

the extent of unemployment and for centralising applications for employment and offers of employment should be set up. In some neighbouring countries where conditions are not very dissimilar, e.g. Egypt and Palestine, a beginning has already been made with legislation of this kind. In Turkey and 'Iraq it has been officially stated that legislation is being prepared. It is to be hoped, therefore, that the extension of labour legislation in Syria will be dealt with by the public authorities as a matter of urgency for the well-being of the increasing industrial population.

Relief Works in Great Britain

In view of the widespread interest which is being shown in many countries in the development of public works as a means of raising the present depressed price level and increasing the purchasing power of consumers, it is of particular importance that the results of any experiences in this field should be carefully reported upon and made known to those who are trying to find the best way out of the present economic crisis.

The relief works which have been put in hand in Great Britain with the assistance of the Government since December 1920 had as their main direct object not the raising of the price level or the increase of purchasing power, but the finding of employment for as many as possible of the unemployed population. Moreover, these works form only one small corner of the public works field, namely, that of works accelerated with Government aid. A complete picture would have to include other variations in the public works programmes of the local authorities, for some of which grants are paid by other Government Departments. Nevertheless, the results of the relief works experiment, which is described below, throw light on some at least of the problems which arise in connection with the wider policy.

THE UNEMPLOYMENT GRANTS COMMITTEE

As the Act under which Government grants in aid of public works for the relief of unemployment were made expired in August 1932 and as the Government decided not to renew that Act, the Committee which had been set up to supervise the grants, and which was known as the Unemployment Grants Committee, has now issued its final report, covering the whole period from December 1920 to August 1932.¹ The Committee was originally appointed "for the purpose

¹ MINISTRY OF LABOUR : *Final Report of the Unemployment Grants Committee, 20 December 1920-31 August 1932*. Cmd. 4354. London, 1933. 35 pp.

of assisting local authorities in the United Kingdom in carrying out approved schemes of useful work other than work on roads and on housing schemes " and had the following terms of reference :

" The selection of schemes to be assisted and the amount of the assistance to be given in any particular case will be decided by the Committee, who will be instructed in coming to a decision to observe the following general principles : (1) the expenditure is not to exceed a total of £3,000,000 ; (2) works will be approved only in areas where the existence of serious unemployment, which is not otherwise provided for, is certified by the Ministry of Labour ; (3) preference in employment must be given to unemployed ex-service men ; (4) the grant must not in any case exceed 30 per cent. of the wages bill of additional men taken on for the work ; (5) the works must be such as are approved by the appropriate Government Department as suitable work of public utility. "

The policy laid down in these terms of reference was however modified from time to time in accordance with decisions of the Government. Thus, during the greater part of the time grants were made not only to local authorities but also to statutory bodies not trading for profit, boards of guardians, distress committees, and voluntary agencies, and also to public utility companies, universities, colleges, and voluntary hospitals. From 1929 onwards, however, the Committee was confined to the consideration of schemes put forward by local authorities and statutory bodies not trading for profit, while grants to public utility companies were made by a different committee known as the Development (Public Utility) Advisory Committee.

GENERAL POLICY

With regard to general policy the Committee states that during the years 1921-1925 grants were given freely towards the cost of suitable schemes provided by local authorities in areas where unemployment was severe. From December 1925 to November 1928 the qualifying conditions were made so stringent that few schemes were submitted and of these the great majority could not be approved. From November 1928 the scheme was opened on special terms to local authorities willing to employ men from the depressed areas ; certain relaxations of the conditions were made in July 1929 and in July 1930 grants were made available to all local authorities on uniform terms and under uniform conditions. In September 1931, when the National Government came into power, grants were offered on a much reduced scale up to the end of January 1932, after which no further schemes were approved.

The original intention of the scheme of grants was to provide temporary relief in localities where unemployment was severe during the emergency arising from the failure of industry to absorb men demobilised from the services, and it was not then anticipated that there would be any need for such relief after the spring of 1921. The level of unemployment, particularly in certain industrial areas, remained so high, however, that the period of operation of the grants had to be extended. In the meantime the terms of the grants had been improved

from 80 per cent. to 75 per cent. of the wages bill of additional men taken on for the work, and a new form of grant had been introduced applicable to schemes financed out of loans. The terms of reference required that works should be approved for grants only in areas where the existence of serious unemployment was certified by the Ministry of Labour, but after March 1924 the use of this certificate was discontinued, although the extent of unemployment continued to be regarded as one of the factors to be taken into account in deciding whether grants should be made or not. From September 1921 onwards the Committee was empowered to approve schemes for grant only if the works involved would not otherwise have been proceeded with at the time.

In December 1925 the qualifying conditions were made more stringent in that grants were limited to areas where unemployment was exceptional and to works which would not normally have been put in hand for some considerable time (ordinarily more than five years). The result was that the scheme of grants was almost in abeyance from December 1925 to November 1928.

An entirely fresh consideration was then taken into account, namely, the desire of the Government to facilitate the transfer of workers, and particularly of miners, for whom opportunities of employment in their own district or occupation were no longer available. The Government therefore authorised the Committee to make grants to local authorities in the more prosperous areas provided they were willing to undertake works of public utility and to employ not less than 50 per cent. of the men required for the works from depressed areas. Moreover, a substantial increase in the amount of grant for non-revenue-producing schemes was offered, this being equivalent to as much as 68 per cent. of the total cost of the schemes. In general these new arrangements proved to be a sufficient inducement to local authorities in suitable districts to accept the conditions, and a substantial number of schemes were submitted for grant on transfer terms.

When the Labour Government came into power in June 1929 the Committee was for the first time placed on a statutory basis under the Development (Loan Guarantees and Grants) Act, 1929, and in addition considerable pressure was brought to bear on all local authorities to put forward the maximum number of schemes of public works. The terms of grant were made much more favourable, whether or not labour was transferred from the depressed areas to more prosperous areas, and in June 1930, when the Government again appealed to local authorities to consider what further works could be put in hand, further modifications of the terms and conditions of grants were decided upon, still more favourable to local authorities than those hitherto in force. The effect of the Government's policy was speedily reflected in the number of men for whom employment was being provided through the medium of grant-aided schemes. In July 1929 the number in employment on such works was below 10,000 and by March 1931 the number had increased to 59,000.

In the spring of 1931 the scheme of grants administered by the Committee came under review by the Committee on National Expen-

diture, which recommended that the grants approved through the Unemployment Grants Committee should be substantially reduced and should in no case be more than 25 per cent. of the cost of a scheme. The report also recommended that the Unemployment Grants Committee should in future make no grants towards road or bridge improvements, on the ground that these were the concern of another department of the Government. These recommendations were accepted by the Government and the grants accordingly reduced. The Committee ceased altogether to approve schemes at the end of January 1932, but remained in existence until the expiry of the Development (Loan Guarantees and Grants) Act, 1929, at the end of August 1932.

NATURE OF THE WORKS

The works which the Committee was empowered to assist comprised all works of public utility normally undertaken by eligible authorities, except those grant-aided from the Exchequer through other sources. They were mainly works of sewerage and sewage disposal, water supply, extension and improvement of docks and harbours, electricity supply, and the construction, widening, diversion, and reconstruction of unclassified roads. Schemes involving work on trunk roads, class I and class II roads, and any other works in respect of which authorities were in receipt of grants from the Road Fund were not eligible for consideration. The same applies to housing schemes, which were grant-aided through the Ministry of Health. Schemes of the types mentioned account for the bulk of the expenditure approved for grant. A number of other useful schemes were also approved, however, including sea and river defence works, land reclamation and flood prevention, the levelling, draining, and laying-out of land for aerodromes, parks, and recreation grounds, and the erection of abattoirs, public baths, and wash-houses.

Throughout the period of its existence the Committee found it necessary from time to time to reject schemes because, for one reason or another, they were considered to be either ineligible or unsuitable for grant aid. In the majority of cases the ground for rejection was that the works were not being sufficiently accelerated out of the normal course to justify Exchequer assistance. Bearing in mind that the object of the scheme of grants was to secure immediate provision of work for the unemployed which would otherwise not be available, the Committee felt that there could be no justification for Exchequer assistance towards the cost of works which, without grant aid, would be undertaken in the near future as part of an authority's normal programme.

CONDITIONS OF GRANT

The conditions of grant were modified from time to time but in their final form they may be summarised as follows : (1) the work must be approved by the appropriate Government Department as a work of public utility ; (2) the Committee took into consideration the extent to which the work was calculated to promote economic develop-

ment in the United Kingdom ; (3) the Committee did not recommend a grant unless they were satisfied that there was substantial acceleration, and no grant was made available for works in the nature of maintenance or repairs ; (4) schemes of work in connection with a service already grant-aided from public funds were not eligible for grant ; (5) generally speaking all men engaged for the work were to be taken on through the local employment exchange, but in certain cases men might be nominated by public assistance committees for employment ; (6) the unemployed workmen taken on for any scheme of work approved for State assistance remained on the registers of the employment exchange and were regarded as available for suitable employment if such could be offered to them by the exchange ; (7) the local authority or its contractor was at liberty to employ for controlling and supervising purposes a number of permanent employees not exceeding 10 per cent. of the total number of men engaged on the work ; no grant was payable in respect of payments to men employed on or in connection with the work who were in the regular employment of the authority ; (8) not less than 75 per cent. of the men taken on for the work were to be ex-service men, but in particular cases this proportion might be reduced by the Committee ; (9) as far as practicable only married men or single men with dependants were to be employed on schemes undertaken in areas of severe industrial depression ; (10) all materials required were, as far as practicable, to be of United Kingdom origin and manufacture ; (11) where the local authority undertook the work by direct labour the rates of wages paid were not to exceed the local authority's rate to its own workmen on similar classes of work or the recognised district rate if that were lower ; where the work was to be carried out by contract the contract had to include the fair wages clause as inserted in Government contracts ; (12) work on approved schemes was to be carried out during normal working hours only.

FINANCE

The financing of the schemes is in many ways their most important feature. During the period under consideration 17,640 schemes were approved for grant, the total estimated cost being approximately £191,000,000. Of this total about £172,000,000 is being met out of loans raised by local authorities, repayable over varying periods, mainly 20 or 30 years, the balance being met as incurred out of revenue. The grant payable in respect of expenditure on non-revenue-producing schemes financed out of loans is a proportion of the loan repayment charges, both principal and interest, for a maximum period of 30 years. For revenue-producing schemes financed out of loans the grant payable is a proportion of the loan interest only for a maximum period of 15 years, except in the case of schemes approved after 14 September 1931, when the maximum period was extended to 30 years coincident with a reduction in the rate of grant. The grant in aid of all schemes financed otherwise than by way of loans took the form of a proportion of the wages of the unemployed men taken on for the work. This proportion during most of the time was 75 per cent. of the wages. In

respect of schemes financed out of loans the Exchequer liability will not be finally discharged until the financial year 1963-1964, although work on the last scheme to be completed is expected to terminate by the end of March 1937. It is estimated that the grants towards the cost of all approved schemes represent approximately 35 per cent. of the total capital outlay of £191,000,000. The Exchequer liability will reach its maximum of approximately £4,463,000 in the financial year 1934-1935.

EMPLOYMENT VALUE OF SCHEMES

In considering applications for grants the Committee paid particular attention to the amount of direct employment which the schemes were expected to provide, that is, the employment for men on the actual site of the works, regarding this factor as the main indication of the value of a scheme as a measure for the relief of unemployment, while not overlooking the indirect employment provided in workshops and factories in the manufacture of materials and the manufacture of plant and machinery.

With a view to obtaining reliable information concerning the amount of employment provided by a given capital expenditure, a survey was made of a number of representative schemes taken at random from among those undertaken and completed during the past three years. Among the particular schemes selected those relating to the levelling, draining, and laying-out of recreation grounds are the most productive, while electricity supply schemes are the least productive of direct employment. The Committee has come to the conclusion, on the basis of this enquiry, that the allocation of £1,000,000 on grant-aided expenditure between the various types of schemes according to the proportion in which they were approved by the Committee for the whole period from 1920 to 1932 would on the average result in the provision of direct employment amounting to rather more than 2,500 man-years. In schemes in which there was only a small return by way of direct labour there was, generally speaking, a correspondingly large return by way of indirect labour. The Committee hesitates to suggest a figure to represent the amount of indirect employment given, but such employment is clearly substantial and due allowance should be made for this factor in considering the employment value of public works.

ECONOMIC AND MORAL CONSIDERATIONS

The Committee deals in its Report with certain economic and moral considerations. It feels that the schemes have resulted in the creation of assets having a value reasonably equivalent to the capital expenditure involved if allowance is made for the loss arising from the employment of men unaccustomed to the type of work for which they were required and from the adoption by certain local authorities of a relay system under which the men were changed periodically, the periods varying usually from four weeks to three months. The amount of the

loss attributable to these causes is difficult to estimate, but the Committee states that in preparing estimates of the cost of schemes contractors and surveyors of local authorities may have increased the normal estimate by as much as 15 per cent. of the wages bill to provide for the cost of carrying the work out under the conditions imposed by the Committee and by the local authorities. Against this may be set a saving to the Unemployment Fund by way of benefit which would have been paid to many of the men employed on the schemes if they had remained unemployed.

The Committee consider that these schemes of public works have also had a value in allaying unrest and preventing demonstrations. Representatives of local authorities have on numerous occasions expressed the view that the schemes have had an important beneficial influence in their district. This influence goes further than might be inferred from the mere number of men actually employed on the schemes at given dates. Account must be taken of the men who are employed as an indirect result of the schemes, while, apart from the working of the relay system, the changes of personnel which commonly occur on works of this kind result in the work being spread among many more men than are indicated by the number of men working on the schemes at any particular time.

Trade Unionism in China since 1929¹

THE KUOMINTANG LABOUR POLICY

In order to understand the evolution of political or economic problems in China in recent years, including that of trade unionism, it is essential to bear in mind the paramount influence of the *Kuomintang* or National Party.² After the reorganisation of the Party in 1924, it exercised an increasing degree of supervision over trade unions, until the wide powers of control it had assumed were confirmed by the Trade Union Act of 1929. Some reference to the development of the labour policy of the Kuomintang is therefore necessary.

The accelerated growth of factory industry and of modern trade unions in China dates roughly from the Great War, and it was not until the reorganisation of the Kuomintang in 1924 that the need for a labour policy was realised and a preliminary programme of labour protection adopted. The development of this policy since 1924 has

¹ For an account of the development of trade unionism in China before 1929, cf. INTERNATIONAL LABOUR OFFICE : *Freedom of Association*, Vol. V, pp. 353-399. Studies and Reports, Series A, No. 32. Geneva, 1930.

² *Idem*, p. 362 et seq.