearly convey to the average reader, namely that for £1,000,000 spent on trunk road schemes, work will only be provided for 1,350 men for a year, then it is a manifest absurdity. If in arriving at their figure they took ordinary trade union rates, total wages would amount to some £200,000; in which case it would be interesting to know where the remaining £800,000 went. Expert opinion is that some 80 per cent. of total expenditure represents amounts paid directly or indirectly in wages. This would mean some 5,500 men per £1,000,000 of total expenditure. Of these, from 2,000 to 2,500 would be employed directly and the remainder in production of materials and their transport. A very safe total figure is 5,000 men per annum for every £1,000,000.

**We consider that work in connection with our roads, being of great economic value, capable of being rapidly organised, absorbing a large proportion of labour, and of a character which cannot be undertaken by private enterprise, should be in the forefront of a programme of national development.** We therefore recommend that work should be undertaken on the following lines, detailed proposals at this stage being confined to work which is capable of being concentrated into a period of two years, given emergency powers and effective administration. Only a broad indication is given of the work beyond that period. The amount of work that can be done with advantage on the roads of Britain is almost unlimited. In our specific proposals here, however, we have fixed our chief attention upon that portion which is of major and immediate importance and which can be rapidly commenced, and therefore constitutes a direct and vital contribution to the solution of our abnormal unemployment problem. While this was being carried out, preparations for subsequent work would be energetically pursued.

## THE TRUNK ROADS OF BRITAIN

We recommend, in the first place, the completion of a **national system of Trunk Roads**. The roads suggested for England and Wales and for Scotland respectively are shown in the accompanying maps, which also show the small portions of this scheme already carried out. Work recommended includes the whole of the roads suggested in the original Trunk Road Scheme prepared by the Roads Department, and many others which have been examined for the purposes of this report.

The new roads should be **highways, not speedways**. We are strongly of opinion, however, that the business of the nation so far as the roads are concerned should not be seriously slowed down (and its cost proportionately increased) by inadequacy of roads, either in width or in safety or in other directions. **Time saved on the roads is money saved to the nation.**

The width of the carriage-way should be ample for present and immediately prospective needs; but no

more than this, not only in order to avoid waste, but also in order to preserve the amenities of the countryside. In the carrying out of the scheme, however, sufficient land should be purchased on each side to allow for any reasonable future growth, and to permit all pipes and cables to be laid clear of the carriage-way. This will usually mean a purchased width of land (not of carriage-way) of sixty feet. The ideal should be adequate footways, no restricted bridges, no avoidable level crossings, by-passes at all towns and, at most villages, efficient signposting, visible by day and by night, no dangerous corners and no dangerous cross-roads, and sufficient room to "park" vehicles without hindrance and danger to other traffic. Important trunk road crossings should be dealt with by means of bridges where possible, and traffic entering the trunk road should be given a clear vision both ways along it and be forced to slow to walking pace on entering it. **It is estimated that the cost of carrying out this work on the roads shown on the maps would be approximately £42,000,000.**

It will be quite understood that in a scheme of such vastness any figure of cost quoted can only be a broad estimate; but this figure has been very carefully arrived at after a consideration of the position county by county. This, of course, represents a clear addition to current expenditure (as do all the subsequent similar figures). The expenditure would be widely spread over the country, and this (as in the case of our later proposals) would spread work throughout those areas.

Plans and estimates for a great deal of this Trunk Road work have already been prepared, so that a commencement could rapidly be made, and in the meantime further survey and preparation work could be carried out, so that new sections of roads might be commenced as others were finished. **We consider that within three months of a decision to proceed with this scheme an effective Government could have men already working upon these roads.**

### RING ROADS ROUND CITIES

Closely linked with the scheme for Trunk Roads, is a further scheme for the provision, or completion, of Ring Roads round the large cities, and by-pass roads to avoid the smaller cities and towns, these being adopted wherever possible in connection with the Trunk Roads, and in many other cases in connection with the remaining classified roads. There is no doubt that traffic congestion in the larger towns and cities is now so serious that every effort should be made to divert as much traffic as possible by means of efficient circular roads, which are in effect an extension of the by-pass principle. Such roads have the advantage, too, of facilitating the development of suburbs. This work has a further advantage from the point of view of the emergency situation, that in a great many cases the roads can be carried through comparatively undeveloped country, and, therefore very large sums are not required for the purchase of land and buildings whilst the plans for the work can be carried through rapidly. For this reason we consider the work to be of the type required for our present purpose. Very large sums could be spent with advantage on this work, but we consider that **a safe figure of the amount which may properly be spent over an immediate period of two years is £20,000,000.**

### CLASSIFIED ROADS

With regard to Classified Roads, other than the Trunk Roads already dealt with, we suggest that for the time being they should continue to be treated along present lines, but with a larger grant from central funds, the exact proportion being a matter to be considered in the light of the new road finance as a whole. With an increased grant, combined with the assistance to the County Councils' expenditure arising from the Trunk Road reconstruction, it would be reasonable to look to the County Councils for a considerable increase in the work upon Classified Roads other than Trunk Roads during, at any rate, the emergency period.

### DISTRICT ROADS

A serious problem exists with regard to unclassified roads in rural areas. The policy of the Ministry of Transport has been to make small grants in respect of the maintenance of these, the figure for the year 1927-28 amounting to about £30 per mile. At present there are 55,000 miles of rural roads (out of the total of 138,089 miles of unclassified roads) scheduled for the purpose of maintenance grants, so that the



assistance afforded under this head is about £1,650,000.

It is very important that there should be a great improvement in these Rural Roads. There has been an immense development of motorbus traffic in the rural areas, and a very large proportion of these roads are quite unfitted to carry this traffic. Moreover, one of the factors absolutely essential to a revival of agriculture is the development of large organisations for the marketing of agricultural produce, and to do this successfully involves the use of a system of collection of bulk loads from individual farms by steam or motor lorries. For this purpose, **the rural roads must be wide enough and strong enough to take this traffic, and in such a condition that perishable goods will not be damaged by road shocks.** According to a Memorandum of the County Councils' Association issued some time ago, reports from ten typical counties showed that only 7 per cent. of the unclassified roads were equal to the burden of traffic upon them. It is essential to a policy of agricultural revival and development that there should be a general improvement of rural roads, both as a means of transport of materials to the farm, and of produce from the farm to the market or the station. The idea that road transport can only be developed at the cost of railway traffic, seems to us fundamentally false. There should be a linking together of these two forms, of land transport.

We recommend, therefore, that **over the period of two years, schemes of widening, strengthening and improving the scheduled Rural Roads should be carried out,** this improvement to include the thorough strengthening, tar-spraying and gritting of these roads. We suggest that **there should be spent upon this work some £21,000,000 in the first year, and £9,000,000 in the second,** in addition to money spent in ordinary Maintenance Grants along present lines. This work again lends itself to being put in hand rapidly, the preparation of preliminary plans for this type of work not being a lengthy task.

The re-conditioning of these rural roads must not place an additional burden upon the local ratepayer. The cost should, therefore, be financed mainly out of the special Road Fund resources to be mentioned in a moment. **This is one of the ways in which the State can properly and directly help agriculture, by enabling it to help itself.**

## BRIDGES AND LEVEL CROSSINGS

So far as Trunk Roads are concerned, the cost of improving bridges, and replacing existing bridges and level crossings where necessary, has already been provided for in our scheme. There is, however, a great deal of work in connection with bridges all over the country which urgently requires attention. The general public has small conception of the seriousness of the problem, and of the extent to which existing defective bridges interfere with the flow of traffic, particularly commercial and agricultural traffic. There are large industrial areas (for example, in the Black Country and in Lancashire) where industry, and especially heavy industry, is disastrously hampered by the inadequacy of bridges, and by the long and extensive detours which are necessary in consequence. There are large agricultural areas where the work of steam cultivation and timber hauling is difficult, if not impossible, since agriculturalists are hemmed in on all sides by inadequate bridges. There are large urban centres cut off from closely adjoining agricultural areas, and compelled to impart dairy produce from abroad because of the difficulty and expense of transporting farm produce to the towns; to the great detriment not only of the farmer but of the urban consumer. A striking instance of this is to be found in parts of Cheshire, where alone there are three or four hundred bridges which require rebuilding. Every restricted bridge represents some check to industry and some unnecessary addition to that cost of transport which sometimes makes so much difference on the final question of whether or not an order is secured.

By far the worst instances are railway and canal bridges. The total mileage of Canals and Inland Water Navigations in the United Kingdom is about 3,825 miles. Some of these canals are lying derelict, whilst others are almost moribund, and their bridges are mostly in a very poor condition. Anything in the nature of expenditure by the Canal Companies on bridges, in order, as they think, to assist a rival form of transport, is hardly to be expected.

In consequence, the almost universal practice is for Canal Companies to put notices upon bridges warning heavy traffic against their use. Taking even the conservative figure of one bridge per mile of canals, we arrive at a total approaching four thousand bridges, most of which are defective or inadequate. The length of railways in the United Kingdom is twenty-four thousand miles; most of the lines were constructed before 1870, and the Courts have decided that the Railway Company's obligation is discharged if it continues to maintain the bridge strong enough to carry the traffic at the time when the bridge was first built. Here again it will be readily understood that the railway companies show little anxiety to spend large sums on works which will assist what they regard as a rival form of transport.

Let us take two typical instances. In the London Traffic Area a recent review of 214 bridges showed that 44 were in urgent need of reconstruction, whilst a number of the others needed similar treatment in the near future. In the Isle of Ely alone, taking this as a typical agricultural area, it is estimated that there are 638 bridges which should be rebuilt.

There remains the question of level crossings. Those on the great Trunk Roads have already been covered by our proposals. Those on a great proportion of the district roads can be left in cases where the urgency of the traffic is not such as to justify the expense of replacement by a bridge. On roads of any importance, however, carrying a substantial volume of traffic, level crossings are an anachronism. They were adequate for the needs of the days when the railways were built, but would never be tolerated if the railways were being built now. All the time that vehicles are facing closed level crossing gates, petrol is being used, wages are being paid, capital charges are running, passengers' time is being lost. All this represents national waste, amounting in a year to a very large sum. On such roads the aim must be to replace crossings by bridges, as rapidly as practicable.

The total number of bridges which are urgently in need of construction or of reconstruction under these heads in Great Britain can be safely put at from 7,500 to 10,000. Taking the lower figure, and the very low average cost of £5,000 per bridge, we arrive at a **minimum capital expenditure of £37,500,000 (or say, £37,000,000) on work which is of major and immediate importance, and this sum we consider should be spent over the period of two years.** For some of this work plans have already been made and operations could be rapidly commenced. For a great deal of it, some time would be required to make the necessary surveys and to prepare specifications. We suggest, therefore, that we should assume that of the £37,000,000, only £10,000,000 can be spent in the first twelve months and £27,000,000 in the second twelve months. This expenditure would tend to average out the expenditure suggested upon Rural Roads under the previous heading, in which case the heavy expenditure is concentrated in the first year.

With regard to the expense, it is clear that this must be borne primarily by the State. As to the Canal and Railway Bridges, it would clearly be inequitable to call upon the canal and railway companies to bear the cost of rebuilding necessitated by the growing demands of the community. It is the interests of the community as a whole that are at stake, and the cost of reconstruction must be borne in such a way as is found to be equitable in the particular case.

### SPECIAL WORK IN LONDON

The Royal Commission on Cross River Traffic in its Report of 1926 recommended the carrying out of twenty separate schemes for improving and rebuilding bridges, improving ferries, and constructing or improving tunnels and approaches to all of these, at a cost of £27,500,000. Most of this work is of a character which would require a good deal of time to set in motion, not merely because of legislative and administrative difficulties (which can and should be got over by emergency legislation), but because of the comparatively long period required in work of survey and preparation, and no substantial progress has been made up to the present time.

For the moment, we are concentrating our attention upon work which can be commenced very quickly and carried through within a period of two years from the effective commencement, and work, too, which, so far as possible, will represent primarily expenditure on labour, as distinct from large sums spent in the

acquisition of property and land. The greater part of the work covered by the Report of this Royal Commission does not fall within this category, but calls for work of survey and preparation while the immediate programme for the first two years is proceeding. This preliminary work should be energetically pursued, particularly in regard to Charing Cross Bridge, the building of which ought to have been commenced years ago. Certain parts of the work recommended by the Royal Commission are, however, ripe for commencement almost at once. In particular, this includes the scheme for the improvement of approaches from the East India Dock Road to the Victoria Dock, linking with the East Ham and Barking By-pass, estimated to cost some £3,000,000; and the construction of a road tunnel under the Thames from Dartford to Purfleet, which is also estimated to cost £3,060,000. The rapid industrial development on both sides of the lower reaches of the Thames, the increasing importance of the docks at Tilbury, and the construction of arterial roads between London and Tilbury on the North, and between Erith, Dartford, Gravesend and Strood on the South side of the river, have emphasised the need for such a tunnel, which would obviate long detours for road traffic and relieve the congestion in the centre of London. In both these cases, work could begin within three months and is admirably fitted for inclusion in an immediate plan of national development.

There is also work of large road improvement around London which is urgently required and could be put in hand quickly. Important sections of the Approach and Ring Roads round London have already been finished, and further work is urgently required to complete the scheme; and in particular to connect the South Circular Road with the North Circular Road on the West and on the East respectively. The value of a circular road is that it shall be circular! It is only useful for local traffic if at various important points the circle is broken. We recommend that the circle should be completed and the full return obtained, not only on the new capital, but on the capital already sunk, a return which would include immense savings in time, and therefore in money, resulting from the relief of the strangling congestion in London's centre.

**A conservative figure to cover road work of this character which could be quickly put in hand is £10,000,000, which, added to the £6,000,000 necessary for the Victoria Docks scheme and the Thames Tunnel, gives a total of £16,000,000.**

While this immediate work is being carried out, work of preparation should be energetically pursued in another direction, namely that of opening out great radial avenues from the centre of London (and of other great cities) to the outskirts, to link up with the ring roads, the trunk roads, and the other main roads in the open country beyond. The need for such roads is peculiarly great in London, particularly on the North and East. In conjunction with regional planning, appropriation of betterment values, and improved transport facilities generally, this should go far to simplify the problem of housing London's population. **Easy and cheap transport is the key to the housing problem, and to the slum problem in particular.** The work should therefore be proceeded with as work on the more immediately available schemes begins to slacken.

## SUMMARY OF ROAD PROPOSALS

To summarise our proposals for the first two years, we recommend that over this period there should be spent the following sums in £ Millions.

(1) Trunk Roads	...	42
(2) Ring Roads	...	20
(8) Special Work of Reconstruction and Improvement on District Roads	...	30
(4) Work of Reconstruction of weak and dangerous Bridges	...	87
(6) Special London Schemes	...	16

**Total £145 Millions.**

This gives an expenditure over the two years of £145,000,000, and, taking the average of 5,000 men

employed directly or indirectly (that is to say, either on road work or in the manufacture or transport of road materials or machinery) per million pounds of expenditure, is calculated to provide employment for 850,000 men in the first of these two years, and for 375,000 in the second. **This is employment entirely additional to that being provided in the ordinary way on the roads of this country.**

We have made it clear that these proposals do not by any means cover all the country's needs under the heading of Roads and Bridges. As we said at the outset, useful work of this character can be done to almost an unlimited extent. If, however, our general proposals were adopted, it would be seen, as the end of the two-year period approached, how much additional work was required (of course, in diminishing ratio) from the unemployment as distinct from the road point of view. We may confidently affirm that the need for employment would be on a far smaller scale, and there would be no difficulty in meeting it to the extent required.

We have already referred to the further work recommended by the Royal Commission on Bridges. Other important work at present under consideration includes the suggested Road Bridges for the Forth and Tay. Then, in addition, there would be the work of carrying the great Trunk Roads into the centres of the cities, relieving the urban congestion, and allowing the people to get out to their homes on the outskirts. As we have pointed out in relation to London, we have concentrated our attention for the moment on roads outside and on the outskirts of the cities, because this work can be commenced most quickly, and the greatest proportion of the cost is represented by wages. However, clearly, as opportunity and resources permit, these great avenues must be carried into the heart of the cities, the cost being largely, if not entirely, covered by the appropriation of a suitable proportion of the betterment value resulting, which would also be drawn upon to reduce the cost of the transport of the worker, the whole being carried out in conjunction with the large scale regional surveys referred to elsewhere in this report. This work is by no means confined to London or to the biggest cities.

**Simultaneously, plans should be in operation for supplementing the Trunk Roads by secondary radial roads and principal cross-communications between great towns and ports.**

### THE RECRUITMENT OF LABOUR

We should make it clear that in formulating our proposals in regard to roads, as in other cases, we have proceeded upon the principle of **doing work where the work is required**, as distinct from doing work where unemployment exists. In other words, **we have sought the best means of increasing the productive efficiency of the community, as distinct from the provision of mere relief work.**

We are confident that unemployed miners and other classes of the unemployed, such as shipyard workers, could be fully utilised upon road-making work, and steps should be taken to give them the fullest opportunity to find employment of this character. Contractors should be required to engage the whole of their labour for these road-making schemes through the Employment Exchanges, and to give a fair and generous trial to every suitable applicant thus submitted. We understand that this scheme has been successful on existing road-making work of the character we now recommend, and that the vast majority of unemployed workers engaged on these terms have made good. We doubt, however, the wisdom of insisting upon the employment of a uniform percentage of workers from coal mining areas. We can imagine districts in which local unemployment of workers other than coalminers is so high that such a fixed regulation would be out of place. The requirement should be that a certain percentage of workers from the specially depressed areas should be employed, this proportion to be determined in the light of the unemployment position in the locality.

We think there is every reason to believe that a considerable proportion of the men transferred from the areas of unemployment to the comparatively prosperous parts of Britain, in connection with road works there, would be absorbed fairly rapidly into the normal industry of the area in which they were working. However, we do not think that this can be carried out within a practicable period. Attempting such a policy is like running excursion trains to a football match which is not being played! We should meet the situation, not by spreading the volume of existing unemployment more thinly, but by providing the

attraction of a new source of employment. In other words, we propose to arrange the matches before running the trains.

### FINANCING THE ROAD SCHEME

The broad economic and financial considerations arising out of our proposals as a whole are dealt with towards the end of this Report. As to the detailed financial arrangements with regard to our road proposals, it is clear that the greater part of the cost must be met out of central funds, as a matter of justice, as well as of necessity. With regard to the great Trunk Roads, there is much to be said for throwing the whole cost of their construction upon central funds, if, indeed, they should not be taken over wholly by a Central Road Authority.

**The necessary capital for our road proposals should be raised by a Road Loan secured upon the increasing income of the Road Fund.** The receipts from motor vehicle taxation in 1927-28 were over £25,000,000, leaving, even after deducting the annual "raid" of over £4,000,000, a net income of over £21,000,000. The increases in net receipts in recent years have been:

	Increase over Previous Year				
1922	..	..	..	..	£1,438,000
1923	...	..	..	..	1,644,000
1924	..	..	..	..	2,066,000
1925	..	..	..	..	1,771,000
1926	..	..	..	..	1,724,000
1927	..	..	..	..	4,315,000

The increase in 1927 is in part attributable to, higher rates of duty on the larger hackney and commercial vehicles, but taking the period as a whole it seems reasonable to count upon an average increase in income of something approaching £2,000,000 per annum. In another five years, therefore, the receipts from present motor taxation may be very conservatively estimated at £35,000,000, without any reference to the petrol tax.

There would clearly be no difficulty in raising a loan up to, say, £200,000,000 upon the security of this Fund; and in so far as the proceeds were used in expediting necessary work of road improvement which would have to be carried out in any event over the next ten years, it would be perfectly proper to charge the interest and sinking fund against the future income of the Road Fund. There would, however, be available for this purpose not only the rapidly increasing annual income, but also the increasing capital values which should be appropriated under suitable "betterment" legislation. Thus, these proposals could be carried through without any additional charge in the way of taxation. It should be made clear that we are not here considering the question of whether the money for the roads is being raised at present in the best and fairest way.

### BETTERMENT

There is nothing revolutionary, or even novel, about the proposal to appropriate part of the betterment resulting from these road schemes. A House of Lords Committee in 1894 came to the decision:

"The principle of betterment – in other words the principle that persons whose property has clearly been increased in market value by an improvement effected by Local Authorities should specially contribute to the cost of the improvement – is not in itself unjust and such persons can equitably be required to do so." In 1918, a Committee under the Chairmanship of a distinguished Conservative, Sir Leslie Scott, set up by the Ministry of Reconstruction to consider the acquisition and valuation of land for public purposes, recommended:

"That as a general principle where the State or a Local Authority by a particular improvement has increased the value of the neighbouring land, the State or Local Authority should be entitled to participate in such increased value."

The Committee indeed went further and recommended that:

“The principle of Betterment applicable in the case of undertakings promoted by the State or by Local Authorities should also be applicable in case of private undertakings authorised in the public interest.”

We have already, therefore, recommended that: “land values, created by public improvements, carried out at the public cost, should contribute very substantially to the costs incurred, and that **in site-value taxation and in betterment charges lie a copious source of revenue**, scarcely tapped as yet, for financing the reconstruction of the road system which the country so urgently needs.”

How copious this source might be was shown there by certain striking illustrations. Sir Robert Perks, at a general meeting of the Southern Railway in February, 1927, called attention to the sale, at an average of £3,000 an acre, of land at Golders Green which “before the expansion of the Tube” was to be bought at from £200 to £300. Lord Ashfield, Chairman of the London Underground Railway Group, at its annual meeting in the same month, made a similar reference to the growth in land values in connection with the Edgware extension, and suggested that some means should be found whereby the increment in land values could be appropriated to pay some share of the enormous cost attending the construction of underground railways in London.

Equally striking evidence of rapid increase in value is shown in connection with the recent arterial road developments. Taking the new **Kingston By-Pass** as an example, land which, before the road was first contemplated was of an agricultural value of £30 to £50 per acre, had to be purchased for road construction purposes at £250 to £300 per acre. Building land, worth £300 an acre before the road was thought of, had to be purchased by the Surrey County Council for the Merton connection at an average of £1,250 per acre. **This is the first toll levied upon the community; the price to be paid by the public for the privilege of being allowed to increase the value of the remaining land.**

The second toll is levied upon the person who desires to build a house or factory. Land worth £100 per acre in 1921, and bought after the road proposals became known at £350 an acre, is now offered at from £2,000 to £3,000. Land worth £300 an acre in 1921, and bought in June, 1928, at £835 is now offered in sites (including perhaps a quarter of this for road making) at £2,500 an acre. Land belonging to an Oxford college, worth some £60 an acre before the road was contemplated, is being sold in building sites at from £4 to £8 per foot frontage. This includes about £2 per foot for road making in the back land. This back land sells at about £600 per acre, and the land near the main road at £1,800. All the land, therefore, has immensely increased in value as a result of the new road, **but the land fronting the road benefits doubly; firstly, because its value is much higher and, secondly, because there is no deduction to be made in respect of road-making charges. These increased values are due wholly and solely to the act of the community in making this road.** Could there be a more overwhelming case for the right of the community to appropriate a large part of this increased value? Sums so received would go far to pay the whole cost of the road in question. We propose that this “copious source of revenue” should be very generously drawn upon.

So far as roads are concerned, therefore, there will be no difficulty whatsoever in financing the work suggested without any charge on general taxation.

**Our proposals represent in effect the concentration over a short period, in the interests of the reduction of unemployment (and the giving thereby of a great stimulus to industry), of road work which must in any event be carried out over the next few years as a result of the imperative needs of the traffic itself. Our road capacity is already five years behind the times; we suggest it should be brought up to date. We should even take the risk of putting it five years ahead. It is simply the economic and statesmanlike way of doing work when it can be done with greatest advantage from the point of view of the interests of the community as a whole, and the utilisation of labour resources at present running to waste. True economy is wise and timely spending.**

## TELEPHONE DEVELOPMENT

Great Britain is telephonically undeveloped in comparison with other countries. That point is of primary importance in relation to our present problem, because it emphasises at the outset the need for telephone development independently of the unemployment situation.

### BRITAIN'S BACKWARDNESS

The usual measure of telephone density for the purpose of comparison is the proportion of telephones to population. On the basis of figures at the end of 1927, this country is tenth in density after the USA, Canada, New Zealand, Denmark, Sweden, Australia, Norway, Switzerland, and Germany. That this lowly position is not accounted for wholly or even largely by the notorious underdevelopment of telephones in our rural areas is shown by a few comparisons of towns. Thus, London, with a population of about 7½ millions, has a telephone density below many smaller towns on the Continent. Berlin, for instance, with a population of about 54 per cent. that of London, has 80 per cent. of the number of telephones in London. New York has one telephone for every three inhabitants; London only one to every ten. Thirty-one cities in the world have over 100,000 telephones. London is the only British city in this list. These figures justify the contention that there is much leeway to be made up.

### THE TELEPHONE AS A TOOL OF BUSINESS

It is hardly necessary at this stage to elaborate the economic advantage of an adequately developed telephone service. It is the swiftest known form of communication between persons at a distance from one another; and especially as the tool of industry and commerce it is a vital necessity, enabling capital to be turned over more quickly.

It is an admitted axiom in telephone engineering that the provision of facilities stimulates the demand, and this justifies the outlay on new plant. There must be borne in mind not only the increase in subscribers, but the greater average usage by existing subscribers (with consequent increased revenue). If the owners of the 1,722,581 telephones on the Post Office system at 31st December, 1928, made one additional local call per instrument per day, the additional annual yield to the Revenue would be £2,619,758!

### A REMUNERATIVE INVESTMENT

Moreover, it seems particularly desirable to emphasise the point that the money spent may correctly be described as "investment" rather than as "expenditure." This investment creates and enlarges a permanent national asset, revenue-producing, self-supporting, and profit-earning. The investment IS a sound one. Any commercial company, on the strength of the ascertained results of Post Office telephones during the last five years, the prospects of potential development revealed by the figures quoted above, lame security of the plant and the present financial position of the enterprise, could – and certainly would – invite the public to subscribe further capital with full confidence that all their requirements would be promptly met on favourable terms.

To put it another way; it is not suggested that this particular industry, or this particular branch of the public service, should be subsidised or granted a dole for the purpose of creating temporary employment. The suggestion is that those responsible for the administration of the nation's finances should adopt, in the case of the telephone system, the courageous yet prudent financial policy which would be commendable and would be expected from a commercial company. The case, indeed, for the adoption of such a policy is far stronger in the case of a Government than for such a company, since it is the heavy responsibility of the former to see that employment IS found.

### THE DIVERSITY OF LABOUR REQUIRED

Another attraction of telephone development from the unemployment point of view is the **diversity of the character of the labour it will absorb**. It is not, like road work, predominantly manual in character. It

calls for a large proportion of skilled labour and a good deal of female labour. The stimulus would be spread through a considerable field of industry.

### PROPOSED ACCELERATION OF DEVELOPMENT

The total number of telephones on the Post Office system at the end of 1928 was 1,722,581. The recent rate of growth under the restrictive hand of the Treasury has been kept down to about 120,000 per year. Careful consideration suggests no good reason whatever for the low position of Great Britain in the telephone world other than a failure of the Post Office, under Treasury restriction, to develop the service in the bold and imaginative fashion adopted, for example, by the American Telephone and Telegraph Company, which plans to spend £80,000,000 in development in each of the next five years. Sweden has 76 telephones per thousand of population and Denmark 92. Britain, with a far more highly developed industrial and commercial life, has only 36. **This discrepancy should cease.**

There is no reason at all why, with adequate finance and suitable publicity, the rate of increase should not rise over the average of the next five years by at least 150 per cent, making an addition of 1,500,000 new telephones in place of the 600,000 which our present rate of growth would secure. This would bring our total at the end of 1933 to 3,823,000. **Even so, allowing for the growth in population, our telephone density would be slightly under 90 per cent. of the Denmark density seven years earlier.**

During the five years 1923-27 the average capital cost per added telephone was nearly £81. The figure, however, has been falling in recent years, whilst a more rapid rate of installation carried out on more comprehensive and businesslike lines, instead of upon the recent piecemeal and expensive lines, would result in very important economies, both in manufacture of equipment and in cost of installation, economies of which the Government would reap the benefit. An effective Government equipped with emergency powers would have no difficulty in ensuring that result. It is reasonable therefore to estimate the average capital cost of the suggested 1,500,000 extra telephones at £63 each. The total capital required over the five years period for this programme would be about £95,000,000 as compared with, say, £45,000,000 at present rates, or an increased expenditure of, £50,000,000. To meet the present emergency more than an average proportion of this could be concentrated into the earlier years; and we visualize an additional expenditure over current rates in the next two years of £15,000,000 per annum.

In turning this into terms of employment, it must be remembered that a larger proportion of the total expenditure in the case of telephones is represented by overhead charges and by imported material than in the case of roads. A conservative estimate, however, of total numbers employed would be 4,000 persons per £1,000,000 of expenditure, which is consistent with the detailed figures available. This additional expenditure on telephone development of £15,000,000 in each of the next two years would provide additional employment of a diverse character for 60,000 persons over a period of two years. At least 20,000 of these could actually be at work within three months of the adoption of our recommendation by the Government.

Each subscriber, on the average, contributes £15 per annum to the Post Office revenue in the form of rental plus calls. The additional 900,000 telephones provided over the five-year period would thus represent an ultimate additional annual revenue of £13,500,000 on an additional capital outlay of £50,000,000, or a gross yield on the investment, once fully productive (and apart from the savings such as those on unemployment benefits) at the rate of over 27 per cent., which after deduction of additional current maintenance and service charges should certainly provide more than an adequate net return. This is without allowing for additional revenue from a larger number of calls from existing subscribers, which all experience justifies one in expecting. **Telephone development, therefore, while increasing our national efficiency, would contribute very substantially to the solution of our unemployment problem, not merely at no ultimate net cost, but, all things considered, at a profit.**



## ELECTRICAL DEVELOPMENT

The country is committed to a great scheme of electrical development under which current generated in large superpower stations will be widely distributed over the country. As the scheme develops, two desiderata will be simultaneously and increasingly achieved, namely, cheaper current, and wider facilities for its ready supply to industry, to agriculture and to the domestic consumer. Such a development is directly calculated to increase the efficiency of industry and the amenity of life.. At the same time it will give employment to a diversity of labour, including a substantial proportion of skilled craftsmanship; while assisting the electrical engineering and equipment industries in their development and in their struggle for markets abroad. A further consideration of prime importance is the assistance which would be rendered to agriculture by the widespread distribution of electric power. In particular, in order to revive the countryside, it is essential that there should be an effort made to establish rural industries; and the provision of electricity in the rural areas would do much to help in reviving them. They, in turn, would provide the means for supplementing the income of the agricultural worker by giving facilities for remunerative employment of a light character to his wife and his family.

An expert and technical review of the situation leads to the conclusion that probably not more than 20 per cent. of the total population of England and Wales were being served through the public electricity supply systems at the date of the latest published Return of the Electricity Commissioners, namely, 1925-26. The estimated figures of numbers of consumers (i.e. connections) for Great Britain, at the end of the year 1925-26 are:

	ENGLAND AND WALES	SCOTLAND	GREAT BRITAIN
Urban ...	1700,000	220,000	1,920,000
Rural .	200,000	30,000	230,000
<b>Total .</b>	<b>1,900,000</b>	<b>250,000</b>	<b>2,150,000</b>

These figures must be contrasted with the 7,867,000 consumers of gas in England and Wales in 1927; representing about 85 per cent. of the population as compared with about 20 per cent. for electricity.

The Weir Committee considered that an annual consumption of electricity amounting to 500 units per head of population might be reasonably expected by the year 1940. On the basis of experience up to date this would represent about 6,900,000 electricity consumers in Great Britain. The increase of 4,750,000 might be assumed, in the light of experience, to be distributed as in the following table, and, if so, involving the estimated capital expenditure shown.

	NO. OF CONSUMERS	CAPITAL EXPENDITURE £
Additional consumers connected to existing urban systems	1,920,000	42,000,000
Further urban consumers	2,330,000	93,500,000
Additional rural consumers	500,000	12,500,000
<b>Total</b>	<b>4,750,000</b>	<b>148,000,000</b>

No figures are available as to the expenditure during the three years subsequent to 1925-26; but it is probable that about £15,000,000 to £20,000,000 has been expended, leaving, say, £130,000,000 to be spent over the next eleven years, or an average of, say, £12,000,000 per annum, to enable the Weir Report level of consumption to be attained.

It is perfectly practicable in the present time of emergency to concentrate this development into the considerably shorter period of five years; and for our immediate purpose to concentrate into the next two years half as much again as the above average. No insuperable technical or other difficulties stand in the way. This would give us an expenditure of £18,000,000 per annum for these two years, as compared with the average for the past three years of, say, £6,000,000 or an additional expenditure over recent figures of £12,000,000 in each of the first two years of our scheme. After making allowance for the larger proportion of expenditure represented by overhead and higher technical assistance, as well as imported raw material,

we are advised that it is proper to assume the same proportion of total expenditure to be represented by direct and indirect labour as in the case of telephones, namely 60 per cent. Taking this basis and standard rates of wages, there would be about 4,000 men employed per £1,000,000 of expenditure. Thus the policy suggested **would provide employment for, say, 48,000 men in each of the next two years in excess of current figures.**

The corresponding increase in expenditure for generating plant over this period from now to 1940 would be about £68,000,000. In the earlier years it would be proportionately less, because of reserve capacity, and therefore we may take the expenditure over each of the next two years at, say, £3,500,000 in excess of the average expenditure of recent years; representing, on the same basis as before, employment of **an additional 14,000 men in each of these two years.**

**The expediting of electrical development on this scale would, therefore, provide employment in each of the first two years of our scheme for 62,000 men in excess of current figures.** This is without allowing anything for increased employment in wiring of premises or manufacture and installation of fittings and plant. Moreover, as in the case of the proposed telephone development, **it is work which represents not expenditure but investment.** The policy has been laid down; the work has to be done; the benefits from it, financial and otherwise, have been calculated. To expedite the work will simply secure these ends more quickly, while at the same time creating an increased demand for a diversity of labour at a time when such a demand is peculiarly desirable. To secure these ends all that is necessary is to get the local authorities and power companies to stimulate local demand, and to assist them, where necessary, to secure the necessary additional capital. There is no question of adding to taxation. The policy is thoroughly businesslike: it is merely one of progressive development at an accelerated rate.

## LONDON PASSENGER TRANSPORT

Since the war there have been some remarkable developments in the Greater London area. The trend of industry to the South has produced a marked effect in many of the districts round London, where unemployment has latterly been much less severe than in the country as a whole. Building has been rapid, but greatly hampered by lack of adequate road and transport facilities. The question of London's roads and bridges has already been dealt with in the Roads Section.

As regards transport, very limited progress has been made, but a valuable (if expensive) lesson may be learned from that which has taken place. The Hampstead and City and South London lines have been joined up and extended north-west from Golders Green to Edgware, and south-west from Clapham to Morden. This involved a heavy capital cost, which was provided by means of guarantees under the Trade Facilities Acts, without which the company concerned would probably have been unable to raise the necessary capital. Fares (not particularly cheap in themselves) did not provide sufficient security, and today it is doubtful how far the expenditure is profitable to the company. But as to the profit of another section of the community there can be no doubt at all. Before ever the extensions were commenced their mere announcement led to transactions in land along the proposed routes at enormously enhanced values, and although in the absence of a systematic valuation no definite figure can be given, there can be little doubt that already the increase in land values directly due to these extensions is far more than sufficient to meet the whole capital cost. But not one penny of it has been devoted to that end – all has gone as an unmerited present to landowners and speculators. We have dealt with this matter previously under the heading of Betterment. As we mention there, Lord Ashfield, at the annual meeting of the Underground Group on February 24th, 1927, expressed the view which we hold, viz., that this increment should have contributed to the cost of the railway. Not unnaturally, no more extensions have been undertaken.

The only other development has been the London Traffic Act of 1924, passed by Labour and Conservatives in alliance against Liberal opposition.

The Traffic Advisory Committee appointed under the Act of 1924 has published several reports, after public inquiries into the needs of North-East, East, and South-East London, from which it appears that the over-crowding, delay, and expense to which the unfortunate residents of those areas are exposed in their daily journeys between their work and their homes constitute a serious scandal, and go far to nullify the benefits of improved housing in the outer districts. In each case large extensions of railway and other facilities are declared by the Committee to be desirable, but in the main are not definitely recommended on the ground of expense. Those which were recommended (in 1925 and 1126) are still, with a few trifling exceptions, in abeyance.

In our opinion it is of urgent importance that not only those schemes endorsed by the Committee, but some others with which they did not definitely deal, should be put in hand with the least possible delay. The urgency arises from the situation with regard to Transport and Housing, in addition to our present subject: Unemployment. To secure this end, the co-operation of the State is necessary. There are several quite practicable methods (supported by experience) by which this can properly be done. One worthy of the fullest consideration in the case of such a matter as Tube extension is that the State should own the railway and lease the line to an undertaking which can work it in conjunction with an existing system. In such cases, control would be retained over the fares to be charged; and the increase in land values would be drawn upon by means of betterment and site value taxes in reduction of the cost and of the fares. This method of leasing has been used very successfully in the U.S.A.

There is undoubted need for reducing the cost of London transport, especially between some of the outer suburbs and the centre. Moreover, the lower the fares on the new railways, the greater will be the betterment to be taken by the State, and the higher the site value to be rated by the Local Authority.

The following is a list of a number of highly desirable extensions and Improvements, not all of which, of course, could be carried through in two years. In some cases steps should be taken to commence work at once. In others, work of survey and preparation should be immediately initiated and energetically pursued.

## PARTICULARS OF SCHEMES

### A – NORTH LONDON

- (1) Extension of the Piccadilly Railway to Manor House and Southgate.
- (2) Extension of the Highgate tube to East Finchley.
- (3) Electrification of L.N.E.R. from Finsbury Park to High Barnet and Edgware, with connections to provide through running on the G.N. & City and between the latter and the Metropolitan at Moorgate.
- (4) Provisions of Interchange Stations at Manor House and Golders Green for Tubes, Buses, and Trams.

### B – EAST LONDON

- (1) New electric railway from Liverpool Street via Bethnal Green, Victoria Park (in tube), Leyton, and West Walthamstow to Waltham Cross (on surface).
- (2) Electrification of L.N.E.R. from Liverpool Street to Romford and to Loughton, with new fly-over junction at Stratford.
- (3) New fly-over junction at Aldgate East.
- (4) Aldgate Interchange Station.
- (5) Electrification of existing L.M.S. (L.T. & S.) line and extension of District Railway service from Barking to Upminster.
- (6) New connection between existing lines from Fenchurch Street to B1acl~wal1, and Canning Town to Beckton (connecting all the docks); electrification of the whole, and extension by new surface line to Dagenham, Becontree and Romford.
- (7) A new electric line branching from (1) near Victoria Park then via Wanstead and North Ilford to Hainault Forest, and ultimately beyond (this might be connected with (6) at Romford).

## C – SOUTH-EAST LONDON

(1) New connection between Metropolitan (East London) and Southern Railways at New Cross providing, in conjunction with A(3) and B(3), direct connection between the G.C. and G.N. systems of the L.N.E.R. and the Southern Railway.

## D – WEST LONDON

(1) Surface electric line from Hammersmith to Hounslow West, picking up from Chiswick old trains of Southern Railway.

The total cost of the above proposals may be estimated very roughly at £17,000,000, and the employment directly on construction at an average of 16,000 men for the first two years and 6,500 men for two years more. A very large part of the remaining expenditure, however, would be upon such things as rails, girders, electrical plant, and cement, all of which would involve employment in the trades concerned, especially the steel trade. Half as many men again can be added on this account, bringing up the total additional employment to, say, 24,000 and 10,000 respectively.

In addition to the railway developments we have mentioned, a number of linkings-up and minor extensions of the tramway system are required, some of which would enhance the value of the system in a degree altogether out of proportion to their cost. Moreover, if our proposals for new roads in the London area are carried out, and if some of the more unreasonable restrictions imposed by the Minister of Transport are removed, there will be an appreciable addition to the number of motor omnibuses, without additional congestion. We have taken no account of the employment thus caused.

Some of the developments above-mentioned seem to have been delayed by the failure of the local authorities and companies concerned to agree among themselves, and by the attitude of some who were unwilling either to do the work themselves or to leave others a free hand. The national emergency requires a Government with power and determination to over-ride such difficulties, to decide upon a policy, and to carry it out.

## WORK FOR THE WORKLESS, NOW

Adopting a reasoned and balanced view throughout, and stating the details for consideration, we have outlined proposals which we believe will provide a great volume of useful employment over a period of years. In particular, we have shown how by work of necessary development in the chosen spheres alone, work can be directly provided in the following estimated proportions, the figures summarising the effect of the proposals given in detail above

Estimated additional work for a year in Great Britain for the number of men below, directly provided as a result of our detailed proposals under specific heads, and apart from indirect results:

	Within the First Year from the Schemes Starting Work	Within the second year
Roads and Bridges	350,000	375,000
Housing.	60,000	60,000
Telephone Development	60,000	60,000
Electrical Development	62,000	62,000
London Passenger Transport	24,000	24,000

## INDIRECT EFFECTS ON EMPLOYMENT

In all this, so far, we have taken no account of the large increase in employment everywhere resulting indirectly from the addition to the national purchasing power represented by the wages of those workers

directly employed in this way. The income of everyone of these will have increased twice or thrice; and this will be followed at once in a corresponding increase in expenditure on food, clothing, boots, housing, travelling, entertainment, and other amenities. As a result, a stimulus will be given to the whole of the industry and commerce of the country, reflected, in turn, in increased employment.

Again, we have included in our figures those employed in industries directly supplying the materials to be used in our national development schemes, but not those less directly affected. Thus, while we have included those working on roads, we have not included those making the additional vehicles which in consequence will come upon those roads; those building houses, but not those making the furniture and carpets for those houses; those installing electric generating plant and cables, but not those manufacturing the lamps and fittings which will be used at the ends of those cables.

After taking all these things into account, we have every confidence that within three months of a Liberal Government being in power, large numbers of men at present unemployed could be engaged on useful work of national development; and that within twelve months the numbers unemployed would be brought down to normal proportions.

Statistical evidence shows the normal pre-war percentage of unemployment to have been some 4.7 per cent. Applied to the present insured population this represents about 570,000.

We should not, of course, rest satisfied with that, but should resume that policy which Liberalism was pursuing up to the outbreak of war, designed to reduce and mitigate still further the burden of normal unemployment.

To summarise : Unemployment is industrial disorganisation. It is brought to an end by new enterprise, using capital to employ labour. In the present stagnation the Government must supply that initiative which will help to set going a great progressive movement.

### THE BANKERS' VERDICT

Since the issue of the Report of the Liberal Industrial Enquiry, the idea of a Policy of National Development has met with increasing acceptance in authoritative quarters. Thus, to turn to Mr. Goodenough, Chairman of Barclay's Bank, in his 1929 address to shareholders said:

"If these (depressed) industries are unable through these means to absorb their existing unemployed, there is ample opportunity for affording relief. . . in works of a more or less public character, such as levelling, road-making, planting, and drainage in many areas."

### THE BUSINESSMAN'S VIEW

Mr. William Harrison, the Chairman of the Inveresk Paper Company, who described himself publicly as a Conservative, said in his address to his shareholders this year:

". . . Whatever party found itself in power after the General Election must promptly set about organising work for the unemployed on a large scale, and public work of this character, if conceived and carried out on large lines, must lead to a growing demand for basic materials. Once the machine was started, it should not take long to create the necessary impetus which would bring about a great national revival of industry of which this country was so much in need."

The quarterly trade forecast of the Federation of British Industries for the first quarter of 1929 says:

"It is not possible, therefore, even with the best will in the world, to look forward during 1929 to anything more than an acceleration of the more favourable developments of 1928, assisted by such orders as may be placed by the Central Electricity Board and any other similar public schemes which may be instituted during the year."

## THE LOCAL GOVERNMENT VIEW

Again, the General Purposes Committee of the London County Council, in a recent report, say:

"The Council, in common with other municipalities and with public utility companies, by proceeding with such large schemes of work as the Victoria Dock Road and bridge construction and by traffic proposals which will promote the extension of tube railways and such like will really be helping in their own localities the men whose welfare the Government has in mind. Stimulus will thereby be given to the steel and iron trades, which will react upon the coal-mining areas by the demand for coal for iron and steel works. In this manner the Council can materially help the miner and the iron-worker."

### IT WILL PAY

One other objection we have left to the end. It is, that as it costs less per head to pay unemployment benefit than to set a man to work, then in the interests of national economy we should continue to follow the former course. To this we would reply that if it is more profitable to the national economy to have a million unemployed than half a million, then why not increase the unemployment to two millions and double the advantage? Why not, Indeed, let the whole nation become unemployed? Why stop at half measures? Such objections are the economics of Bedlam.

There are two possible approaches to the question of whether this policy of National Development will "pay"; the first in terms of facts and the second (and more familiar) in terms of bookkeeping. Taking the former, it should be clear that any arrangement which will give an unemployed man work at which he can produce useful goods or services without displacing another, must benefit the community as a whole, including himself. Whereas formerly he was merely drawing upon the fruits of the labours of others, and thereby reducing their share, he is now contributing to the totality of the community's wealth. If the value of his work exceeds the value of what he was formerly receiving in benefits and poor law relief, the remaining members of the community other than himself must *pro tanto* be better off.

The same point can be demonstrated in more familiar terms.

### THE EFFECT UPON THE STATE UNEMPLOYMENT INSURANCE FUND

Set out below is the account of receipts and payments of the State Unemployment Insurance Fund for the year 1928, abstracted from the monthly issues of the Ministry of Labour Gazette and ,resented in simplified form, to the nearest £100,000.

	Receipts £		Payments £
Employers' Contributions	16,400,000	Benefits	44,300,000
Employed persons' contributions	14,100,000	Cost of administration	4,700,000
Exchequer Contributions	11,800,000	Other payments (mainly interest on loans)	1,700,000
<b>Total</b>	<b>42,300,000</b>		<b>50,700,000</b>
Debit balance on year		8,400,000	

Taking the average of the year 1928, some 1,300,000 persons were unemployed and some 10,500,000 were paying contributions. On this basis the average benefits per unemployed person per annum were £34 1s. 6d., and the average contributions in respect of each employed person per annum totalled £4 0s. 6d. Assuming, for the moment, the effect of the re-absorption of a certain number of unemployed workers to

be a saving of no more than these average figures, this same account, but with an average of 750,000 fewer workers unemployed, would appear as follows:

	Receipts £			Payments £
Total Contributions	45,300,000		Benefits	18,700,000
Employers			Administration (est)	4,000,000
Employed			Other payments (est)	1,200,000
Exchequer				
<b>Total</b>	<b>45,300,000</b>			<b>23,900,000</b>
<b>Credit balance on year</b>		<b>21,400,000</b>		

The effect on this basis would therefore be to leave the Fund better off on the year, as compared with the actual, to the extent of £29,800,000.

In fact in such circumstances, the saving would be materially greater, for certain reasons, the most important being that the total number of insured unemployed includes a large proportion of workers in fact on short time and not "unemployed" in the ordinary sense. These workers receive a good deal less in benefits per head in respect of unemployed time, because of "waiting periods," and other qualifying conditions than do the permanently "unemployed." It follows that the remainder (who would be those in fact absorbed into employment as a result of our proposals) would be receiving a proportionately higher rate of benefit, and the saving as a result of their absorption would be higher in the same proportion. Instead of £34 1s. 6d. per annum, the actual figure of saving per worker employed would be a good deal higher. In the case of a typical group of males of 18 and over (the type, for example, likely rapidly to be absorbed into road-making), entitled to benefits on the scale shown by the Ministry of Labour sample investigation, wholly unemployed for the preceding year, the saving in average benefit would be £57 per annum each (as against the average figure of £34).

Based on this figure of £34 only, which is without doubt an unduly cautious basis, and allowing for increased contributions and reduced administrative costs, the saving to the Fund as a result of the absorption of the number of workers mentioned would therefore be practically £30,000,000 per annum. Taking the year 1928 for purposes of comparison, instead of the Treasury having to **provide** an additional loan of £8,400,000 to meet a debit balance, it would **receive** £21,400,000 in reduction of the Fund's indebtedness. At this rate the debt of £31,020,000 owing to the Treasury at December, 1928, would be repaid in less than eighteen months. Whilst for the sake of caution we have taken this low average of £34 per worker as the figure of saving for the Unemployment Fund, the actual saving to the community per worker absorbed would clearly be higher, because the cost of maintaining the bare existence of an average wage earner and dependants must be greater than this, and the excess would be an additional saving to the community either in the form of reduced Poor Law relief, or in other directions.

### INCREASED EXCHEQUER RECEIPTS

This, however, is not the full tale of saving. The Colwyn Committee in their report estimate the average payments in taxation made by persons in different circumstances; the figure, for example, in the case of a man in receipt of an income of £150 per annum with a family of two adults and three children being £17 9s. 3d. At £100 a year, the figure is £11 17s. 6d. For a single worker, or for an average family group per wage earner of 1.5 adults and .8 children, the amount spent on taxable commodities would be higher than for a family of the size taken by the Colwyn Committee. However, we have made no allowance for this, as we consider the Colwyn figure somewhat high, particularly in its estimate of the average amount spent on alcohol by the wage-earning class. Assuming that when a man becomes unemployed his expenditure on taxable commodities is reduced in greater proportion than his income as a whole, expert statistical examination suggests that the effect of restoring a man, previously drawing benefit at an average of 22s. a week, to employment at Standard Trade Union rates is likely to be an increase in receipts by the State from existing taxation of from £8 to £10 per man. The increase in receipts from women workers would be

considerably less, but they form a comparatively small proportion of the numbers unemployed, and therefore on the average, it is justifiable to take the figure of from £7 to £8 per worker. Taking again, for the purposes of illustration, the same figure of 750,000, this would give an increase in receipts in one year in respect of these wage-earners alone, of some £5,000,000 to £6,000,000. To this must be added the receipts, in indirect and direct taxation, on the increased income and profits received by contractors and manufacturers as a direct result of this increase in employment. Expert opinion suggests that on a cautious estimate this corresponding figure may be put at from £3,000,000 to £4,000,000. The additional receipts in taxation by the State under existing taxes as a direct result of the restoration of a number of workers of this magnitude to industry would, therefore, be a figure of between £8,000,000 and £10,000,000 per annum.

## A SUMMARY OF THE FINANCIAL EFFECT

This, then, is the situation. We have certain expenditure on telephone, electrical and transport development which, over a due period, can be justified as an ordinary commercial proposition. Some slight assistance in the way of reduced interest may be required in the first two or three years but this can be recouped later. We have certain road expenditure offering no direct financial return, though a large indirect return in savings to the nation in cost of transport and otherwise. But to meet the interest and sinking fund on the loan to finance this, we have a steady increase in receipts from motor vehicle taxation year by year, which increase alone at the present level of taxation, together with receipts from betterment, is likely to be sufficient to meet interest and repay the whole State expenditure within a comparatively short period of years. **All this work therefore, makes no drain on the Exchequer.**

On the "credit" side we have:

(1) a direct saving to the Unemployment Benefit Fund of many millions of pounds. Taking, again, for the purpose of our illustration, the same figure of a reduction of 750,000 in numbers unemployed, the saving to the Fund would be from £25,000,000 to £30,000,000 during each of the first two years in which the scheme operates, resulting in the repayment to the Treasury well within these two years of the full debt owing, which at present is over £31,000,000. This is quite apart from any future saving resulting from the general stimulus given to industry;

(2) an increase in receipts from existing taxation of some £10,000,000 to £12,000,000 per annum.

This takes no account of indirect increases in tax receipts resulting from the general stimulus to industry, such as increased profits of shopkeepers and others as a result of the substantial increase in purchasing power; and no account of reduction in poor law relief, nor in cost of health and similar services resulting from the increased well-being of the worker.

Leaving out of account, for the moment, the great contribution to human welfare resulting from the provision of work, does this policy look as if it would "pay" as a mere business proposition, or does it not? It is obvious that it must. **So, by a longer argument, we have come back to our first, and not very surprising, conclusion, that it pays a community better to have its citizens working than to have them idle!**

We finish as we began: what is wanted to conquer unemployment is the belief that it can be conquered; the determination to attack it in the same spirit as the emergencies of the war; a policy calculated to secure success; and a capacity to carry that policy through to a conclusion.

**Work for the Workless now. We can conquer Unemployment.**