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The Reorganisation of Industry Series.

VI.

AN INTRODUCTION
TO
Trade Union Law.

BY

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(BARRISTER-AT-LAW)

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PREFATORY NOTE.

THIS little book is the outcome of three lectures delivered by Mr. Slesser at our Summer School in 1918. Apart from the verbal alterations and the touching-up of phraseology indispensable in the transformation of lecture notes into a book, the lectures are here reproduced in their original form. Mr. Slesser, after preparing his MS., very kindly presented it to the College, and the Council at once decided that they could not do better than to publish it as a new volume in the Reorganisation of Industry series.

THE connection between Trade Union law and the reorganisation of industry may, perhaps, at first sight seem a little remote. But the Trade Unions will play a very prominent part in helping to bring about the industrial changes of the future, and in any state of society we are likely to see for a long time to come they are certain to hold an important position. It is, therefore, essential that Trade Unionists should be acquainted with the relations of Trade Unions to the State and to the social and industrial system of which they form a part, and for this a knowledge of Trade Union law is indispensable.

A VERY important feature of Mr. Slesser's book is that it begins by stating in the clearest language some of the fundamental principles of law, for, as he says: "It is scarcely possible for Trade Unionists to hope to understand the law as it particularly affects them, unless they have some clear notion of the principles underlying the general law of the land." The study of Trade Union law is no very easy task, as Trade Union officials know, but they, as well as the members of Trade Unions generally, will find in Mr. Slesser's little book not merely an outline clearly and very attractively drawn, but a key to the wider study of the subject in the more elaborate works. Students of Trade Union law all over the country will, I feel sure, join with Ruskin College in the thanks which it offers to the author for his generous gift.

H. SANDERSON FURNISS,

Principal of Ruskin College.

Oxford, July, 1919.

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Appendix I.

The following Abstract, prepared from the Bombay official Civil List of July 1884, shows the distribution of the principal *unreserved* appointments of superior (gazetted) grades by races.

In the preparation of this Abstract the following points have been kept in view :—

(1) Appointments reserved by Statute for Covenanted Service are excluded, *e. g.*, Commissioner and Assistant Commissioner in Sind, and Commissioner and Collector of Salt and Customs.

(2) As far as possible temporary appointments and absentees have been excluded. Portuguese Christians are classed as *Natives*. The Eurasians and Country-born Europeans are classed as *Europeans*.

(3) The appointments in the Department of Public Works (Civil) being of a special character and requiring professional qualifications, are excluded. The bulk of the superior appointments are held by Royal Engineers, the rest are supplied from Cooper's Hill College by direct nomination in England and Bombay. There are comparatively few Natives in the upper grades.

DEPARTMENT.	Number of Appointments.						Pay and Average Salaries (per month).						REMARKS.
	Total Strength.	Europeans.				Natives.	Range of Salaries. Rs.	Europeans.				Natives. Rs.	
		Uncovenanted.		Military (No. in India).	Covenanted.			Uncovenanted.	Military.	Covenanted.			
		Selected in England.	Nominated in India.								Selected Rs.		
1. Sind Commission	35	0	12	8	2	13	300 to 1800	0	586	1250	500	385	<p>* Revenue Survey — The pay of Commissioner was reduced on its being transferred from a Military man to a Civilian. The nominees include all appointments since 1869; the two natives are Portuguese.</p> <p>† Political. — Excludes Aden Resident, which combines Military duties with Political.</p> <p>‡ One Judicial appointment only.</p>
2. Deputy Collectors (excluding Sind)	42	0	9	0	0	33	300 to 800	0	577	0	0	397	
3. * Revenue Survey and Settlement ..	56	0	47	6	1	2	280 to 2325	0	568	996	2325	610	
4. District Police (above Inspectors)	43	0	31	12	0	0	200 to 1000	0	442	775	0	0	
5. Education (Graded List)	17	9	7	0	0	1	700 to 2450	1157	1046	0	0	750	
6. Political.	40†	0	3	27	1†	9	150 to 4000	0	508	1135	1400	255	
7. Registration (Inspection)	8	0	1	0	0	7	150 to 2000	0	2000	0	0	260	
8. Salt	12	0	9	1	1	1	200 to 1250	0	600	1250	1000	450	
9. Customs and Opium	8	0	6	0	0	2	350 to 1300	0	628	0	0	470	
10. Forests	40	13	15	3	0	9	150 to 1500	580	503	1308	0	180	
	301	22	140	57	5	77	
Financial	7	0	5	0	1	1	<p>All these are under the Government of India and independent of Bombay.</p> <p>§ Postmaster General (Bengal Covenanted Service.)</p>
Mint	5	0	0	5	0	0	
Post Office	27	0	8	0	1	18	419	1950	291	
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Appendix II.

The following is a nominal list of the Uncovenanted European Civil Officers who have been nominated in India to posts in the Civil Administration of Bombay. The particulars relating to each Officer are taken from the Official Civil List and from the official History of Services:—

I.—*Sind Commission.*

Name.	Date of first Appointment.	Present Monthly Pay. Rs.	REMARKS.
1. W. H. F. Boltop...	2 March 1856	972	Besides the Uncovenanted European officers named, there are 8 military officers employed in the Sind Commission. These officers belong to the Bombay Staff Corps and have been nominated in India to the ordinary civil administration by pure patronage.
2. S. W. Tyndall ...	27 Oct. 1860	972	
3. H. G. Watson ...	15 Nov. 1864	922	
4. R. M. Lambert...	4 Dec. 1865	761	
5. R. Giles.....	20 Mar. 1869	761	
6. C. E. S. Steele ...	11 June 1869	661	
7. H. L. Mules	3 July 1874	711	
8. J. R. Price	4 Apr. 1877	561	
9. M. D. Mackenzie.	20 Aug. 1877	561	
10. A. G. Cumming.	25 Apr. 1883	411	

• II.—*Deputy Collectors (excluding Sind).*

Name.	Date of first Appointment.	Present Monthly Pay. Rs.	REMARKS.
1. H. Ingle	7 Dec. 1859	800	Since the year 1869 only 2 Europeans have been appointed. Of the large number of Native
2. J. F. Fernandez ...	2 Apr. 1861	700	
3. W. R. Hamilton...	12 Oct. 1869	600	
4. C. T. Kyte	2 Apr. 1861	600	

N.B.—For the information of English readers it may be mentioned that a salary of Rs. 500 per mensem is equivalent at the present rate of Exchange (1s. 7½d.) to £ 487-10s. sterling per annum.

Name.	Date of first Appointment.	Present Monthly Pay. Rs.	REMARKS.
5. A. W. Hughes ...	27 Nov. 1860	600	Deputy Collectors now employed a considerable proportion have risen from the lower ranks in the Revenue Department, and have passed through the Mamlutdar's Grade.
6. E. T. Richardson..	11 Apr. 1856	500	
7. A. H. Plunkett ...	23 Dec. 1863	500	
8. T. Hearn.....	12 Dec. 1864	500	
9. T. C. Anding	9 Aug. 1871	500	
10. C. W. Richardson.	18 Aug. 1869	500	
11. H. F. Carvalho ...	1 Apr. 1882	300	

III.—*Revenue Survey and Settlement.*

Name.	Date of first Appointment.	Present Monthly Pay. Rs.	REMARKS.
1. *W. M. Fletcher ...	23 Jan. 1866	1200	*Superintendent.
2. W. S. Price.....	2 July 1856	895	
3. F. T. Willaume	31 Oct. 1863	795	
4. W. Turnbull	14 Aug. 1865	795	
5. A. P. Young	6 May. 1867	795	
6. R. T. Wingate	28 Jan. 1868	795	
7. H. D. E. Forbes.....	4 Oct. 1871	695	
8. J. H. C. Dunsterville.	5 Jan. 1869	695	
9. F. W. Francis	15 Sept. 1873	695	
10. F. B. Young	24 Aug. 1875	695	
11. J. L. Lushington ...	27 July 1874	695	
12. W. S. Owen	29 Mar. 1876	560	
13. J. A. McIvor	21 Aug. 1881	255	
14. †J. R. Gibson	22 Mar. 1862	995	†Serving under Egyptian Government.
15. W. G. Harrison	25 June 1856	795	
16. J. M. Young	5 May 1863	795	
17. G. Hearn.....	24 Sept. 1855	795	
18. J. LeMesurier.....	24 Sept. 1873	795	
19. H. H. Summers	27 Sept. 1854	695	
20. F. DeSouza.....	6 Dec. 1855	695	
21. H. F. Hatch	1 Dec. 1873	695	
22. H. C. Davidson	23 Feb. 1872	695	

Name.	Date of first Appointment.	Present Monthly Pay.	REMARKS.
		Rs.	
23. F. W. Marriott	7 May 1872	560	
24. W. H. Cumming	30 May 1882	385	
25. A. S. Bulkeley	16 Nov. 1855	895	
26. J. R. Fernandez	25 July 1861	795	
27. A. B. Forde	24 June 1868	795	
28. J. W. Scott	25 June 1856	795	
29. H. R. Disney	27 Mar. 1860	795	
30. R. B. Pitt	12 Oct. 1859	795	
31. J. C. Whitcombe	8 Apr. 1857	795	
32. *W. G. Waite	18 Oct. 1866	800	*Superintendent Government Photo-Zinco-graphic Dept., Poona.
33. E. W. L. Morant	13 Nov. 1868	695	
34. G. Dalzell	23 Aug. 1871	695	
35. H. L. Holland	11 May 1872	695	
36. G. H. Hampton	3 June 1878	560	
37. A. G. Spring	15 Aug. 1881	385	
<i>Sind Survey.</i>			
38. W. J. Wilkins	15 Feb. 1867	895	
39. G. Berrie	27 Oct. 1862	695	
40. J. F. Nash	12 Aug. 1864	695	
41. G. F. Mathieson	29 Jan. 1867	695	
42. W. A. Boulton	6 Dec. 1869	695	
43. L. W. Seymour	22 Dec. 1877	560	
44. W. S. Cole	26 Sept. 1878	560	
45. W. D. Wilkins	31 Mar. 1879	560	
46. B. G. Gilbert-Cooper	1 Jan. 1878	460	
47. P. Ross	16 Aug. 1878	460	
48. C. Warburton	2 Sept. 1879	460	
49. C. F. Erskine	25 June 1880	385	
50. †C. E. Biddulph	19 Jan. 1878	385	†Serving in Baroda.

In addition to the 50 Unconvenanted Officers named above there are 6 Military officers belonging to the Bombay Staff employed in this department. All of these officers, both military and unconvenanted, have been nominated in India by pure patronage.

IV.—*District Police (above Inspectors).*

Name.	Date of 1st Appointment.	Present Monthly Pay.	REMARKS.
		Rs.	
1. C. M. McIver	19 March 1867	200	
2. H. Scannell	28 May 1868	1,000	
3. R. H. Vincent.....	1 Mar. 1869	900	
4. H. Kennedy.....	12 Mar. 1872	900	
5. T. E. Down.....	24 May 1872	900	
6. W. B. Prescott	11 Dec. 1875	900	
7. H. J. H. Henderson.	3 Mar. 1876	900	
8. H. J. Duggan	5 May 1876	800	
9. C. G. Coles	17 Mar. 1875	650	
10. F. Yates	21 Mar. 1875	800	
11. W. J. Holland	3 Mar. 1879	800	
12. H. G. Gell	10 Feb. 1881	800	
13. F. L. Goldsmid	11 Sept. 1878	650	
14. H. N. Alexander.....	3 June 1877	650	
15. M. Kennedy	8 Mar. 1877	650	
16. J. B. D. Adams	14 Mar. 1879	550	
17. H. M. Gibbs.....	21 July 1880	650	
18. E. V. Mackay.....	21 Apr. 1882	650	
19. F. Austin.....	7 Apr. 1883	550	
<i>Police Probationers.</i>			
20. F. C. Jones	4 Apr. 1882	650	
21. G. M. Cotgrave	7 Jan. 1882	500	
22. D. Davies	7 Jan. 1882	480	
23. L. H. Spence	7 Jan. 1882	480	
24. F. H. Warden	Not shown	250	
25. G. C. Cox.....	1 Feb. 1883	200	
26. J. H. C. Schneider ...	14 May 1882	480	Deceased.
27. G. A. Bulkley	21 Feb. 1883	380	
28. A. Jardine.....	11 Jan. 1882	200	
29. C. A. B. Beatty	23 Feb. 1883	300	
30. R. Mactier	16 Feb. 1883	250	
31. P. M. De H. Larpent.	4 May 1883	200	
32. H. St. L. Wood	28 April 1883	200	
33. J. G. Penton.....	22 April 1883	200	

In addition to the 33 uncovenanted officers named above, 12 military officers belonging to the Bombay Staff Corps are employed in this department. All of these officers, both military and uncovenanted, have been nominated in India by pure patronage.

K.—Political Department.

Name.	Date of first Appointment.	Present Monthly Pay. Rs.	REMARKS.
1. P. S. V. Fitzgerald.	17 Jan. 1878	700	Joined Service in Revenue Survey. Transferred to Political Department 23rd Dec. 1874, confirmed 17th June 1878.
2. J. H. Warden	5 Dec. 1883	350	Police Probationer. Transferred to Political Dept. 5th Dec. 1883. Not yet confirmed.
3. C. F. G. Lester	1 June 1880	500	Joined Service as Assistant to Pol. Supdt., Sawantwadi.

VI.—Registration (Inspection) Department.

Name.	Date of first Appointment.	Present Monthly Pay. Rs.	REMARKS.
1. T. P. H. M. Filgate.	20 Aug. 1870	2000	Inspector-General of Registrations

VII.—Salt Department.

Name.	Date of first Appointment.	Present Monthly Pay. Rs.	REMARKS.
1. T. M. Cotgrave	25 Jan. 1866	1,025	
2. N. R. Oliver	27 April 1875	1,225	
3. R. Thom	7 Mar. 1874	950	
4. M. C. Leckie	1 Aug. 1873	775	

Name.	Date of first Appointment.	Present Monthly Pay. Rs.	REMARKS.
5. C. Pogson	1 Dec. 1875	775	
6. J. H. Dickinson,	10 Mar. 1869	775	
7. G. H. Aitken	30 Sept. 1876	800	
8. F. J. A. Hill	28 June 1882	605	
9. H. Bulkeley	4 July 1881	605	
10. E. Close	Not shown	250	
11. P. G. Scott	8 July 1882	200	
12. A. N. Maidment	Not shown	200	

VIII.—*Customs and Opium.*

Name.	Date of first Appointment.	Present Monthly Pay. Rs.
1. H. L. Wright.....	1 Feb. 1881	750
2. W. G. Young.....	4 Feb. 1881	350
3. G. A. Ainsworth ...	30 Sept. 1882	430
4. R. N. Coghlan	3 Jan. 1883	1300
5. T. Strip	Not shown	300
6. W. Almon	15 Dec. 1883	320

IX.—*Forest Department.*

Name.	Date of first Appointment.	Present Monthly Pay. Rs.
1. *A. T. Shuttleworth..	19 Nov. 1863	1,600
2. H. Barrett	9 Nov. 1863	1,050
3. W. H. A. Wallinger.	19 Aug. 1865	850
4. W. S. Hexton	30 May 1869	850
5. J. L. L. Macaregor ...	1 Dec. 1871	650
6. G. St. P. L. Gibson..	1 May 1873	650
7. B. C. Wroughton ...	18 Oct. 1871	600
8. G. A. Hight	28 Sept. 1872	600
9. W. G. Betham.....	15 July 1873	600
10. W. J. C. Dunbar	22 Sept. 1872	600
11. H. Mainwaring	27 Sept. 1873	600

* Conservator of Forests.

INTERNATIONAL LABOUR OFFICE

10

THE INTERNATIONAL
LABOUR ORGANISATION

AND

SOCIAL INSURANCE

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GENEVA
1925

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INTRODUCTION

Few things affect the world of labour more directly and profoundly than social insurance. The risks covered by it — industrial accidents, sickness in general, occupational diseases, invalidity, old age, premature death, unemployment — are the cause of some of the most unforeseen and unjust hardships from which the workers and their families may suffer. They are a constant menace to the man who earns his living entirely by the work of his hands or his brain; if this does not give him regular employment, if he has to spend all or practically all of his limited earnings on the ordinary needs of his family and himself, he is in a state of perpetual uncertainty, which undermines his freedom of mind — the guarantee of good work — the organisation of production, and in the long run the peace of society. Small wonder then that the Governments of civilised countries are giving a larger and larger place in their counsels to social insurance, which should protect the workers directly, and indirectly national production, against these dangers. In the last fifty years practically every Government has enacted laws on compensation for industrial accidents. The principle of compulsory insurance is progressively replacing the voluntary principle; already some twenty States have adopted it for sickness insurance, and more than twenty-five for invalidity and old age, if non-contributory pension systems are included. Thus is being hammered out and improved the legislation to protect the worker from "hardship and privation".

The Treaty of Peace laid upon the International Labour Organisation the task of improving conditions of labour which involve "injustice, hardship, and privation to large numbers of people", and enumerated some of the risks which

should be covered by social insurance: "the protection of the worker against sickness, disease, and injury arising out of his employment; . . . provision for old age and injury."

But if all the risks which menace the worker are effectively covered the social insurance system absorbs very large sums and lays heavy charges on the countries which have established it. For example, the German system costs something like 1500 million gold marks a year, and that of Great Britain £130,000,000. No one could doubt that such expenditure adds to the cost of production. Thus arises in the field of international competition a positively immoral inequality between States which have tried to protect their workers by insurance and those which, whether from parsimony or mere inertia, have done nothing of the kind. And there is no small danger that the inaction of some States may arrest the progress of those which are more advanced in the sphere of labour legislation. To quote the preamble to Section 1 of Part XIII of the Peace Treaty, "the failure of any nation to adopt humane conditions . . . is an obstacle in the way of other nations which desire to improve the conditions in their own country". Such a position, which is prejudicial to the political and social relations between the nations, would be vastly improved if, thanks to international conventions, systems of insurance were set up providing adequate benefits for the insured and laying more or less equal charges on the finances of each state.

One of the objects of the International Labour Organisation being to render labour conditions uniform so far as possible, as a firm foundation for the economic organisation of the world and for industrial peace, sooner or later it had to take up a problem where international uniformity is essential. It began to do so during the first days of its existence, in 1919. It continued the work at more than one subsequent Session of the Conference, but merely dealt with single points in a somewhat scattered fashion. In 1924, however, it took up the problem as a whole and sketched a

systematic programme, work upon which was begun by the Seventh Session of the Conference, which was held at Geneva from 19 May until 10 June 1925.

In the following pages some account will be given, first, of the work of previous Conferences and the organisation of the Office in connection with social insurance; next, of the work of the 1925 Conference; and then of future events, i.e. the direction in which the work of the Organisation in the sphere of social insurance may perhaps develop.

**The Work of Previous Conferences and of the International Labour
Office prior to 1924**

WORK OF PREVIOUS CONFERENCES

Of the six previous Sessions of the Conference, four dealt with some problem connected with social insurance. The first Conference in 1919 adopted two Draft Conventions and one Recommendation, parts of which deal with the subject; the second (1920) adopted one Draft Convention and one Recommendation; the third (1921) one Draft Convention and two Recommendations; and the sixth (1924) one proposed Draft Convention and a Recommendation. Classified according to the risks covered, of the five Draft Conventions two deal with unemployment, two with industrial accidents, and one with maternity. Of the five Recommendations, two refer to unemployment, one to industrial accidents, one to maternity and one to all risks. Classified by the persons affected, one of the Draft Conventions covers agricultural workers, one seamen, one foreign workers, and two all workers. Similarly, of the Recommendations one covers agricultural workers, one seamen, one foreign workers, and two all workers.

There can be no thought of detracting from the importance of these first measures; but it should be noted that they approached insurance only as part of some more general problem, or dealt only with some secondary aspect of compensation for industrial accidents. Further, as none of these Conventions and Recommendations covers all risks or all classes of workers, it is obvious that they are not based on a general programme. On the contrary, they were mainly the product of circumstances and also no doubt of the idea, whether conscious and clearly expressed or not, that sooner or later the Conference would have to deal with the problem as a whole and that the earlier measures were really leading up to this.

Unemployment Insurance

The problem first taken up by the Conference, at Washington, in 1919, was unemployment insurance — a choice easily comprehensible in view of the terrible wave of unemployment then beginning or threatening. At this First Session the Conference discussed and adopted a Draft Convention and a Recommendation on the subject. Article 3 of the Draft Convention lays down that:

The Members of the International Labour Organisation . . . which have established systems of insurance against unemployment shall, upon terms being agreed between the Members concerned, make arrangements whereby workers belonging to one Member and working in the territory of another shall be admitted to the same rates of benefit of such insurance as those which obtain for the workers belonging to the latter.

The Washington Conference also adopted a Recommendation inviting Members of the Organisation to establish "an effective system of unemployment insurance, either through a government system or through a system of government subventions to associations whose rules provide for the payment of benefits to their unemployed members".

At its Second Session at Genoa in 1920 the Conference adopted a Draft Convention and Recommendation on unemployment insurance for seamen. The Draft Convention deals with a special case of unemployment, Article 2 laying down that:

In every case of loss or foundering of any vessel, the owner or person with whom the seaman has contracted for service on board the vessel shall pay to each seaman employed thereon an indemnity against unemployment resulting from such loss or foundering.

This indemnity shall be paid for the days during which the seaman remains in fact unemployed at the same rate as the wages payable under the contract, but the total indemnity payable under this Convention to any one seaman may be limited to two months' wages.

The Recommendation simply applies to seamen the Recommendation adopted the previous year at Washington for the institution of a system of unemployment insurance.

The two Draft Conventions and two Recommendations on this subject are thus in very general terms. They provide for covering the risk of unemployment without specifying methods, amount of benefit or distribution of costs, the only precise requirement being the extension of insurance to seamen and foreign workers.

Compensation for Industrial Accidents

The decisions of the Conference on this subject are of the same character as those concerning unemployment. There is nothing about the actual basis of the question but simply a demand for the extension of legislation on accident compensation to agricultural or foreign workers. Neither of the Draft Conventions mentioned below deals with the general problem of compensation, but only with the treatment of agricultural or foreign workers.

The Third Session of the Conference (Geneva, 1921) adopted a Draft Convention, Article 1 of which states that:

Each Member of the International Labour Organisation which ratifies this Convention undertakes to extend to all agricultural wage-earners its laws and regulations which provide for the compensation of workers for personal injury by accident arising out of or in the course of their employment.

At its Sixth Session (Geneva, 1924) the Conference adopted a proposed Draft Convention and a Recommendation on equality of treatment for foreign and national workers, and these have been finally adopted by the Seventh Session of the Conference (May - June, 1925). Article 1 of the Draft Convention states that:

Each Member of the International Labour Organisation which ratifies this Convention undertakes to grant to workers who are nationals of any other Members which shall have ratified the Convention, and who suffer personal injury by an industrial accident happening in its territory, or to the representatives of such workers, the same treatment in respect of workmen's compensation as it grants to its own nationals.

The Recommendation invites the States to take the necessary measures to give effect to the Convention.

Maternity Insurance

On this subject, too, there is a Draft Convention adopted by the First Session of the Conference in 1919. It deals with the employment of women before and after childbirth, lays down the period for which they must be absent from work after their confinement, and entitles them to leave work before it. In Article 3, almost as a subsidiary matter, it is stated that while a woman is absent from her work she shall be paid benefits sufficient for the maintenance of herself and her child, " provided either out of public funds or by means of a system of insurance, the exact amount of which shall be determined by the competent authority in each country ".

The Third Session of the Conference (Geneva, 1921) adopted a Recommendation inviting the States to give similar protection before and after childbirth to women wage-earners employed in agricultural undertakings.

Social Insurance in General

The Third Conference also adopted a Recommendation for the extension to agricultural workers of the benefits of laws and regulations establishing systems of insurance against sickness, old age, and other similar social risks for industrial and commercial workers.

The foregoing sums up the efforts at international regulation in connection with social insurance made by the International Labour Organisation up to 1924. As will be seen, they referred to three risks only — unemployment, industrial accidents, and maternity — and dealt with only three points — extension of national laws to foreign workers, extension to agricultural workers, and the provision of unemployment

and maternity benefit. It is no depreciation of the Conference's work to say that it bears no signs of an attempt to carry out a systematic preconceived plan or of a desire for precision.

First, there was no preconceived plan. On the contrary, until 1924 insurance as such seems to have had no place in the deliberations of the Conference (as in 1922 and 1923) or only a secondary or almost subsidiary place. As a rule the subject under discussion was a general labour problem, and it was only in endeavouring to find means of preventing certain evils that in addition the Conference dealt with insurance against their possible occurrence. The governing idea in the discussions and decisions — interesting and valuable they may be, but also imperfect — seems to have been expediency rather than principle.

In the second place, there is a lack of precision. The Draft Conventions or Recommendations simply require or recommend the introduction of unemployment or maternity benefit "provided either out of public funds or by means of a system of insurance". No attempt was made to fix the amount of benefit and its relation to the wage, or to state any of the fundamental rules, as to the persons to be covered or guarantees provided, such as any sound system of insurance must follow. No doubt this lack of detail has advantages, especially in questions which are hardly ripe for international codification. Draft Conventions worded in a very general fashion can be adapted to any system of insurance, whether rudimentary or complex; they do not discourage good intentions, however unlikely to be realised, and it is easier to ratify them. Somewhat vague generalisations may therefore be expedient. Nevertheless, there is a danger that the desire to secure the widest possible co-operation may obscure the real object, which is to improve the conditions of the workers, to cover the risk effectively, and to equalise the burdens which social insurance imposes on the several countries. It can hardly be said that the Draft Conventions

and Recommendations mentioned above achieve this aim or even indicate marked progress in that direction.

Points like these are so simple and obvious that no Member of the International Labour Organisation can have overlooked them. They led, in fact, to the growth of the idea that in matters of insurance the time had come to draw up more precise documents giving the workers effective protection and imposing equivalent obligations on the different States. In other words, it was desirable to consider the possibility of preparing Draft Conventions on insurance as wide in detail but as definite in essential principle as those already adopted on such matters as hours of work, night work for women and children, the minimum age for the admission of children to industrial, maritime, or agricultural employment, and the weekly rest-day.

No one could deny that the complexity of the problem is such as to make this task most difficult. That the question is ripe for solution and that solution is feasible is proved by the actual course of development — rapid, continuous, and progressive — of national legislation on social insurance.

WORK OF THE OFFICE

The International Labour Office was not fully prepared for such work, but it had never overlooked the question of social insurance, and had long grasped the fact that it would soon have to be one of its principal subjects of study. According to Article 396 of the Peace Treaty, the functions of the Office include "the collection and distribution of information on all subjects relating to the international adjustment of conditions of industrial life and labour", so that there was no doubt of its authority to deal with the question. The subject was raised as early as 1919 by the Czechoslovak Government, which asked that the Conference should discuss it; so urgently and impressively was the request presented that it could only be a question of time before the matter was taken up.

Apart from the action taken by the Organisation, the Office might well survey the post-war situation. Pre-war insurance systems had been wrecked and stultified by monetary crises; old countries were adjusting their legislation, new countries were enacting new laws. But all this seemed the result of divergent efforts, crying out for some international guidance. A Permanent International Committee on Social Insurance was in existence and had previously rendered valuable service, but from the beginning of the great economic depression after the war this Committee appeared to be dormant, and in any case the work to be done seemed rather beyond its powers. All these factors combined led the International Labour Office to equip itself adequately for the task before it.

Since its creation the Office had always had a technical Social Insurance Service, but in October 1923 this Service, which was included in the Research Division, was reorganised and equipped with a staff fitted for the work which, as will be shown later, was then beginning. This Service was to be the mainspring in the machinery of preparation for the Seventh Session of the Conference, to be described subsequently.

In July 1921, reporting to the Governing Body, the Director stated that the Permanent International Committee on Social Insurance had suspended its work since 1914, and that it would be most desirable for the Office to set up an international advisory committee, consisting of a small number of experts who might apply their experience and knowledge to the solution of social insurance problems. At its Eighth Session (Stockholm, July 1921) the Governing Body instructed the Director to assemble at Geneva a few experts of recognised authority to consider the principle and the means of constituting a Correspondence Committee on Social Insurance. The Office at once got into touch with several experts whose assistance would be valuable, and a conference was held at

Geneva on 22, 23, and 24 September 1921¹. The members of this conference unanimously recognised the desirability of resuming international relations in matters of social insurance and of instituting an International Correspondence Committee.

In virtue of the authorisation already given by the Governing Body and of the experts' advice, the Director proceeded in 1922 at Paris to set up the Committee. It was modified and enlarged during 1923 and 1924, and at present consists of 24 members from 14 countries². It includes professors of

¹ Those present at this conference were: Dr. BARGONI, Director of the National Fund for the Insurance of Workers against Accident, Rome; Prof. E. FUSTER, of the College of France; Mr. K. LINDNER, Chief Actuary of the State Insurance Bank, Amsterdam; Dr. H. RÜPENACHT, Director of the Federal Social Insurance Office, Berne; Mr. R. WISSEL, former Minister of Public Economy, Berlin.

² *Belgium*: Mr. A. JULIN, Secretary-General of the Ministry of Industry and Labour, Brussels.

Czechoslovakia: Mr. WINTER, Member of Parliament, Minister of Social Welfare, Reporter of the Social Insurance Commission, Prague.

Denmark: Mr. J. BERNER, Member of the Department for Social Affairs, Copenhagen.

Estonia: Mr. V. GROHMANN, Ministerial Counsellor at the Ministry of Labour, Reval.

France: Mr. J. F. DREYFUS, Actuary at the Ministry of Labour, Paris. Mr. Ed. FUSTER, Secretary of the Permanent International Committee on Social Insurance, Paris.

Germany: Dr. AGRIN, Ministerial Counsellor at the Ministry of Labour, Berlin. Dr. R. FREUND, Ministerial Counsellor, Berlin. Prof. A. MANES, Secretary of the German Insurance Association, Berlin. Prof. P. MOLDENHAUER, Member of the Reichstag, Cologne. Dr. F. ZAHN, President of the Bavarian Office for Statistics, Munich.

Great Britain: Sir W. BEVERIDGE, Director of the London School of Economics and Political Science, London. Mr. Joseph L. COHEN, University of Cambridge. Prof. A. GRAY, University of Aberdeen.

Italy: Comm. F. BARGONI, Director of the National Fund for the Insurance of Workers against Accidents, Rome. Mr. CALAMANI, Director-General of Banking and Private Insurance in the Ministry of National Economy, Rome. Dr. G. LORIGA, Chief Medical Inspector of Factories, Rome.

Netherlands: Mr. K. LINDNER, Chief Actuary of the State Insurance Bank, Amsterdam.

Norway: Mr. G. WIESENER, Ministry of Social Affairs, Oslo.

Poland: Mr. ST. JURKIEWICZ, Director of the Department of Social Insurance, Warsaw. Mr. TUROWICZ, formerly Director of the Department of Social Insurance, Warsaw.

Spain: Mr. J. MARVA Y MAYOR, President of the National Provident Institute, Madrid.

Sweden: Mr. LINDSTEDT, formerly President of the Superior Council for Social Insurance, Stockholm.

Switzerland: Mr. LAMAZURE, Deputy-Director of the Federal Social Insurance Office, Berne.

economics and social insurance, directors of large insurance offices and similar institutions, heads of central departments dealing with the drafting of legislation and its enforcement, actuaries, members or chairmen of parliamentary committees on insurance, and one physician. It can thus call on the services of a great variety of eminent experts in economic, technical, legal, and practical matters.

The members of this Committee have two duties. In the first place the International Labour Office applies to them for information on legislative changes effected or contemplated in their respective countries, on the opinion of workers' and employers' organisations on such changes, on new proposals put forward by experts, and in general on the present tendencies of the social insurance movement. In the second place they are asked for technical advice on problems studied by the Office and on documents, reports, etc. which it proposes to publish. In general this work is done by correspondence, but the Director of the International Labour Office is empowered, when he sees fit, to assemble at Geneva either all the members of the Committee or certain members selected on account of their specialised knowledge of the particular question under consideration. The experts are in no way bound by these consultations on specific questions, still less are their Governments. The object in so consulting them is to secure the completeness, accuracy, and scientific value which may justly be expected from the work of the International Labour Office.

Such is the organisation of the Office for the study of social insurance, an organisation which was put to the test by the preparations for the Seventh Session of the Conference.

II

The 1925 Conference

THE AGENDA

The question raised in 1919 by the Czechoslovak Government was again taken up by the Director of the Office at the twentieth session of the Governing Body in October 1923, when the agenda of the Seventh Session of the Conference had to be determined. After some discussion it was agreed in principle that the question of social insurance should figure on that agenda, but that a final decision would be taken at the twenty-first session of the Governing Body in January 1924, after a preliminary examination of the subject by the Office. In January the Governing Body unanimously decided that the chief subject of discussion at the 1925 Conference should be social insurance. This gave rise to two decisions: the Governing Body placed the question of compensation for industrial accidents on the agenda of the 1925 Session with a view to the preparation and possible adoption of a Draft Convention, and in addition invited the International Labour Office to present at the same Session a "general report on social insurance". On these two decisions two comments may be made.

With regard to the first, it will be noted that almost without discussion of this particular point the Governing Body settled the first question which arose, namely, whether in studying social insurance the method should be to examine each risk in turn (accidents, unemployment, sickness, invalidity, etc.), or each problem (scope of the whole insurance system, amount of benefit, financial system, distribution of costs, and administrative organisation). At the October 1923 session, when the Director proposed that insurance should be placed on the agenda of the 1925 Conference, and the Czechoslovak delegate, Mr. Stern, recalled the request

made by his Government in 1919, practically all the speakers were of opinion that compensation for industrial accidents should be the first subject studied. It was thus simultaneously decided that the method of treatment should be by risk and that the first risk to be so dealt with should be industrial accidents. Division according to risk is certainly more convenient, in view of the present state of national laws, which nearly all deal with each risk separately. Moreover, since the division was to be by risk, it was natural to begin with industrial accidents, on which every country has legislated. The one danger was that an exhaustive study of insurance against a single risk might obscure the problem of insurance as a connected whole.

The second decision, which obviously went beyond the immediate business of the Governing Body in connection with the Seventh Session of the Conference, met this danger. In effect it required the Office not only to lay before the Conference material for discussion on the subject put down for study in 1925, but also to give it an opportunity to discuss the whole problem of social insurance, to state its opinion on the direction in which the Office should pursue its work in future, and possibly also to indicate the order in which the branches of social insurance other than accident insurance should be dealt with at future Sessions.

Thus the Governing Body's decision in January 1924 actually laid down an explicit programme for the 1925 Session, and also in effect sketched an embryo programme for future Sessions. The International Labour Office interpreted the decision in this sense, and set to work to carry it out.

PREPARATORY WORK BY THE OFFICE

Already at the beginning of 1924, the plan of the investigations to be undertaken by the International Labour Office

had been drawn up, and a start was made upon the preparation of the following studies¹:

1. A report on the *general problems of social insurance*. In this document, after a brief survey of the historical development of social insurance, are examined the more important problems common to all the branches: scope of insurance legislation, benefits, financial system, resources, administration, and unification or co-ordination of the different branches.

2. A report on *compensation for industrial accidents* and another on *occupational diseases*, subjects which were comprised in the agenda of the 1925 Conference and upon which Draft Conventions were to be concluded.

3. A series of reports on *insurance against sickness and maternity, old age, invalidity and death*, and finally *unemployment*.

The reports prepared for the Conference, of which some description has been given above, were drafted by various services in the Research Division. As stated earlier, the Social Insurance Service was the mainspring of the machinery for this purpose. In addition to preparing and writing most of the reports it centralised the others, after indicating the general lines which they should follow, and sometimes revising them. The Unemployment Service compiled the report on unemployment insurance, and the Industrial Health Service that on compensation for occupational diseases. Beyond this, however, other sections in the Division, notably the Labour Legislation Section, have given their assistance in carrying through a heavy task in a very limited space of time. Even so it was necessary to reinforce the Research Division, either by members of other Divisions in the Office, or by temporary workers engaged for the purpose. Among all these valuable collaborators, due place must be given to the Correspondence Committee on Social Insurance.

¹ The following have been published: "General Problems of Social Insurance"; "Compensation for Industrial Accidents"; "Compensation for Occupational Diseases"; "Sickness Insurance"; "Unemployment Insurance".

In October 1923 the Governing Body requested the Office to submit the plan of a general report on social insurance. Even before drawing up this plan it was thought essential to examine, in co-operation with experts, the whole vast movement which has grown up in most countries of recent years to rebuild the social insurance system after the dislocation due to the political and economic effects of the war, and in particular to co-ordinate the systems already in existence. Meetings were held at Geneva on 14 and 15 October 1924. Seven experts were present¹, and the plan for the reports to be submitted to the 1925 Conference was drawn up in the light of their suggestions and advice.

In December 1924 the reports on compensation for industrial accidents and occupational diseases and on sickness insurance were circulated to all members of the Committee for their observations. Most of them studied these reports most carefully and indicated a few inaccuracies and omissions, which have been rectified.

Such collaboration by correspondence met the needs of the comparative studies of legislation for each risk, but oral discussion proved essential in the case of the report on "general problems of social insurance", which is intended not merely to analyse legal texts, but to describe principles, theories, and systems. The Director therefore convened a meeting of certain members of the Committee² at Geneva on 17, 18 and 19 March 1925. The members of the Committee examined the draft report chapter by chapter and made a number of suggestions of detail; they suggested, for example, that a theory which they thought interesting should be dealt with at greater length; or that stress should be laid on a national measure which appeared original and important. But they

¹ Messrs. Aurin, Bargoni, Cohen, Dreyfus, Fuster, Lamazure, Winter. The chair was taken by the Director of the International Labour Office and by Professor Fuster.

² Those present were: Messrs. Bargoni, Cohen, Dreyfus, Fuster, Freund, Manes, and Winter. The chair was taken by the Director of the International Labour Office and by Professor Fuster.

unanimously approved the general arrangement of the report and its technical accuracy and impartiality. The International Labour Office is glad to take this opportunity of expressing its thanks for their careful and disinterested assistance, guaranteeing as this does the scientific accuracy which it is always anxious to secure in its publications.

THE RESULTS

The Seventh Session of the Conference (Geneva, May-June 1925) adopted by a final vote a Draft Convention and two Recommendations concerning workmen's compensation, and a Draft Convention and a Recommendation concerning occupational diseases. The contents and significance of each of these instruments will now be briefly described.

A. Compensation for Industrial Accidents

The Draft Convention

The Draft Convention does not merely lay down that States have a duty to set up a workmen's compensation system, but deals with the essential aspects of the problem, prescribing the minimum conditions which must be satisfied by national laws in the matters of scope, benefits, and security of payment.

Scope.

The definition of the scope of a workmen's compensation law entails the definition of the undertakings covered, on the one hand, and that of the workers covered, on the other.

(a) Undertakings covered.

The formula adopted by the Conference is very wide. The Draft Convention states that "the laws and regulations as to workmen's compensation shall apply to . . . any enterprise, undertaking or establishment of whatsoever nature, whether public or private" (Art. 2, par. 1).

To this formula, which had been put forward by the Office, certain exceptions had been asked for by a considerable number of Governments and are to be found in the laws and regulations of numerous countries. The exceptions which were demanded most frequently related to undertakings employing a small number of workers and to those which involved only a slight risk.

The Conference did not see fit to allow these exceptions because they are in contradiction with the principle of occupational risk, on which all workmen's compensation legislation is based. Whether the number of workers employed by an undertaking be large or small, and whether the risk of accident be grave or slight, the right of the injured worker to compensation and the duty of the head of the undertaking to pay it are the same in all cases.

Moreover, the maximum limit of the number of persons employed in a factory varied so much from one country to another, and the definition of the undertakings which could be considered as involving only a slight risk is so difficult to settle, that the Conference did not consider it possible to insert provisions on these points in an international Draft Convention.

The text adopted by the Conference, to the extent to which it is ratified, will entail a notable progress in a large number of national laws and will open a right to compensation to considerable classes of workers.

(b) Workers covered.

Here, again, a very wide formula has been adopted by the Conference. The Draft Convention lays down that: "the laws and regulations as to workmen's compensation shall apply to workmen, employees and apprentices . . ." (Art. 2, par. 1).

Exceptions to this general rule, which had likewise been suggested by the Office, were demanded by a fairly large number of Governments. The exceptions most often asked for concerned casual workers, out-workers, members of the

employer's family, non-manual workers whose earnings exceed a certain limit, and domestic servants.

Both in the special Commission which studied the problem of workmen's compensation and at the plenary sittings of the Conference, the definition of the classes of workers to be covered gave rise to long and keen discussions, in which opposite sides were taken by the partisans of a thoroughgoing application of the principle of occupational risk to all workers and by those who wanted a text in conformity with the present condition of their national laws, the great majority of which provide for exceptions of varying importance.

Two exceptions, however, were agreed upon fairly easily because they only apply to a small number of workers, and because they are to be met with in the majority of national laws. The first refers to "persons whose employment is of a casual nature and who are employed otherwise than for the purpose of the employer's trade or business" (Art. 2, par. 2 a), and the second refers to "members of the employer's family who work exclusively on his behalf and who live in his house" (Art. 2, par. 2 c).

Domestic servants also are not covered by the Convention. Although domestic servants are wage earners, work under the orders of an employer, and are dependent upon their work for their livelihood, so that it might seem that the principle of occupational risk should apply to them, nevertheless, on the ground that only a very few laws cover them, the Conference adopted a text which excludes them: the only beneficiaries are "workmen, employees and apprentices employed by any enterprise, undertaking or establishment" (Art. 2, par. 1).

The question of out-workers was much more difficult to settle. On the one hand, a certain portion of such workers could be considered as being in the service of an undertaking which supplied them with the materials for them to work

up, and sometimes even with their tools; on the other hand, they are not under the direct supervision of the employer, and it is extremely difficult, if an accident occurs, to furnish proof of the existence of a relation of cause and effect between the work and the accident. Hence, most legislations exclude out-workers from the right to compensation (they are included in only seven countries). Having regard to the diversity of opinions and the present condition of legislation, the Conference allowed an exception in the case of out-workers (Art. 2, par. 2 *b*).

The exclusion of non-manual workers whose earnings exceed a certain limit might appear to be contradictory to the principle of occupational risk; seeing that in case of accident the right of a workman to compensation and the duty of the employer to indemnify him are independent of the amount of earnings.

Nevertheless, it was urged that for this class of workers the risk of accident is very small, that by reason of their high wages they are able to provide against this risk themselves, and lastly that an exception of this character is to be found in a fair number of national laws. In order to secure the vote of Article 2 as a whole, the Conference decided, as a compromise, to admit an exception covering "non-manual workers whose remuneration exceeds a limit to be determined by national laws or regulations" (Art. 2, par. 2 *d*).

The significance of this exception will depend on the wage limits which are fixed by national laws.

Lastly, there are three other categories of workers to whom the Draft Convention is not applicable:

1. Seamen and fishermen, for whom provision shall be made by a later Convention (Art. 3, par. 1);
2. Persons covered by some special scheme the terms of which are not less favourable than those of this Convention (Art. 3, par. 2);

3. Agricultural workers in respect of whom the Convention concerning workmen's compensation in agriculture adopted by the Conference at its Third Session remains in force (Art. 4).

These are not strictly exceptions but special schemes or classes of workers for whom Conventions already exist or whose case will be dealt with later by special Conventions.

Benefits.

The Draft Convention contains provisions concerning the form of benefits, the date at which the right to benefit commences, and the various kinds of benefit which should be comprised in compensation.

(a) The form of benefits.

Compensation to injured workmen or their dependants may be paid either periodically (pensions, if the payment is permanent; allowances, if it is temporary) or in a lump sum paid once and for all. The payment of compensation in a lump sum has been seriously criticised, because very often it is rapidly wasted by inexperienced beneficiaries who lack the knowledge or intelligence required to make good investments. In case of serious incapacity which renders the victim unable to earn an appreciable wage, or in a case of fatal accident, the injured workman or his family, as the case may be, may find themselves in a state of destitution if they misuse the lump sum which has been paid to them. It would therefore seem preferable to some that compensation should be paid in the shape of an annual pension. Nevertheless, in certain cases, the payment of compensation in a lump sum offers advantages in that it allows the beneficiary to set himself up in business, take up a new occupation, purchase a farm, and so on. But it is necessary before the money is paid to ensure that it will be wisely utilised.

After taking all these factors into account, the Conference inserted in the Draft Convention an article to the effect that "the compensation payable to the injured workman or his

dependants, where permanent incapacity or death results from the injury, shall be paid in the form of periodical payments: provided that it may be wholly or partially paid in a lump sum if the competent authority is satisfied that it will be properly utilised" (Art. 5).

(b) The date from which the right to compensation commences.

Compensation may be payable either from the day of the accident or after the lapse of a certain period following the accident (waiting period), or again as from the day of the accident provided that the incapacity has lasted more than a certain number of days. On this point the provisions contained in national laws vary considerably, but more than two-thirds provide for a waiting period lasting from three to ten days.

The institution of a waiting period might be regarded as strictly speaking in contradiction with the principle of occupational risk, which requires that compensation should commence from the time when the loss commences, that is to say, the loss of wages consequent upon the incapacity. Its presence in a very large number of laws is to be explained by an anxiety to discourage malingerers by making them bear the loss of wages caused by slight accidents and to lessen the costs which employers would have to meet on account of a multitude of small accidents not causing any serious loss.

The Conference, considering the fact that a waiting period is provided for by the majority of legislations, leaves to the various States the possibility of introducing or retaining a waiting period, but it limits the duration by prescribing that "compensation shall be paid not later than as from the fifth day after the accident" (Art. 6).

(c) The constituents of compensation.

The Draft Convention provides that compensation should include benefits in cash, medical and surgical aid and the

supply of drugs required in consequence of accidents, and the supply and normal renewal by the employer of artificial limbs and surgical appliances the use of which is recognised to be necessary.

Compensation in cash.

In the matter of cash benefits the Draft Convention confines itself to stating that "in cases where the injury results in incapacity of such a nature that the injured workman must have the constant help of another person, additional compensation shall be provided" (Art. 7).

The right to additional compensation in case of accident resulting in incapacity requiring the constant presence of another person is admitted at the present time by the laws of only fifteen countries. The Conference, however, having regard to the fact that the case is that of a very small number of persons whose circumstances are very straitened because the compensation is usually the only means of existence not only of the injured workman but of the person who looks after him, considered that a provision for additional compensation should be generalised in all countries.

The Draft Convention contains no other provisions as to cash compensation; in particular, it contains no reference to the amount. When the Recommendation on the minimum scale of workmen's compensation comes to be examined the reasons will be shown for which the Conference, in agreement with the Office, did not see fit to include provisions on this matter in the Draft Convention.

Medical, surgical, and pharmaceutical aid.

Industrial accidents, even if they do not result in permanent incapacity for work, almost always require medical treatment, the object of which is to safeguard as far as possible the physical condition of the injured and to cure or mitigate the incapacity which results from injuries. The organisation of medical aid is therefore of the first importance from the point

of view of the injured workman, who desires to be cured and be restored to work as soon as possible, and from the point of view of the employer and the insurer, whose expenses will be the lower according as the incapacity is less serious, and finally from the point of view of the community, whose interest it is to possess the largest amount of productive labour and to reduce the dead weight implied by the existence of inactive invalids. Hence, it is not surprising to find that in the great majority of countries medical aid is considered as a normal element of compensation, being a right for the injured workman and a duty for the employer or insurer. In a few countries, however, injured workmen have no right to medical aid or only to aid of an inadequate character.

The Conference, without entering into details of organisation which are closely related to particular national circumstances, considered it necessary to affirm that "injured workmen shall be entitled to medical aid and to such surgical and pharmaceutical aid as is recognised to be necessary in consequence of accidents. The cost of such aid shall be defrayed either by the employer, by insurance institutions or by sickness or invalidity insurance institutions" (Art. 9).

The supply and renewal of artificial limbs and surgical appliances.

A large number of accident victims are unable on account of their injuries to carry on any productive work without artificial limbs or surgical appliances. Like medical, surgical and pharmaceutical aid, the supply and renewal of artificial limbs and surgical appliances is of the greatest importance for the injured workman, the employer or insurer and the community. Nevertheless, national laws generally provide for the supply of artificial limbs and surgical appliances solely for curative purposes, and it is in five or six countries only that the repair and permanent renewal of appliances, at the expense of the employer, are explicitly provided for as one of the injured workman's rights.

The supply, repair, and permanent renewal of appliances undoubtedly involves rather serious difficulties in the matter of organisation in countries where insurance is not compulsory and in those where, although it is compulsory, insurance is not effected by powerful institutions possessing branches throughout the country. In the course of the debates in the Conference, it was proposed to substitute for the supply and permanent renewal of artificial limbs and surgical appliances the grant of a sum of money in the form of a payment when compensation is in the form of a pension, or in the form of an addition to the capital when the compensation is in the form of a lump sum. This scheme, however, was subjected to lively criticism on the ground that it might lead to abuses and to a waste of money which might be considerable, especially when the compensation is paid in the form of a lump sum.

The Conference therefore decided, on the one hand, to lay down as a general rule that artificial limbs and surgical appliances should be supplied, repaired and renewed at the expense of the employer or insurer, but, on the other hand, to allow in exceptional cases, when the difficulties of organisation were too great, the grant of supplementary compensation instead:

Injured workmen shall be entitled to the supply and normal renewal by the employer or insurer of such artificial limbs and surgical appliances as are recognised to be necessary: provided that national laws or regulations may allow, in exceptional circumstances, the supply and renewal of such artificial limbs and appliances to be replaced by the award to the injured workman of a sum representing the probable cost of the supply and renewal of such appliances, this sum to be decided at the time when the amount of compensation is settled or revised.

National laws or regulations shall provide for such supervisory measures as are necessary either to prevent abuses in connection with the renewal of appliances or to ensure that the additional compensation is utilised for this purpose (Art. 10).

Guarantee of payment.

In addition to laying down the right of an injured workman or his dependants to compensation and to fixing the amounts which they are to receive, it is also necessary to take measures to ensure the regular payment of the compensation prescribed even in the case where the insurer is insolvent. Since the workman or his dependants rely upon the payment of compensation for their subsistence, it is a matter of public concern that it should be forthcoming. Many national legislations have, therefore, instituted an efficient system of guarantees on behalf of the beneficiaries.

The problem of providing guarantees was certainly the subject at the Conference which aroused the keenest discussion and a good deal of misunderstanding, partly on account of the variety of systems of guarantees to be found in the various countries and partly on account of the technical character of the subject.

The different types of guarantee systems can be finally reduced to four classes:

1. Creation of a privileged claim upon the assets of the employer or the insurer corresponding to the amount of the compensation;
2. System of a guarantee fund managed by the State and supplied by taxes paid directly or indirectly by the whole or a part of the employers;
3. System consisting in the deposit by the employer of actual security with a State fund or a fund supervised by the State: mortgage, deposit of securities or cash, etc.
4. System of compulsory insurance either with a national insurance fund administered by the State or with private insurance companies, mutual associations, or employers' mutual guarantee associations, under the supervision of the State.

The Conference for the most part took the view that the first guarantee system, that of the privileged claim on the assets of the employer, did not provide an efficient guarantee in the case of the bankruptcy or the disappearance of the undertaking, when the assets might be nil. However, it was not possible to arrive at an agreement on a text which would leave national laws a free choice between the three other systems of guarantee considered as adequate.

Nevertheless, as the provision of some guarantee seemed indispensable the Conference adopted the following text:

The national laws or regulations shall make such provision as having regard to national circumstances is deemed most suitable for ensuring in all circumstances in the event of the insolvency of the employer or insurer the payment of compensation to workmen who suffer personal injury due to industrial accidents or in case of death to their dependants (Art. 11).

The Recommendation concerning the Minimum Scale of Workmen's Compensation and Vocational Re-education

The question of the amount of compensation is of the greatest importance both to the workers, the value of whose rights it measures, and to the employers, the amount of whose obligations it determines.

Nevertheless, the Conference adopted the view of the Office that it was not practicable to include in the Draft Convention provisions relating to the minimum scale of compensation. The fact is that on account of the variety to be found in national laws in the matter of scale and of the difficulty of fixing monetary equivalents, it is extremely difficult, if not impossible, to arrive at any national regulations on the subject.

The compensation due to victims of accidents or their dependants is paid sometimes in the form of pensions expressed as percentages of the earnings of the injured workman, sometimes in the form of lump sums expressed as multiples of his earnings. Although the percentages and the multiples of earnings prescribed in the various countries differ considerably,

it would not be impossible to specify a minimum scale of compensation related to the average level specified by national legislation. It must be remembered, however, that a large number of laws prescribe limits for the wage taken into consideration as the basis of calculation of compensation and also absolute limits which compensation can in no case exceed. It is quite evident that, even for accidents of similar severity, the use of like percentages or multiples would give quite different results according as the wage limits or the absolute limits of compensation were higher or lower. These limits, which are fixed in each country after taking into account the general level of wages, cost of living and the purchasing power of currency are not comparable among themselves, and it would be very difficult to find a common measure which would be internationally acceptable.

The problem becomes yet more complicated when the case is that of compensation for a fatal accident, on account of the variety of methods followed by the national laws in the matters of the definition of dependants entitled to compensation, the conditions which they must fulfil in order to obtain compensation, and the distribution of the compensation among the relatives, which in some countries varies according to the number and kinship of the dependants concerned.

After a careful examination of these many serious difficulties, the Office in the first place, and then the Conference also, came to the conclusion that, on the one hand, the drafting of any definite rule concerning the minimum scale of compensation and imposing upon the Governments definite engagements (as should be the case with every provision of a Draft Convention) would be extremely difficult, and that, on the other hand, such a rule would be out of harmony with almost every one of the national laws and would endanger the adoption and, what is more serious, the ratification of the Draft Convention as a whole. Nevertheless, as the importance of the scale of compensation is fundamental, it was decided to draw up a Recommendation with regard to it.

The Recommendation contains no provision as to the limits to be applied to the earnings used as basis of calculation of compensation, nor as to the absolute limits which compensation itself must not exceed. Although such wage limits or compensation limits are to be found in national laws, it did not seem possible to the Conference to include like provisions in the Recommendation because, as has been explained above, the drafting of an international text meets with almost insuperable difficulties, and the existence of limits to the basic wage and compensation was felt to be contrary to the principle of occupational risk.

The Recommendation deals with the minimum scale of compensation for accidents resulting in incapacity for work, for accidents causing injuries necessitating the constant help of another person, and for accidents resulting in death.

1. Minimum scale of compensation to be paid in case of accidents resulting in incapacity for work

The amount of compensation varies according as the incapacity is total or partial. The form and duration of compensation vary according as the incapacity is permanent or temporary. The Conference has adopted the usual division: permanent total incapacity, permanent partial incapacity, temporary total incapacity, temporary partial incapacity.

When the compensation is paid in the form of pensions or daily, weekly or monthly allowances, it is equal to a fraction of the earnings of the injured workmen. This fraction varies in the different national laws from 50 to 100 per cent. of earnings in case of total incapacity; the fraction which is met with most frequently is two-thirds. The Conference therefore recommended that the minimum scale of compensation in cases of accidents resulting in total incapacity should be two-thirds of earnings, whether the incapacity is permanent or temporary. The compensation in case of partial incapacity, whether permanent or temporary, is most usually fixed in national laws at a fraction of the compensation due

in case of total incapacity, corresponding to the reduction in earning capacity caused by the accident; that is the formula which has been adopted by the Conference. Lastly, as has been seen, the Draft Convention, although it asserts the general rule that compensation should be paid in the form of pensions, allows in exceptional cases payment in the form of a lump sum. As this latter form of compensation is adopted at the present time in some fifteen countries, and as the amount of the lump sum varies from six months' to ten years' wages according to the country, the Conference considered it necessary to recommend a rule. The system of lump sums as at present applied does not take into account the age of the injured workman, that is to say, the duration of his working life which might be reckoned upon, and to that extent is not a true measure of the actual loss. The Conference considered that the most rational formula is one which relates the scale of the compensation paid in the form of lump sum to that of the compensation paid in the form of a pension; and it inserted in the Recommendation a provision to the effect that "where compensation is paid in a lump sum the maximum sum payable to all the dependants should not be less than the capitalised value of periodical payments".

2. Minimum scale of additional compensation where the workman requires the help of another person.

The Draft Convention (Art. 7) confines itself to affirming the principle that additional compensation ought to be granted to workmen so injured as to require the constant help of another person, but it lays down no rule as to the amount of such compensation.

In countries where additional compensation is provided at the present time its amount is either uniform in all cases and defined precisely by the terms of the law, or it varies according to the circumstances of the individual case, only the maximum being prescribed. These laws provide either

as the uniform scale or as the maximum scale that the addition to compensation should amount to half the compensation granted in case of permanent total incapacity.

Taking into account the facts that the injured workmen concerned are most often completely incapacitated for work or can only obtain very small wages, that their loss consists not only in their own wages but in the wages of the person who helps them, and that lastly the persons concerned are very small in number and are particularly deserving of consideration, the Conference recommended that "where the injury is such that the workman requires the constant help of another person, additional compensation should be paid to the workmen, which should not be less than half the amount payable in case of permanent total incapacity".

3. Minimum scale of compensation in case of accidents resulting in death.

An industrial accident resulting in death involves an economic loss to the persons who were maintained by the deceased, or those who would have been entitled to claim from him in certain circumstances pecuniary aid, or finally those who would have inherited any savings which he might have made if the accident had not occurred. The amount of compensation can therefore be fixed by having regard to two different conceptions, the conception of the loss suffered by the heirs as defined in the civil law, or the conception of the need of persons economically dependent upon the deceased worker.

In the former case the amount of compensation is in direct relation with the wages and age of the deceased and is the same whatever the number, kinship and economic situation of the heirs.

In the second case the amount of compensation is fixed after taking account of the actual pecuniary aid which the dependants received or would have received, that is to say,

after consideration, on the one hand, of the age of the victim and his earnings and, on the other hand, of the number of persons economically dependent upon him, their age and their needs.

The factors which are to be found in both schemes are the age of the deceased and his rate of earnings; on these two factors depend to a large extent not only the pecuniary aid which the dependants might expect, but also the amount of the savings which the deceased might have effected if the accident had not occurred.

As a matter of fact the majority of laws apply at once both the principle of reparation of economic loss and that of economic dependence or need, emphasising sometimes the former, sometimes the latter principle in determining the classes of relatives entitled to compensation, the total amount of compensation and the distribution of compensation among the relatives.

(a) *Definition of persons entitled to compensation.* — National laws and regulations generally establish two classes of persons entitled to compensation. In the former are always to be found the widow or widower and the younger children of the deceased who, in accordance with the principle of reparation of economic loss, are not required to supply proof of their condition of economic dependence. In the second are generally to be found grandchildren, brothers and sisters, parents and grandparents for whom proof of the condition of economic dependence is demanded in accordance with the principle of need. Some national laws bring in the idea of need in the case of children by providing an age limit beyond which the children no longer enjoy the right to compensation because they are considered to be capable of earning their own living. This age limit varies from country to country between 14 and 22 years, but is generally fixed at 15, 16, or 18 years.

The Conference recommended that the right to compensation should be admitted without regard to economic dependence

in the cases of the widow or widower and the children under 18 years of age. This age limit of 18 years was selected because it appeared to be most in harmony with the general requirements of physical, intellectual and vocational development of children. Moreover, the Conference recommended that no age limit should be imposed in cases where, in consequence of physical or mental defect, children are unable to earn their own living.

The right to compensation in the case of other classes of persons is in almost all national laws based upon the conception of economic dependence; generally it is required that parents and grandparents, grandchildren, and often brothers and sisters, should be or would have been dependent upon the deceased, unable to work by reason of age or disablement, and without resources. The Conference, taking its stand upon the average provisions of national laws, recommended that the following should be recognised as being entitled to compensation:

Deceased's ascendants (parents or grandparents), provided that they are without means of subsistence and were dependent on the deceased, or the deceased was under an obligation to contribute towards their maintenance;

Deceased's grandchildren and brothers and sisters, if below 18 years of age, or above that age if, by reason of physical or mental infirmity, they are incapable of earning, and if they are orphans, or if their parents, though still living, are incapable of providing for them.

(b) *Total amount of compensation.* — The majority of national laws provide that the total amount of the compensation to be granted to all the dependants together, whatever their number and their relationship or their condition of economic dependence, shall not exceed a certain limit expressed as a fraction of the wages of the deceased when the compensation is in the form of an annual pension or as a multiple of such wages when the payment is in the form of a lump sum.

The fraction of the earnings of the deceased which must not be exceeded by the total of the pensions granted to the different dependants varies between one-half and two-thirds of the wage according to the country; it is most often equal to two-thirds. This proportion of two-thirds can be justified in view of the fact that the death of the breadwinner, although it causes a loss of earnings, nevertheless entails a lessening of the expenditure corresponding to the consumption of the deceased. Although this reduction of expenditure varies widely according to individuals and the composition of the family, it can be considered to amount on the average to between 20 and 30 per cent. of earnings and that in consequence the economic loss actually suffered is between 70 and 80 per cent. of earnings. Since, moreover, the principle of occupational risk requires that compensation should be paid at a fixed rate and should be equivalent to partial reparation of the loss, it seems that the proportion of two-thirds of wages should be acceptable.

Hence the Conference recommended that "where compensation is paid by means of periodical payments, the maximum total of the yearly sum payable to all the dependants should not be less than two-thirds of the deceased's annual earnings".

In some fifteen countries compensation in case of fatal accident resulting in death is awarded to the dependants in the form of lump sums, the amount of which varies between one and five years' earnings.

The Conference considered that whether the accident resulted in death or incapacity, there should be relation between compensation in the form of pension, and compensation in the form of lump sum. Consequently, it recommended that "where compensation is paid in a lump sum the maximum sum payable to all the dependants should not be less than the capitalised value of periodical payments equivalent to two-thirds of the deceased's annual earnings".

(c) *Distribution of compensation among the dependants.* — The distribution of compensation among the dependants can be effected on two different methods, according as the share of the compensation which falls to each dépendant is, or is not, fixed by law.

The first of these methods involves entrusting the distribution of the total compensation to a judge, an official or a commission, who fixes for each of the dependants the share which seems most equitable in the circumstances, taking into account the condition of economic dependence and need of the person concerned. If the condition of economic dependence of one or several relatives justifies it, the whole of the compensation may be awarded, whereas in the contrary case it may be that only a part of the total compensation will be granted.

According to the second method, the law fixes a certain percentage of annual earnings for each class of dependant (widow or widower, children, parents, brothers and sisters, etc.). The distribution of compensation is carried out in a certain order of priority up to the amount of the maximum described in the law. Priority is always given to the widow or widower and the children; their right to compensation should be wholly satisfied before that of the other relatives can be considered. Nevertheless, the widow or widower and children enjoy, generally speaking, equal rights of priority, and when there are numerous children, it may happen either that the share of the widow or widower and that of the children are reduced in the same proportion, or that only the shares of the children are reduced.

The order of priority adopted for compensating dependants other than the widow or widower and children varies considerably according to the country. Nevertheless, the majority of laws grant to parents the third place after the widow or widower and children.

Lastly, certain laws distribute the whole amount of the compensation, whatever may be the number and kinship of the dependants; while others allocate to each dependant the share provided for him by the law, and can only award a portion of the maximum compensation if the number of dependants is very small.

The conditions laid down by national legislation are so various, and the possible composition of a family varies so much that the Conference did not consider it possible to draft, even in a Recommendation, a text concerning the distribution of compensation among the various classes of dependants.

Vocational re-education.

A large number of victims of accidents are unable, by reason of their injuries, to engage in remunerative work unless they have undergone a course of vocational re-education. In spite of its undoubted value, re-education had before the War only been studied in an elementary manner, and organised on a restricted scale. No attempt was made to fit the disabled for competition on the general labour market. The object was rather to give them a regular occupation in workshops connected with hospitals and subsidised by private persons or the State. In fact, the provision of work for the mutilated was no more than a superior form of charity.

The War suddenly increased the number of disabled by some 10,000,000 men, mostly young and belonging to the wage-earning class. In view of the necessity of warding off the demoralising depression which often results from idleness, and of providing an addition to the disabled man's resources, and in view also of the necessity for the nation of maintaining and restoring the productive force of so large a number of workers, the problem of the rehabilitation of the War disabled pressed urgently for solution at the hands of Parliaments and Governments. On all sides, researches were undertaken to discover the best methods for restoring the disabled to an active life. Re-education ceased to be empirical and

acquired a science and technique of its own. In every belligerent country a great network of national, regional, and local institutions was organised with the assistance of the State, associations of workers' and employers' organisations and private individuals; and hundreds of centres, schools and retraining workshops were created.

This technical and scientific progress was completed by progress in the juridical sphere. Vocational re-education came to be considered as a normal element of compensation, as a duty for the State and a right for War victims.

The results of this immense effort have given rise to much controversy, but on the whole the work has been a fruitful one. Hundreds of thousands of men have been able to take up new trades. It has now been proved that given a sound orthopaedic treatment, well-designed appliances and a properly organised system of retraining, a very large number of the disabled are capable of a productive efficiency little less than that of an able-bodied workman, if they are placed in suitable occupations.

It is therefore natural that the question of extending the benefits of vocational re-education to the disabled of industry should have received consideration. However, while there have been numerous schemes but little has been done in the way of practical effort. In general, it may be said that workmen's compensation legislation makes no provision for vocational re-education, which constitutes neither an obligation for the employer or insurance institution, nor a right for the workman who becomes the victim of an accident. Nevertheless, in several countries progress has been made in re-education as the result either of local enactment or on the initiative of large insurance institutions. Such is the case in Austria, Belgium, France, Germany, Italy, Netherlands, Spain, and the United States. The Conference, conscious of the value of vocational re-education, but taking into account the practical difficulties of organisation and the great variety of the cases to be treated, decided to recommend that " the

vocational re-education of injured workmen should be provided by such means as the national laws or regulations deem it most suitable. Governments should encourage institutions which undertake such re-education ”.

Recommendation concerning Jurisdiction in Disputes on Workmen's Compensation

Disputes on workmen's compensation arise not only out of the interpretation of the terms of laws and regulations, but also out of occupational questions which require a thorough knowledge of labour conditions: the nature of the undertaking, the character of the risk which it involves, the relation between the employment and the accident, the method of calculating the basic wage, the degree of incapacity for work, the possibility of taking up a new occupation.

It is evident that such a thorough knowledge of labour conditions can only be possessed by employers and workers, and that their participation in the courts which decide workmen's compensation disputes enables more equitable decisions to be arrived at. The Conference, convinced of the truth and value of these considerations, and seeing that the participation of employers and workers in these courts can be arranged for in many countries without disturbing the judiciary system, adopted a Recommendation concerning jurisdiction.

In the first part of the Recommendation, the Conference desired to assert the principle that workmen's compensation disputes ought preferably to be dealt with by a special Court or Board of Arbitration, comprising, with or without the addition of regular judges, an equal number of employers' and workmen's representatives. In view, however, of the fact that at the present time, in the great majorities of countries, workmen's compensation disputes are settled by the ordinary courts, the Conference recommended that in these countries the courts should, at the request of either of the parties concerned, hear employers'

and workmen's representatives as experts in any case where the dispute involves a question of an occupational character, and in particular the question of the degree of incapacity for work.

B. Compensation for Occupational Diseases

The Draft Convention

The principle of occupational risk applies to the compensation of occupational diseases in the same way as to that of industrial accidents. On the principle itself of compensation for occupational diseases at the expense of the employer, there is fairly general agreement. Nevertheless, the laws which have provided for such compensation are still relatively few. This situation is to be explained by the very considerable difficulties which are met with in practice in the compensation of occupational diseases. In the first place it is often very difficult, even for a skilful doctor, to determine whether the origin of disease is occupational or not. Further, it is necessary to fix a limit to the duration of the responsibility of employers, that is to say, the lapse of time between the date on which employment ceased in the industry considered as liable to give rise to an occupational disease, and the date when such disease causes death or incapacity for work; this period varies widely according to the disease. Lastly, when there are several employers who may be responsible, it is necessary to prescribe how the cost of compensation is to be distributed among them. The solution of these essential problems is evidently always difficult.

The Conference, aware at the same time of the difficulties and of the necessity of ensuring fair compensation to the victims of occupational diseases and to their dependants, decided to aim at a result which should be at once simple and limited and yet positive.

In the first place, the Conference stated that occupational diseases ought to carry the same right to compensation as industrial accidents:

Each member of the International Labour Organisation which ratifies this Convention undertakes to provide that compensation shall be payable to workmen incapacitated by occupational diseases, or, in case of death from such diseases, to their dependants, in accordance with the general principle of the national legislation relating to compensation for industrial accidents.

The rates of such compensation shall not be less than those prescribed by the national legislation for injury resulting from industrial accidents (Art. 1).

In the second place, the Conference decided to include in the Draft Convention a list of occupational diseases which ought to be compensated. This list is in two columns: in the first column is a list of substances liable to cause certain kinds of poisoning or diseases, and in the second column a list of activities, occupations or operations in which these kinds of poisoning or diseases, when they occur, are to be considered as occupational in their origin.

The list of diseases or poisonous substances adopted by the Conference is very simple: it only includes poisoning by lead, its alloys or compounds; poisoning by mercury, its amalgams and compounds, and anthrax infection. Nevertheless, if the Draft Convention is ratified, it will entail a very considerable progress in the case of those laws which at the present time do not compensate for occupational diseases.

The Recommendation

The Conference had wished to keep the Draft Convention very simple by including in it only a small number of diseases, and a small number of occupations, industries or operations for which the occupational origin of disease could be already clearly proved. But far from considering this list as final, the Conference was careful to state that this enumeration, which had already been exceeded by a certain number of national laws, could and should be extended and perfected. Consequently, it adopted a Recommendation inviting the members of the International Labour Organisation to establish,

if it did not already exist, a simple procedure by which the list of diseases considered occupational in its national legislation might be revised.

III

The Work in the Future

The object of the Governing Body in asking the Office to submit to the 1925 Conference a report on the general problems of social insurance was to give the Conference the opportunity of deciding by means of a resolution as to the order in which social insurance questions should be taken up by later Sessions of the Conference, and as to the trend which should be followed by the Office in its study of social insurance.

The Conference desired to have the advice of specialists on these two questions, and so it appointed a special commission to examine them. This commission, known as the Commission on General Problems of Social Insurance, after a study of the report prepared by the Office, submitted its own report and a resolution, which were unanimously adopted by a Plenary Session of the Conference.

The contents of the report and the resolution are summarised below.

THE INCLUSION OF SOCIAL INSURANCE ITEMS IN THE AGENDA OF FUTURE CONFERENCES

The Conference, acting in accordance with the opinion of the Commission, decided unanimously that sickness insurance ought to be taken up in the first place, and asked the Governing Body "to place the question of general sickness insurance for workers on the agenda of an early Session of the Conference, if possible that of 1927".

Both the Conference and the Commission considered that sickness is a serious risk to which all workers and their families are continuously exposed. The character of the risk is well known. Tables of morbidity, drawn up on the basis of long experience covering millions of individuals, are accurate enough to allow precise forecasts to be made and to afford a solid basis for sound actuarial management. Moreover, sickness insurance involves the establishment and co-ordination of a whole group of national, regional and local institutions which enable close contact to be maintained between insured persons and the insurance organisation; and of course a medical service must be set up. Sickness insurance is therefore able to place at the disposal of the other branches of social insurance its administrative services for the collection of contributions, the payment of benefits and the examination of claims to benefit, and lastly its medical service to prevent or mitigate invalidity. In this way the local sickness insurance fund has come to be considered in many countries as the proper basis on which a complete system of social insurance could be built, yielding the highest social efficiency for a minimum cost of administration. It is therefore on sickness insurance that International Labour Organisation is likely to concentrate its attention in the near future.

As regards invalidity, old age, and dependants' insurance, the Conference has left it to the Governing Body to decide whether they should be placed on the agenda of the Conference which will consider sickness insurance or on the agenda of a later Conference. The fact is that in matters of this sort considerations of expediency must carry weight at the same time as considerations of a technical order. There is no doubt a close relation between risks of industrial accident, occupational disease, ordinary sickness, invalidity, old age and death, and it would be an inviting task for insurance specialists to endeavour to plan a Draft Convention containing the basic provisions for a complete system of social insurance. The Governing Body, however, has to take account of the actual facts and of

the prospects of legislative progress in the different countries. In fact, in almost all countries sickness insurance, on the one hand, and invalidity, old age and survivors' insurance, on the other hand, constitute separate systems. Moreover, a Convention covering all the different risks would represent a prodigious task for a single Conference by reason of the number and difficulty of the problems which would be raised, and that, even if a draft could be agreed upon, it would have very little chance of being ratified by any considerable number of States, which would be obliged thoroughly to re-organise their social insurance systems. It is therefore to be expected that the method of studying each risk separately, which was adopted in 1925 in the case of workmen's compensation for industrial accidents and occupational diseases, will be maintained, that sickness insurance will be placed on the agenda of the 1927 Conference, and that invalidity insurance, old age insurance and dependants' insurance will be placed on the agenda of subsequent Conferences.

THE RESEARCH WORK TO BE CARRIED OUT BY THE
INTERNATIONAL LABOUR OFFICE

The reports published by the International Labour Office on the general problems of social insurance, compensation for industrial accidents, compensation for occupational diseases, sickness insurance, and unemployment insurance, are studies of national laws; they only comprise a comparative study of legal provisions.

On the proposal of its Commission, the Conference decided that these international studies ought to be continued and that for the future they should include the collection and distribution of information concerning

- (a) the progress of legislation and regulations regarding all branches of social insurance;
- (b) the results obtained in the various countries, and for the various branches of social insurance.

Further, the resolution submitted by the Commission and accepted by the Conference provides that the studies prepared by the Office should as far as possible show in detail for each country and for each risk

- (a) the classes and number of workers covered, i.e. whether independent workers, workers for salaries or wages, and others, and also the occupations covered (distinguishing between compulsory and voluntary systems);
- (b) similarly the classes and numbers not covered by the systems;
- (c) the benefits (i) nature, i.e. in kind or in cash, (ii) amount, (iii) duration, (iv) conditions attached;
- (d) how the cost is borne, (i) by the State or other public authority, (ii) by the employer, (iii) by the persons covered;
- (e) the total annual cost under heads (d) — (i), (ii), and (iii), with the proportion of the workers' and employers' contributions to the wages paid;
- (f) the expenditure annually (i) on benefits, (ii) on administration, and numbers who receive each kind of benefit, and the economic effects of the system as a whole in each country;
- (h) the use of social insurance reserves for the improvement of public health.

The report of the Commission observes that the programme detailed above is evidently a maximum programme which can only be carried into effect in so far as information provided by States and industrial organisations provides the means. The research work performed by the Office is closely dependent upon the questions placed on the agenda of Conferences; hence if, as there is reason to believe, sickness insurance will be taken up by the 1927 Conference and invalidity insurance, old age insurance and survivors' insurance by subsequent Conferences, the International Labour Office will prepare studies firstly on sickness insurance, then

on invalidity insurance, old age insurance and survivors' insurance, which according to the plan proposed by the Conference will comprise an examination of legal provisions and the results of the operation of insurance schemes, and will contain statistics as complete as the material supplied by official reports and information received from Governments will allow.

On 28 January 1926, the Governing Body finally decided to place on the agenda of the 1927 Conference the question of sickness insurance. The Office has been given the task of preparing an international report on compulsory sickness insurance and a report on voluntary sickness insurance, each containing a comparative analysis of national schemes and a study of their working as shown by statistics.

APPENDIX I

Texts of International Draft Conventions and Recommendations concerning Social Insurance adopted between 1919 and 1915 by the first seven Sessions of the International Labour Conference.

SUMMARY

1. Social Insurance in general.
2. Compensation for Industrial Accidents.
3. Compensation for Occupational Diseases.
4. Unemployment Insurance.
5. Maternity Insurance.

In the texts printed below only the articles referring to social insurance have been reproduced. It was not considered necessary to give the articles which prescribe the procedure for ratification which are to be found at the end of every Draft Convention, or the articles dealing with matters other than social insurance.

I. SOCIAL INSURANCE IN GENERAL

General Resolution on Social Insurance

(Geneva, 1925)

Whereas the maintenance of a healthy and vigorous labour supply is of capital importance, not only for wage-earners themselves, but also for industrial communities desirous of developing their productive capacity,

And whereas this development is only attainable by constant and systematic endeavour to obviate all avoidable loss or diminution in the efficiency or earning capacity of wage-earners,

And whereas a system of labour regulation, if true to the principle of social justice, must secure the effective protection of the workers against risks endangering their livelihood, or that of their families,

And whereas this protection can best be attained by means of the establishment of a system of social insurance granting clearly defined rights to the beneficiaries,

The General Conference of the International Labour Organisation, having noted that

Several States have secured their working class population against occupational and non-occupational risks by establishing

systems of social insurance covering almost all workers and their families, and that these systems

(1) Give to insured persons the right, when the risks materialise, to claim benefits by way of payments in kind and in money, enabling them to resume their place in the productive life of the community, or failing this assuring them and their families, if not full compensation for the damage sustained, at least a reasonable minimum standard of life as understood in their time and country, or a basis on which to maintain such a standard;

(2) Usually derive their income from contributions paid by employers and workers and from grants out of public funds (except in the case of loss resulting from industrial accidents and occupational diseases, the responsibility for insurance against which as a rule rests entirely upon employers);

(3) Establish through comprehensive mutual insurance institutions administered by the employers and workers directly interested, or by the State in collaboration with them, an organisation designed to encourage thrift and to improve the conditions of life of the insured persons;

And desiring not only to remove conditions which may constitute an obstacle to the efforts of Members who desire to expand and improve their system of social insurance, but also to profit by all the valuable experience obtained in various countries, and recalling the decisions taken at previous Sessions, especially those concerning unemployment, employment of women before and after childbirth and workmen's compensation for industrial accidents,

(1) Requests the Governing Body of the International Labour Office to place the question of general sickness insurance for workers on the agenda of an early Session of the Conference, if possible that of 1927, and on the agenda of the same or succeeding Sessions (due regard being had to the close connection between the various branches of social insurance) the questions of invalidity, old age, and widows' and orphans' insurance;

(2) Decides that the useful work already performed by the International Labour Office in collecting information with regard to social insurance should be continued, and should include the collection and distribution of information concerning:

(a) the progress of legislation and regulations regarding all branches of social insurance;

(b) the results obtained in the various countries and for the various branches of social insurance, especially with regard to the classes and number of beneficiaries and insured persons, the nature and extent of the benefits granted, the funds required and the manner of distributing financial responsibility amongst the different classes of contributors, the employment of reserves and the expenses incurred by insurance institutions on account of benefits and costs of administration.

The information furnished by the International Labour Office should give in detail as far as possible, for each country and for each risk:

(a) the classes and number of workers covered, i.e. whether independent workers, workers for salaries or wages and others, and also the occupations covered (distinguishing between compulsory and voluntary systems);

(b) similarly the classes and numbers not covered by the systems;

(c) the benefits (i) nature, i.e. in kind or in cash, (ii) amount, (iii) duration, (iv) conditions attached;

(d) how the cost is borne (i) by the State or other public authority, (ii) by the employer, (iii) by the persons covered;

(e) the total annual cost under heads (d) — (i), (ii) and (iii), with the proportion of the workers' and employers' contributions to the wages paid;

(f) precise methods of administration centrally and locally;

(g) the expenditure annually (i) on benefits, (ii) on administration, and the numbers who received each kind of benefit, and the economic effects of the system as a whole in each country;

(h) the use of social insurance reserves for the improvement of public health.

Recommendation concerning Social Insurance in Agriculture

(Geneva, 1921)

The General Conference of the International Labour Organisation recommends:

That each Member of the International Labour Organisation extend its laws and regulations establishing systems of insurance against sickness, invalidity, old age and other similar social risks to agricultural wage-earners on conditions equivalent to those prevailing in the case of workers in industrial and commercial occupations.

II COMPENSATION FOR INDUSTRIAL ACCIDENTS

Draft Convention concerning Workmen's Compensation in Agriculture (Geneva, 1921)

ARTICLE 1

Each Member of the International Labour Organisation which ratifies this Convention undertakes to extend to all agricultural wage-earners its laws and regulations which provide for the compensation of workers for personal injury by accident arising out of or in the course of their employment.

**Draft Convention concerning Workmen's Compensation
for Accidents (Geneva, 1925)**

ARTICLE 1

Each Member of the International Labour Organisation which ratifies this Convention undertakes to ensure that workmen who suffer personal injury due to an industrial accident, or their dependants, shall be compensated on terms at least equal to those provided by this Convention.

ARTICLE 2.

The laws and regulations as to workmen's compensation shall apply to workmen, employees and apprentices employed by any enterprise, undertaking or establishment of whatsoever nature, whether public or private.

It shall nevertheless be open to any Member to make such exceptions in its national legislation as it deems necessary in respect of:

- (a) persons whose employment is of a casual nature and who are employed otherwise than for the purpose of the employer's trade or business;
- (b) out-workers;
- (c) members of the employer's family who work exclusively on his behalf and who live in his house;
- (d) non-manual workers whose remuneration exceeds a limit to be determined by national laws or regulations.

ARTICLE 3

This Convention shall not apply to

- (1) seamen and fishermen for whom provision shall be made by a later Convention;
- (2) persons covered by some special scheme, the terms of which are not less favourable than those of this Convention.

ARTICLE 4

This Convention shall not apply to agriculture, in respect of which the Convention concerning workmen's compensation in agriculture adopted by the International Labour Conference at its Third Session remains in force.

ARTICLE 5

The compensation payable to the injured workman, or his dependants, where permanent incapacity or death results from the injury, shall be paid in the form of periodical payments:

provided that it may be wholly or partially paid in a lump sum, if the competent authority is satisfied that it will be properly utilised.

ARTICLE 6

In case of incapacity, compensation shall be paid not later than as from the fifth day after the accident, whether it be payable by the employer, the accident insurance institution, or the sickness insurance institution concerned.

ARTICLE 7

In cases where the injury results in incapacity of such a nature that the injured workman must have the constant help of another person, additional compensation shall be provided.

ARTICLE 8

The national laws or regulations shall prescribe such measures of supervision and methods of review as are deemed necessary.

ARTICLE 9

Injured workmen shall be entitled to medical aid and to such surgical and pharmaceutical aid as is recognised to be necessary in consequence of accidents. The cost of such aid shall be defrayed either by the employer, by accident insurance institutions, or by sickness or invalidity insurance institutions.

ARTICLE 10

Injured workmen shall be entitled to the supply and normal renewal, by the employer or insurer, of such artificial limbs and surgical appliances as are recognised to be necessary: provided that national laws or regulations may allow in exceptional circumstances the supply and renewal of such artificial limbs and appliances to be replaced by the award to the injured workman of a sum representing the probable cost of the supply and renewal of such appliances, this sum to be decided at the time when the amount of compensation is settled or revised.

National laws or regulations shall provide for such supervisory measures as are necessary, either to prevent abuses in connection with the renewal of appliances, or to ensure that the additional compensation is utilised for this purpose.

ARTICLE 11

The national laws or regulations shall make such provision as, having regard to national circumstances, is deemed most suitable

for ensuring in all circumstances, in the event of the insolvency of the employer or insurer, the payment of compensation to workmen who suffer personal injury due to industrial accidents, or in case of death, to their dependants.

Recommendation concerning the Minimum Scale of Workmen's Compensation (Geneva, 1925)

I

Where incapacity for work results from the injury, the national laws or regulations should provide for the payment of compensation at rates not lower than those hereinafter indicated:

(1) In the case of permanent total incapacity, a periodical payment equivalent to two-thirds of the workman's annual earnings;

(2) In case of permanent partial incapacity, a proportion of the periodical payment due in the event of permanent total incapacity calculated in reference to the reduction of earning power caused by the injury;

(3) In case of temporary total incapacity, a daily or weekly payment equivalent to two-thirds of the workman's basic earnings as calculated for purposes of compensation;

(4) In case of temporary partial incapacity, a proportion of the daily or weekly payment payable in the case of temporary total incapacity calculated in reference to the reduction of earning power caused by the injury.

Where compensation is paid in a lump sum, the sum should not be less than the capitalised value of the periodical payment which would be payable under the foregoing paragraphs.

II

Where the injury is such that the workman requires the constant help of another person, additional compensation should be paid to the workman, which should not be less than half the amount payable in the case of permanent total incapacity.

III

Where death results from the injury, those entitled to be regarded as dependants for purposes of compensation should include at least the following:

- (1) deceased's husband or wife;
- (2) deceased's children under eighteen years of age, or above that age if, by reason of physical or mental infirmity, they are incapable of earning;
- (3) deceased's ascendants (parents or grandparents), provided that they are without means of subsistence and were dependent on the deceased, or the deceased was under an obligation to contribute towards their maintenance;
- (4) deceased's grandchildren and brothers and sisters, if below eighteen years of age, or above that age if, by reason of physical or mental infirmity, they are incapable of earning, and if they are orphans, or if their parents, though still living, are incapable of providing for them.

Where compensation is paid by means of periodical payments, the maximum total of the yearly sum payable to all the dependants should not be less than two-thirds of the deceased's annual earnings.

Where compensation is paid in a lump sum, the maximum sum payable to all the dependants should not be less than the capitalised value of periodical payments equivalent to two-thirds of the deceased's annual earnings.

IV

The vocational re-education of injured workmen should be provided by such means as the national laws or regulations deem most suitable.

Governments should encourage institutions which undertake such re-education.

Recommendation concerning Jurisdiction in Disputes on Workmen's Compensation (Geneva, 1925)

Whereas disputes on workmen's compensation turn not only on the interpretation of laws and regulations, but also on questions of an occupational character requiring a thorough knowledge of working conditions, for example, questions as to the nature of the undertaking, the kind of risk inherent in it, the relation between the workman's employment and the accident, the method of computing earnings, the degree of incapacity for work, the possibility of the workman's adapting himself to some other occupation,

And whereas workmen and employers have the necessary knowledge and experience on these questions, and disputes on compensation matters might be more equitably settled if they were members of or associated with the courts which have to decide such disputes,

And whereas it is possible in many countries to secure the association of employers and workmen with such courts, as mem-

bers or otherwise, without departing radically from the existing judicial system,

The General Conference recommends that each Member of the International Labour Organisation should take the following principles and rules into consideration:

I

That every dispute relating to workmen's compensation should preferably be dealt with by a special court or board of arbitration comprising, with or without the addition of regular judges, an equal numbers of employers' and workmen's representatives appointed to act as adjudicators by their respective organisations or on the nomination of such organisations or comprising employers' and workmen's representatives drawn from other social institutions or elected by separate electoral bodies of employers and workmen.

II

That, where disputes relating to workmen's compensation are dealt with by the ordinary courts of law, such courts shall be required, on the request of either of the parties concerned, to hear employers' and workmen's representatives as experts in any case where the dispute involves a question of an occupational character, and in particular the question of the degree of incapacity for work.

Draft Convention concerning Equality of Treatment for National and Foreign Workers as regards Workmen's Compensation for Accidents (Geneva, 1925)

ARTICLE 1

Each Member of the International Labour Organisation which ratifies this Convention undertakes to grant to the nationals of any other Member which shall have ratified the Convention, who suffer personal injury due to industrial accidents happening in its territory, or to their dependants, the same treatment in respect of workmen's compensation as it grants to its own nationals.

This equality of treatment shall be guaranteed to foreign workers and their dependants without any condition as to residence. With regard to the payments which a Member or its nationals would have to make outside that Member's territory in the application of this principle, the measures to be adopted shall be regulated, if necessary, by special arrangements between the Members concerned.

ARTICLE 2

Special agreements may be made between the Members concerned to provide that compensation for industrial accidents happening to workers whilst temporarily or intermittently employed in the territory of one Member on behalf of an undertaking situated in the territory of another Member shall be governed by the laws and regulations of the latter Member.

ARTICLE 3

The Members which ratify this Convention and which do not already possess a system, whether by insurance or otherwise, of workmen's compensation for industrial accidents agree to institute such a system within a period of three years from the date of their ratification.

ARTICLE 4

The Members which ratify this Convention further undertake to afford each other mutual assistance with a view to facilitating the application of the Convention and the execution of their respective laws and regulations on workmen's compensation and to inform the International Labour Office, which shall inform the other Members concerned, of any modifications in the laws and regulations in force on workmen's compensation.

Recommendation concerning Equality of Treatment for National and Foreign Workers as regards Workmen's Compensation for Accidents (Geneva, 1925)

I

- In order to facilitate the application of the Convention concerning equality of treatment for national and foreign workers as regards workmen's compensation for accidents the Conference recommends that:

(a) When a person to whom compensation is due under the laws and regulations of one Member resides in the territory of another Member, the necessary measures be taken to facilitate the payment of such compensation and to ensure the observance of the conditions governing such payment laid down by the said laws and regulations:

(b) In case of dispute concerning the non-payment, cessation of payment, or reduction of the compensation due to a person residing elsewhere than in the territory of the Member where his

claim to compensation originated, facilities be afforded for taking proceedings in the competent courts of law in such territory without requiring the attendance of the person concerned;

(c) Any advantage in respect of exemption from duties and taxes, free issue of official documents or other privileges granted by the law of any Member for purposes connected with workmen's compensation, be extended under the same conditions to the nationals of the other Members which shall have ratified the afore-mentioned Convention.

II

The Conference recommends that, where in any country there exists no system, whether by insurance or otherwise, of workmen's compensation for industrial accidents, the Government shall, pending the institution of such a system, afford facilities to alien workers enabling them to benefit by the laws and regulations on workmen's compensation in their own countries.

III. COMPENSATION FOR OCCUPATIONAL DISEASES

Draft Convention concerning Workmen's Compensation for Occupational Diseases (Geneva, 1925)

ARTICLE 1

Each Member of the International Labour Organisation which ratifies this Convention undertakes to provide that compensation shall be payable to workmen incapacitated by occupational diseases, or, in case of death from such diseases, to their dependants, in accordance with the general principles of the national legislation relating to compensation for industrial accidents.

The rates of such compensation shall be not less than those prescribed by the national legislation for injury resulting from industrial accidents. Subject to this provision, each Member, in determining in its national law or regulations the conditions under which compensation for the said diseases shall be payable, and in applying to the said diseases its legislation in regard to compensation for industrial accidents may make such modifications and adaptations as it thinks expedient.

ARTICLE 2

Each Member of the International Labour Organisation which ratifies this Convention undertakes to consider as occupational

diseases those diseases and poisonings produced by the substances set forth in the Schedule appended hereto, when such diseases or such poisonings affect workers engaged in the trades or industries placed opposite in the said Schedule, and result from occupation in an undertaking covered by the said national legislation.

SCHEDULE.

List of diseases and toxic substances

Poisoning by lead, its alloys or compounds and their sequelae.

Poisoning by mercury, its amalgams and compounds and their sequelae.

Anthrax infection.

List of corresponding industries and processes.

Handling of ore containing lead, including fine shot in zinc factories.

Casting of old zinc and lead in ingots.

Manufacture of articles made of cast lead or of lead alloys.

Employment in the polygraphic industries.

Manufacture of lead compounds.

Manufacture and repair of electric accumulators.

Preparation and use of enamels containing lead.

Polishing by means of lead files or putty powder with a lead content.

All painting operations involving the preparation and manipulation of coating substances, cements or colouring substances containing lead pigments.

Handling of mercury ore.

Manufacture of mercury compounds.

Manufacture of measuring and laboratory apparatus.

Preparation of raw material for the hat-making industry.

Hot gilding.

Use of mercury pumps in the manufacture of incandescent lamps.

Manufacture of fulminate of mercury primers.

Work in connection with animals infected with anthrax.

Handling of animal carcasses or parts of such carcasses including hides, hoofs and horns.

Loading and unloading or transport of merchandise.

**Recommendation concerning Workmen's Compensation
for Occupational Diseases (Geneva, 1925)**

Whereas it is recognised that each State is free to establish under its national legislation a more complete list than that embodied in the Schedule appended to Article 2 of the Convention concerning workmen's compensation for occupational diseases,

The Conference recommends that

Each Member of the International Labour Organisation should adopt, where such procedure does not already exist, a simple procedure by which the list of diseases considered occupational in its national legislation may be revised.

IV. UNEMPLOYMENT INSURANCE

**Draft Convention concerning Unemployment
(Washington, 1919)**

ARTICLE 3

The Members of the International Labour Organisation which ratify this Convention and which have established systems of insurance against unemployment shall, upon terms being agreed between the Members concerned, make arrangements whereby workers belonging to one Member and working in the territory of another shall be admitted to the same rates of benefit of such insurance as those which obtain for the workers belonging to the latter.

**Recommendation concerning Unemployment
(Washington, 1919)**

The General Conference of the International Labour Organisation of the League of Nations,
adopts the following Recommendation:

III

The General Conference recommends that each Member of the International Labour Organisation establish an effective system of unemployment insurance, either through a Government system or through a system of Government subventions to associations whose rules provide for the payment of benefits to their unemployed members.

Recommendation concerning Unemployment Insurance for Seamen (Genoa, 1920)

The General Conference of the International Labour Organisation of the League of Nations, adopts the following Recommendation:

The General Conference, with a view to securing the application to seamen of Part III of the Recommendation concerning Unemployment adopted at Washington on 28 November 1919, recommends that each Member of the International Labour Organisation should establish for seamen an effective system of insurance against unemployment arising out of ship-wreck or any other cause, either by means of Government insurance or by means of Government subventions to industrial organisations whose rules provide for the payment of benefits to their unemployed members.

Draft Convention concerning Unemployment Indemnity in case of Loss or Foundering of the Ship (Genoa, 1920)

The General Conference of the International Labour Organisation of the League of Nations, adopts the following Draft Convention:

ARTICLE 1

For the purpose of this Convention, the term "seaman" includes all persons employed on any vessel engaged in maritime navigation.

For the purpose of this Convention, the term "vessel" includes all ships and boats, of any nature whatsoever, engaged in maritime navigation, whether publicly or privately owned; it excludes ships of war.

ARTICLE 2

In every case of loss or foundering of any vessel, the owner or person with whom the seaman has contracted for service on board the vessel shall pay to each seaman employed thereon an indemnity against unemployment resulting from such loss or foundering.

This indemnity shall be paid for the days during which the seaman remains in fact unemployed at the same rate as the wages payable under the contract, but the total indemnity payable under this Convention to any one seaman may be limited to two months' wages.

ARTICLE 3

Seaman shall have the same remedies for recovering such indemnities as they have for recovering arrears of wages earned during the service.

V. MATERNITY INSURANCE

Draft Convention concerning the Employment of Women before and after Childbirth (Washington, 1919)

ARTICLE 1

For the purpose of this Convention, the term "industrial undertaking" includes particularly:

(a) Mines, quarries, and other works for the extraction of minerals from the earth.

(b) Industries in which articles are manufactured, altered, cleaned, repaired, ornamented, finished, adapted for sale, broken up or demolished, or in which materials are transformed; including shipbuilding and the generation, transformation, and transmission of electricity or motive power of any kind.

(c) Construction, reconstruction, maintenance, repair, alteration, or demolition of any building, railway, tramway, harbour, dock, pier, canal, inland, waterway, road, tunnel, bridge, viaduct, sewer, drain, well, telegraphic or telephonic installation, electrical undertaking, gas work, waterwork, or other work of construction, as well as the preparation for or laying the foundation of any such work or structure.

(d) Transport of passengers or goods by road, rail, sea, or inland waterway, including the handling of goods at docks, quays, wharves, and warehouses, but excluding transport by hand.

For the purpose of this Convention, the term "commercial undertaking" includes any place where articles are sold or where commerce is carried on.

The competent authority in each country shall define the line of division which separates industry and commerce from agriculture.

ARTICLE 2

For the purpose of this Convention, the term "woman" signifies any female person, irrespective of age or nationality, whether married or unmarried, and the term "child" signifies any child, whether legitimate or illegitimate.

ARTICLE 3

In any public or private industrial or commercial undertaking or in any branch thereof, other than an undertaking in which only members of the same family are employed, a woman—

(a) Shall not be permitted to work during the six weeks following her confinement.

(b) Shall have the right to leave her work if she produces a medical certificate stating that her confinement will probably take place within six weeks.

(c) Shall, while she is absent from her work in pursuance of paragraphs (a) and (b), be paid benefits sufficient for the full and healthy maintenance of herself and her child, provided either out of public funds or by means of a system of insurance, the exact amount of which shall be determined by the competent authority in each country, and as an additional benefit shall be entitled to free attendance by a doctor or certified midwife. No mistake of the medical adviser in estimating the date of confinement shall preclude a woman from receiving these benefits from the date of the medical certificate up to the date on which the confinement actually takes place.

(d) Shall in any case, if she is nursing her child, be allowed half an hour twice a day during her working hours for this purpose.

ARTICLE 4

Where a woman is absent from her work in accordance with paragraphs (a) or (b) of Article 3 of this Convention, or remains absent from her work for a longer period as a result of illness medically certified to arise out of pregnancy or confinement and rendering her unfit for work, it shall not be lawful, until her absence shall have exceeded a maximum period to be fixed by the competent authority in each country, for her employer to give her notice of dismissal during such absence, nor to give her notice of dismissal at such a time that the notice would expire during such absence.

Recommendation concerning the Protection, before and after Childbirth, of Women Wage-earners in Agriculture (Geneva, 1921)

The General Conference of the International Labour Organisation recommends:

That each Member of the International Labour Organisation take measures to ensure to women wage-earners employed in agricultural undertakings protection before and after childbirth similar to that provided by the Draft Convention adopted by the International Labour Conference at Washington for women employed in industry and commerce, and that such measures should include the right to a period of absence from work before and after childbirth and to a grant of benefit during the said period, provided either out of public funds or by means of a system of insurance.

APPENDIX II

Publications of the International Labour Office on Social Insurance

General Problems of Social Insurance. *Studies and Reports, Series M (Social Insurance), No. 1* Geneva, 1925. xxviii + 136 pp. Price: 2s. 6d.; 60 cents.

Apart from the series of reports which deal each with a particular risk, the International Labour Office, at the request of its Governing Body, has published a volume in which it has endeavoured to throw light on the relations between the various risks, and to compare the solutions, which have been or could be practised, for the problems common to all the risks. Such is the object of the study on *General Problems of Social Insurance*.

It would perhaps be more modest and more accurate to entitle it a "report on some general problems of social insurance", for indeed, after giving a brief survey of the historical development of insurance, the book goes on to examine the more important aspects of some of the essential problems: scope, benefits, resources, methods of financial administration, institutions, and the question of the unification or co-ordination of social insurance.

The object of the International Labour Office was not to produce a purely theoretical study expressing an original opinion on every problem and constituting as it were a philosophy of insurance, nor a study of comparative law giving a detailed and thoroughgoing analysis of all social insurance legislation. It does not adopt any particular standpoint. It simply attempts as clearly and objectively as possible to set forth the principal aspects of each of these problems and to survey in schematic form the conceptions underlying the legislation of the various countries. If there is a personal element in this book, it is to be found in the effort which has been made to state, with the greatest caution however, as regards each problem not only the main provisions of existing legislation, but the tendencies which are apparent in the most recent laws and the direction which evolution seems to be taking.

Compensation for Industrial Accidents. A Comparative Analysis of National Laws. *Studies and Reports, Series M (Social Insurance), No. 2.* Geneva, 1925. 655 pp. Price: 12s. 6d.; \$3.

This report was prepared for the Seventh Session of the International Labour Conference (Geneva, May-June 1925) whose task was to vote a Draft Convention and Recommendation on workmen's compensation. It was therefore necessary to place at the disposal of the delegates of the Conference exact information on the present state of national laws in order to enable them to judge of the effort which would have to be made by the different States in order to bring their laws and regulations into harmony with the Draft Convention, to consider whether this effort was possible, and to adapt the text of the Convention and Recommendation to the capacity for progress of the great majority of countries.

The report contains for some 50 States an examination of the most important aspects of workmen's compensation law: scope (undertakings

covered and workers covered); risks covered (the notion of industrial accident); compensation in case of death and in case of incapacity; guarantee systems; procedure for obtaining compensation and settlement of disputes; position of foreigners. The mode of treatment of each subject is the same: first the essential elements of the problem are stated and then the possible solutions; next, the national laws are classified according to the solution which they have adopted; and, lastly, a fairly detailed analysis of national laws is undertaken. There is appended to each chapter a comparative table showing the most important provisions of each national law and allowing its characteristics to be rapidly perceived.

Compensation for Occupational Diseases. A Comparative Analysis of National Legislation. *Studies and Reports (Social Insurance)*, No. 3. Geneva, 1925. 76 pp. Price: 1s.; 25 cents.

This study, which was prepared for the 1925 Session of the International Labour Conference, discusses the general problem of compensation for occupational diseases and analyses the provisions of the national laws under which such diseases are compensated.

In the first part (General Considerations), after it has been shown that compensation for occupational diseases is both just and necessary, a critical examination is made of the various definitions of an occupational disease and the most important characteristics which differentiate it from an industrial accident.

Then an exposition of the methods of compensation which have actually been practised is undertaken. These methods can be finally reduced to two: compensation under the general sickness and invalidity insurance system, and compensation on the same basis as for industrial accidents in accordance with the principle of occupational risk.

The great importance of the medical man in the matter of occupational disease is emphasised; and in this connection the following points are discussed: the training of medical men, the necessity of knowing the medical history of patients, the periodicity of medical examinations and the notification of occupational diseases.

The second part of the study (Analysis of National Legislations) is an examination of the compensation schemes at present in force in some 30 countries (including 10 States of the United States) grouped in three classes according as compensation is provided under the workmen's compensation law, under sickness and invalidity insurance, or under a special scheme. The first class, in which the principle of occupational risk is applied to occupational diseases in the same way as to industrial accidents, comprises the vast majority of laws at present in force. The analyses include not only a summary of the laws of a large number of countries, but also the lists of diseases which are considered as occupational.

Thus, in this little volume of less than 80 pages is contained an exposition of the main problems and a survey of the present condition of legislation relating to occupational disease, information which hitherto has been scattered here and there in numerous publications.

Sickness Insurance. A Comparative Analysis of National Laws. *Studies and Reports, Series M (Social Insurance)*, No. 4. Geneva, 1925. viii + 133 pp. Price: 2s.; 50 cents.

In the course of recent years sickness insurance has been developed to a remarkable extent. Some 20 industrial States have made it com-

pulsory for the majority, if not the whole, of their wage-earning population; other States, without making insurance compulsory, are encouraging mutual aid in case of sickness. Another group of States are preparing to take an active part in popular or working class insurance. Thus, collective provision against sickness is tending to become general. Is this tendency to make provision against sickness in the same direction in the various countries? If not, are there any convergent tendencies which are overcoming national peculiarities, and so allow an effort at international regulation to be looked forward to with confidence?

The intention of the present report is to enable the reader to answer these questions by supplying him with a comparative analysis of national laws.

The essential problems which have to be solved in any sickness insurance system are investigated. Is insurance compulsory or voluntary, and, in the former case, does it include wage-earners only or independent workers as well? How are insured persons organised for the purpose of insurance? How do insurance institutions work? They provide insured persons with cash benefits in case of sickness, and, which is their real object, they want to cure the sick, and for this purpose they establish a medical service. In order to cover their expenses, these institutions are supplied with certain funds. Whence do they obtain these resources?

The report describes the solutions to the different problems to be found in the laws of various countries. It does not cover all the solutions, but every typical solution which characterises the leading conceptions in the various countries. The laws are classified in groups possessing similar characteristics. Thus, without going into small details, the report renders the reader familiar with the main lines of the legislative movement in sickness insurance. A reader who wishes to refer to the original sources will find the necessary references in an appendix to the report.

Unemployment Insurance. A Study of Comparative Legislation.
Studies and Reports, Series C (Employment and Unemployment),
No. 10. Geneva, 1925. 134 pp. Price: 2s.; 50 cents.

For the 17 countries which at the beginning of 1925 possessed a system of voluntary or compulsory unemployment insurance, the report gives a comparative study of the national laws under the following heads: scope, definition of the risk insured against and conditions for the receipt of benefits, financial organisation, and administration. In a final chapter the essential elements of the problem are set forth, and for each of them a certain number of principles are laid down, the adoption of which would lead to some degree of uniformity in the laws at present in force. Each of the chapters is followed by a comparative table indicating in brief formulae the principal characteristics of the various national laws. A detailed indication of the sources and references to the clauses of the laws mentioned in the text enable the reader who wishes to do so to make a more thorough study of any particular point.

11

FORWARD LIBERALISM.

Some recent declarations
on Liberal Policy by

LORD OXFORD

AND

LORD GREY

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LORD OXFORD on Liberal Land Policy.

Lord Oxford addressed the Annual Meeting of the Home Counties Liberal Federation at Watford on April 30th, 1926. The following are extracts from his speech, as reported in the "Manchester Guardian" of May 1st.

LORD OXFORD said that the land was not a new topic with them. On the eve of the war, when there was a Liberal Government in power, and a progressive majority in the House of Commons, they had after much careful preparation laid down the main lines of a comprehensive policy of agricultural reform.

"The evils and dangers which it was then our object to remedy or to forestall have been not diminished," he continued, "but aggravated and intensified by the economic upheavals caused by the war and its consequences. The time has, therefore, clearly come for a re-examination of the whole problem with a view to remedial legislation of a constructive kind, proceeding on bold but sound and well-thought-out lines. We have had enough of timid palliatives and resonant generalities.

"There is a lot of loose talk current about the ideal of a self-sustained England and the twin conception of a self-contained Empire. Neither ideal—even if it were desirable—can ever be attained, and many of the plans by which it is proposed that they should be attained would, if we were foolish enough to put them into practice, be found to be mischievous and impoverishing. That is true of all forms of protection and of most forms, direct or indirect, of subsidy.

"But there is no reason, while we refuse to follow will-o'-the-wisps like these into a fools' paradise, why we should not set our brains to work to remove any artificial obstacles which can be shown to be hindering us in making the best and most productive use of our natural resources. That is as much the case with agriculture as it is with coalmining. In both cases, partly through defects in the law, partly through

lack of progressive initiative and co-operation in practice, a great industry which has the best title to the much-abused epithet "key" industry, is lagging behind and not making its full contribution to the sum of national wealth."

The Worker's Charter.

In his view, frequently expressed in Parliament and on the platform, any scheme of reform which did not put the labourer in the forefront was fatally lacking in perspective. Liberalism was opposed here as elsewhere to all class legislation. Whatever was done for the labourer must be done with scrupulous justice to the landowner and farmer. "But always bear in mind," he went on, "the simple fact—more eloquent than pages of rhetoric—that in the last fifty years there has been (notwithstanding the vast rise in our aggregate population) a decrease of men and boys employed on the land in Great Britain of over 150,000. What, then, does the Convention policy offer as its contribution to the betterment and enlargement of the labourer's life? This, which may be called the 'land workers' charter,' consists of the following points. The policy must assure to land workers:—

- (a) A living wage.
- (b) A sufficiency of cottages and gardens not tied to particular farms.
- (c) A right to garden land, and to at least half an acre of land at a fair rent.
- (d) Ample opportunities to obtain small holdings (with an enlargement of the present limit of size) or family farms).
- (e) Credit to enable them to use these opportunities.

"Observe the words 'living' wage. There are already wages committees which fix a minimum wage for agricultural workers. But a minimum wage which varies from county to county is by no means in all, perhaps in most, cases equivalent to a 'living wage.' In the counties where from the competition of other industries the minimum wage is fixed at a high figure as many men are employed on the land as elsewhere, and the farmer can still make a livelihood out of the land. It would seem therefore that agriculture can pay a living wage.

"The Liberal policy is that the living wage should be the first charge on the industry, that the minimum wage should not

be fixed below a living wage, with direct reference to the cost of living of a family, and that if there be cases where the rent makes this impossible the rent should be adjusted accordingly by arbitration."

Other Reforms.

"I have dwelt upon this aspect of the policy, because in political as in other architecture you must begin not at the top or midway, but by laying your foundations on broad lines and of solid material. It is in improving the lot and the opportunities of the rural labourer far more than by any other specific change that you will find the key to the real revival of the greatest of our national industries.

"There are, of course, a number of the other changes proposed or sanctioned by the resolutions of the Convention which I must reserve for future treatment. In particular there are the functions of the new county authority and the variety of tenures to meet different local conditions which the Convention most wisely, as I think, resolved to recommend. But there are two grievances especially burdensome to the dwellers in towns or in their neighbourhood, the reality of which cannot be disputed. One is the power which the law gives to the landowner at the expiration of a lease to exact a rent based on increased value due to the tenant's expenditure on permanent improvements, which he must either consent to pay or sacrifice, perhaps to a competitor in the trade, the goodwill which he himself has built up. The other is the liberty which the law still gives to the landowner to appropriate the added value which has been given to his property by the enterprise of the community. Proposals for the cure of these evils are essential parts of the Liberal programme."

VISCOUNT GREY

on Liberal Industrial Policy.

Lord Grey of Fallodon was the chief guest at a Luncheon at the National Liberal Club on May 28th, 1926. The following are extracts from his speech, as reported in the "Times" of May 29th.

LORD GREY said:—

When you were first kind enough to make the arrangements for this afternoon the intention was that I should make some reflections upon the industrial crisis through which we have passed and that I should express some thoughts about the future. We were thinking, not of the future of any party so much as of the future of the country, and I do not propose to put this meeting to any purpose other than that for which it was intended. But I cannot, of course, ignore altogether what has recently appeared in the newspapers—the letters of Lord Oxford and Mr. Lloyd George. I will, however, only refer to them for the purpose of defining my own personal position without arguing about them. I must say where I stand: The justification may be reserved for another occasion. I stand entirely with and behind Lord Oxford in this matter. Everyone knows enough to know that Lord Oxford has been, through most trying times, always the most patient and most chivalrous of colleagues. If there are and have been difficulties inside the Liberal Party they are not difficulties of his making. Those of us who have been closely associated with him feel that the surprise is not that something should have appeared now, but that it should have been so long delayed. More than that I will not say because, no doubt, the difficulties in the party and what has happened will be the subject of further comment on other occasions.

The Government and the Strike.

Let me now pass to the future of the country. What I have to say about the general strike and its consequences is not going to be of a party nature; but, looking back on

the record of all the Parties in the strike, I think it is from a Liberal platform that I can with most force urge upon the country wise reflections. We are told that we should not criticize the Trades Union Council without criticizing the Government. My criticisms are going to be short and therefore I am going to begin by criticizing the Government. The manner in which the Government, last summer, first of all refused a subsidy and then suddenly turned round under the threat of a general strike and granted a subsidy was a gross mistake. It was bound to cause future trouble. Then, for nine months, the Government reposed on the cushion of the Royal Commission. I do not in the least undervalue the work of Sir Herbert Samuel and his colleagues, but, during those nine months, it was obvious that, whatever the Commission reported, at the end of its report we should be faced with the situation which we have had to face. When the threat of a general strike was launched the Government should have at once refused to negotiate under that threat, but, having agreed to continue to negotiate under that threat, it was most unfortunate that they broke off negotiations in a way which gave the impression of having done so on some trivial incident.

Strange Procedure of the Trades Union Council.

Now let me say a word or two about the Trades Union Council. There was, in the newspapers on Monday, a most illuminating speech from the Secretary of the Miners' Federation, Mr. Cook. That speech told us what had been going on behind the scenes when the general strike was called. It told us that the Trades Union Council and the Miners' Executive were in absolute disagreement, and that the Trades Union Council was pressing on the Miners' Executive the acceptance of a formula which would mean facing the economic facts in the mining industry and some reduction of wages. The Miners' Executive was absolutely refusing to entertain any such position. The general strike was then called to support the miners in an attitude which the Trades Union Council itself was asking the miners to abandon. I think that on the whole the least offensive and most truthful epithet I can apply to that proceeding is the word "incomprehensible."

No doubt the general strike did involve a wholesale breach of contracts—men coming out without notice. Imagine what would have happened if a company of employers, who were bound to give a week's notice to terminate the employment

of their men, had dismissed a single man for any cause, other than for unsatisfactory conduct, without notice. There would have been just indignation throughout all the trade unions and the employers would have had short shrift in the law courts and before public opinion. Is not it the case that when the strike was called the men were bound to give a week's notice to leave their work and that, in leaving their work without giving any notice and without any quarrel with their employer, are we not bound to say that they were wrong? The way in which the country came through the strike has been the admiration of all other nations who were looking on, for the orderliness and, except in a few exceptional cases, for the absence of crime or violence. Foreigners speak of it with the greatest admiration. The whole British people, including both the Government and the Trades Union Council themselves, who did their utmost to make the strike an orderly one, deserve a share in the credit.

What of the Future ?

When the mining crisis is over and the general strike behind us, what is the moral of it all? It will have done the country immense harm, but, if it has the effect of impressing upon the country the moral, then the advantage in the long run may be greater than the injury. The moral is that, if this country is to recover, the relations between employers and labour must be changed. We need every quality we have in industry to recover from the effects of the war and to regain our position in face of the existing competition in the world. There are three qualities which we need and which we must use to their fullest extent. Without any one of them we shall not survive. One of them is skill—the energy, the enterprise, and the experience of the employers, of the great captains of industry in private enterprise. Another is the efficiency of the British worker; and the third is good will between the two. That is the one which is lacking, and it is worth while considering why it is lacking.

The Origins of Industrial Trouble.

You have to go back to find the reason of that into the last century. Do not look for the real root of it in the present disputes. They are the outcome of something of which the roots are to be found in the time when the prosperity of this country was increasing by leaps and bounds in the Victorian age. It was then that employers failed to recognise

that, in the long run, a partnership with labour was necessary. The wages were kept down by lowering the piece rates, so that, while industry prospered and works grew, and fortunes were made, the individual working men remained with long hours and low wages. That is where the root of the trouble lies. Then there grew up gradually the trade union movement, to prevent the working men being exploited and to enable them to get a fair share of what they produced.

Between the employers and the trade unions there grew up a defensive attitude against each other—sometimes an offensive attitude. It came about because each concentrated on part of the truth, but neither saw the whole truth. The employers, the shareholders, said that their factory, works, or mine would not have been in existence or in operation at all without their capital, and that the very wages on which the men started were paid out of capital and not out of profits. That was true, but it ignored another truth. The workman got hold of the other truth, which was that, without the skilled and efficient work of labour, that factory or those works or that mine would not have functioned at all; and they concentrated on that point until they said, "As the works will not function without labour, what is the use of the capitalist or the employer?" Each was concentrating on something which was true and ignoring something else which was true; and the result was that neither employers nor organized labour grasped the whole truth, which was that each of them was essential to the other.

Complete Partnership necessary.

How can we get on to that better ground? There is only one way that I can see which will really produce good will between employer and employed, and that is complete partnership in industry. That does not mean mere profit-sharing. Profit-sharing, by itself, will always be looked upon as a sort of bonus or bribe to keep labour quiet. It will not give that sense of partnership which can only be given by sharing in the management. That is what real partnership means. But one recognises that there are difficulties and that the difficulties are very great. If you put that point to the employer he will say, first, that his management will be impaired, by being made more cumbrous, by admitting representatives of the men and consulting them about the management of the works. That is true. The more complicated and the more cumbrous you make the management,

the more difficult you make it; but there is a complete answer to that. It is that practical, efficient management is no use if it is sterilized by the obstruction of labour; and the advantage that you could get if you could obtain the good will of labour by associating them with the management would far and away overbalance and outweigh any difficulty which might arise from making the management rather more slow.

The second difficulty would be that the present representatives of the men, if on the management, would be apt to take short-sighted and extravagant views. They might be anxious in a good year to divide everything up to the hilt or to get the utmost for labour, at the expense of the business in the long run. That is a real difficulty and a real risk, and all I can say about it is that if the point of view of labour was changed you would find that that difficulty would disappear. The third difficulty is that the trade unions themselves are not at all responsive to any such suggestion of partnership. There, again, you will not get on until the point of view is changed. Your real difficulty about partnership is that, until you have a real working partnership between employer and organized labour, you will not have good will; and until you have good will, partnership will not work. That is a very serious dilemma.

A Changed Point of View.

It is essential, before you can make progress, that the points of view, both of employers and of organized labour, must be shifted. It is an exceedingly difficult thing to shift the point of view of large masses of men. You cannot do it by speeches, but it can be done when there is some great catastrophe or some great upheaval; and the point in my mind to-day is whether the upheaval of the general strike has been a sufficient lever to turn men's minds in the direction of a real alteration in the relations between capital and labour. We cannot yet tell, but it seems to me that the general strike may have been a great opportunity. Now that the general strike has failed and if, as we hope, in time the mining strike is got over by a reasonable settlement, then, on the employers' side, there must be no thought in their minds that because the general strike failed, now is the time to smash trade unionism. That only means further industrial war. That is the blindest road men can travel.

On the side of organized labour there must be a changed point of view too. Their point of view should no longer be that the employers and private enterprise are to be eliminated. Their point of view should be shifted towards the ideal of co-operation. The substitution of the State for private enterprise is not going to save our industries. State management means more costly, more languid, and less efficient management, and, in the present fierce competition in the world, our industries cannot stand that. It is co-operation that is essential. The first responsibility is with employers to show that they have really learnt their lesson, and that their minds are open to-day as they have not yet been open, and then it is up to organized labour to respond.

A Better Road.

We were all of us, in the general strike, led to the brink of a precipice. The whole community and organized labour itself did not want to go down that precipice. The response of the community to the general strike and the calling off of the general strike — which, I am sure, required some courage on the part of the leaders—meant simply that we had all looked over the edge of that precipice and decided not to go down it. Now that we have looked over into the abyss, is not it time that Labour and every section of the community looked at each other and said, "How did we get here into this dangerous position? We must have travelled a bad road. Do not let us go on that road any more. Let us find a better road, which will not lead us to a precipice"? That needs great statesmanship; not merely statesmanship in Parliament, but statesmanship in industry. You have in the ranks of the employers in this country some of the ablest men in the nation, and so you have in the ranks of the trade union leaders. Is there, in all this ability on the side of the employers and of organized labour, something which you can call real statesmanship? If there is, then we may get through that alteration of relations between employers and employed which will solve our labour difficulties, save the industries of the country, and make us once more a prosperous, a happier, and a more contented nation than we have ever been.

Local Taxation
IN THE
British Empire

BY THE

Rt. Hon. JOSIAH C. WEDGWOOD, D.S.O., M.P.

With an Introduction by

RT. HON. J. H. THOMAS, M.P.
(formerly Secretary of State for the Colonies).

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FOREWORD

— BY THE —

Rt. Hon. J. H. THOMAS, M.P.

At a time when there is an increasing number of people associated with all the political parties taking a deeper interest in Empire Affairs, my friend Wedgwood is rendering a real public service in publishing a clear and authoritative statement of the facts of Local Rating throughout the Empire.

In public life nothing is more dangerous than ignorance, but thanks to the work of Mr. Wedgwood those concerned with questions of Local Taxation in the Empire now have the facts readily available and will be able to form an accurate opinion on the subject. Having regard to the valuable information it contains I hope that this little booklet will be widely read.

J. H. THOMAS.

Local Taxation in the Empire.

METHODS of raising local taxation have not yet been determined in many Crown Colonies where local administration is just developing. There is no common practice within the Empire, no text book and little guidance from the Colonial Office. Almost everywhere the way to raise local revenues has just happened; the powers conferred on local authorities have been accidental; the very names of the areas endowed with powers and condemned to raise money illustrate in their variety the wealth of the English language.*

We are an Empire of Democracy—teaching the juniors how to govern themselves and become partners. The practice of self-government begins easiest at the bottom; indeed, unless it begins at the bottom, it is apt to lack foundation. Yet we take no trouble to see the foundation well laid, nor to establish rules for the foundation.

What actually happens is something like this. The Governor of Nigeria, or Ceylon, or Palestine, finds the streets of his capital uncivilised in the matter of offal or taxi-cabs. He speaks seriously to the District Commissioner in charge, and says, "This is getting too much of a good thing; we had better set up a Municipality to keep the place clean." They see Sir John Jones, the Attorney-General, and ask him to draft an Ordinance. Sir John Jones does his best—he perhaps remembers what they did in Jamaica when he was there—he knows something about law and something about drafting, but he knows as little as the Governor about Local Government. The Ordinance is drafted, approved by the Executive who probably do not read it, and sent home to the Colonial Office. Unless anything in the Ordinance is strikingly unusual, the Colonial Office trusts the "man on the spot," assumes that the peculiarities are due to special local conditions, and the Ordinance is promulgated and becomes law. Henceforth Lagos, or Singapore, or Jerusalem has a Municipality with powers, such as the Attorney-General happened to think of, with electorates which differ all over the map with as much variety as in the pre-Reform Boroughs, raising money anyhow so long as there is no call upon the Colonial Exchequer for a subvention. These Ordinances are a perfect example of the manner in which the British Empire and the British Constitution grew up by luck.

The Local Authority's powers of control quite properly vary. The most elementary form gives the Local Authority power to empty refuse or night-soil bins at a fixed charge. The most extensive confer almost a regality—police, education, sanitation, municipal trading, banking, housing, roads, slaughter and wash-houses, baths, parks and playgrounds, allotments, small-

* England—Cities, Boroughs, Counties, Urban or Rural Districts, Parishes. Scotland—Cities, Burghs, Counties, Parishes. United States of America—Cities, Towns, Counties, Road Districts. Australia—Cities, Towns, Shires, Districts. New Zealand—Boroughs, Town Districts, Counties. Canada—Rural Municipalities, Towns, Villages. South Africa—Municipalities, Local Boards, Divisional Councils. Rhodesia—Municipalities, Road Councils. And in the Canadian West they have resurrected as a village functionary the old English Reeve.

holdings, transport regulation, etc., etc. In America the Judges of first instance are in many cases the servants of the Local Authority. The decentralisation, the Local Authority's power of control, is greatest in American cities. British cities come next, with their control over their police and education and loans, sometimes even of banking. The cities of the Dominions do not generally control or pay for justice, police nor education. Shires, Counties or Divisions come far behind, and Districts, Parishes, Villages or Road Boards have still smaller powers.

It is curious that, as an instance of the haphazard nature of the growth of Local Government in the Anglo-Saxon world, the "Township" of Tel Aviv in Palestine, with 43,000 inhabitants, has the greatest powers of any city in the British Empire. It has all the powers of Manchester Corporation and can, in addition, raise the local revenues as the Council pleases. It is, or was, a sort of independent republic. Tel Aviv is in fact enjoying the best of both worlds. Anglo-Saxon local government has developed one set of features, while German and Continental local government has developed others. Tel Aviv, at the cross roads, has adopted both.

So far as their many-sided activities are concerned, Local Authorities on the Continent do not differ very greatly from those in the Anglo-Saxon world. The head of the city is more generally paid, is more often a specialist, and more often permanent. Police and education are more generally controlled by the central government, but not markedly so. The power to borrow is slightly more restrained. It is the power to raise revenue for the various regular services which is so strikingly different on the Continent. In Europe the Local Authorities raise what we call "rates" in a dozen different ways which they can often vary at pleasure from year to year. Instead of "striking a Rate" they introduce an annual Budget. They can raise the money by an octroi on imported goods, by turnover taxes on shopkeepers, by a window tax, by a local income tax, by licences to trade, by professional taxes, by taxes on animals, or fees, by taxes on undeveloped building land, by increment taxes on land sales, by taxes on all land value, or, finally, by a general tax on fixed property. No Local Authority possesses quite all these powers to tax—all vary, but some selection of these local taxes is to be found everywhere from Madrid to Moscow. Denmark alone, so far as I know, specialises in taxes upon all land value in urban and rural areas.

While Continental practice gives us this amazing variety, the Anglo-Saxon world plods along the old-established groove. From the time of good Queen Bess, all English Local Authorities have "struck rates" assessed upon the value of real property, and they have levied the "rate" upon the occupier of that property. The value of the real property always used to be measured by what that property would let for by the year in its then condition. The "Annual Value" of the property occupied became the standard by which the contribution of the citizen was measured. If expenses went up, then a higher "rate," more shillings and

pence in the pound, had to be struck; there was no other way. Scotland has some slight variations, such as levying the "rate" sometimes upon owners as well as upon occupiers. Even we in England have found it desirable to make some modifications, in response generally to the pressure of "interests." But our system of levying a "rate" upon real estate remains our system and has spread wherever the Anglo-Saxon spreads. It seems to us the natural way for local taxation.

The younger Anglo-Saxons have varied our ideas of the "value" of real estate. In the United States the value of real estate is taken to be, not its annual rentable value in its present condition, but what the real estate would sell for on the open market. They have long replaced "Annual Value" by "Capital Value" as the standard of measurement. In the cities they value "Land" and "Improvements" separately, add the two and rate the total. In Pennsylvania they go a step further, for only one-half the value of the "Improvements" is reckoned in the total capital value. This is the so-called "Pittsburg plan." And in New York, to encourage the building of new houses, they have exempted from the total for a period of years all the value of such "Improvements."

No doubt the Americans originally adopted "Capital Value" in lieu of "Annual" because it was easier to estimate in a new country, free from "covenants" and "chief rents" and "terminable leases" and "ancient lights" and mixed ownership. But the younger Dominions took the matter a stage further, and for economic reasons.

"Capital Value" is a wiser basis for taxation than "Annual Value," not merely more easy to arrive at. For unbuilt-on suburban land, though it has a negligible "Annual Value," has a comparatively high "Capital Value." This high "Capital Value" is being maintained and increased by the wise expenditure of the Local Authority, and constitutes a just source of revenue which cannot be made to contribute by rating upon "Annual Value." The levying of local taxation upon such land prevents the owner from holding such land out of the market, and induces him to sell it at a lower price to those who wish to build.

This economic argument in favour of the "Capital Value" basis drove the younger Dominions on to the next stage. If a "Capital Value" basis was better than an "Annual Value" basis, then a "Land Value" basis was best of all. That would make land wanted for building (and all land) cheaper still, still more accessible to labour; and as all Land Value is the creation of the community, what could be juster than to base taxation on that value, and so recover for the Local Authority a larger part of the value they had created. The Dominions therefore felt out towards "Land Value" as a possible improvement upon "Capital Value." It made land cheaper, and it exempted from taxation those improvements which a new country so longs to

Just at the time when Australia was beginning to look for sources of revenue for local government, Henry George passed through the country preaching his gospel. His disciples, such as Max Hirsch, saw to it that when the basis for local taxation had to be determined, "Land Value" appeared on the scene beside "Capital Value" and "Annual Value."

What Australia and New Zealand started, the other Dominions have followed up—Canada before the war, South Africa (formerly on "Capital Value") after the war; then Rhodesia; last of all, the Colonial Office under a Conservative Government began in a tentative way with Fiji and Kenya. Perhaps it would be more correct to say that in both these last cases, somebody on the spot recommended that rates should be levied on Land Values alone, and the Colonial Office made no comment.

Determined opposition to such a change must always come from the landowners, for the imposition of a "Land Value" rate or tax, or even the change from "Capital Value" to "Land Value," must inevitably increase the supply of land available for use and make all their land cheaper, less valuable to the owner. This opposition has prevented any change in Great Britain, where property owners are numerous and such mysteries as valuations, assessments and rates beyond the comprehension of the man in the street. Where a State Valuation, showing Land and Improvements separately, is available, as in Australia or Canada—where comparisons can be made of what each voter pays or will pay under "Capital Value" and "Land Value," as in South Africa and New Zealand, there opposition can be overcome. It is not always the ultimate economic benefit, but the immediate evident cash benefit that convinces the electors of the wisdom of the change. Yet even in New Zealand and South Africa the battle has not yet been won. Cape Town retains "Capital Value" with the same determination as Auckland retains "Annual." Month after month, year after year, new townships or shires fight out the fight afresh, polling the electors again and again For or Against "Land Value" rating. There is less of a struggle in Australia or Canada, for such rating is compulsory in Queensland and New South Wales, and in Canada it is not the poll of the ratepayers that decides but the votes of the Councillors in Council.

At the moment it is the turn of Palestine to decide on the method of raising local revenues for the municipalities (excluding Tel Aviv). The Municipal Ordinance of 1926 adopts "Annual Value," supplemented by the Wergo Tax; but this is supposed to be only temporary, until the Wergo Tax has been reformed by a valuation of "Capital Value," when Land Value and Improvement Value will be available for rating, should the Administration or perhaps the Local Authorities desire to use the new valuations. The truth is that the Palestine Administration is balancing between the British Colonial system, and the Continental system as exemplified in Egypt, in Tel Aviv, and unfortunately in India.

Tel Aviv, as we have seen, has powers of a continental sort, and can raise revenues in a multitude of ways. One way is to

put a tax, rising to 2s. in the £, on unbuilt-on town sites—and 2s. in the £ on the selling value of land is certainly more than the land is worth to any owner. But the Jews of Tel Aviv are allowed to govern themselves and tax themselves according to their own sweet will; the Administration is disinterested. The Administration would not dream of using Tel Aviv as a model for the mixed communities of Jerusalem, Jaffa or Haifa; or of entrusting such powers to the purely Moslem Nablus. Egypt, India or England will be more natural prototypes.

India is the solitary case of an Anglo-Saxon-ruled country which has adopted the German-Continental methods of raising local revenue. They attempt local taxes on property, but they subsist on licences, fees, octrois, terminal taxes and wheel taxes, even taxes on visitors from the country. Experienced British officials press for the continuance of the Octroi and such like; and the reason is worth noting. They would naturally prefer to tax the "Annual Value" of fixed property, but no valuation made locally can be trusted, evasion is so common, corruption so normal, that, so they say, taxes must be of the nature of personal tolls. Such tolls a primitive people can understand. Of course, the Indians are not so primitive as these officials would sometimes like to believe, but the same difficulty of securing a just valuation was found in Australia so long as the Valuation was made locally. Indeed, it is our difficulty in England, and the main reason of the various attempts of the present Government to put local valuation more under the control of the Income Tax authorities at Somerset House. The lesson of England and of all our Dominions is that the State authorities should make and supply the valuation if it is not to be subject to interested local pressure—and that the more the valuation lists are open to the public inspection, the more they are likely to be accurate and avoid complaints of injustice.

How then, exactly, is local revenue raised within the British Empire? It is as well to have it in compendious shape, and I propose to go through all the scattered members and record their methods for comparison, even for the guidance of those shires and boroughs in budding lands that have yet to shoulder the task of managing themselves.

GREAT BRITAIN.

Rating is on the Annual or letting Value of all real property—such value being dependant upon its present condition; but, to facilitate improvements, we exempt factory machinery and take into account only one-quarter of the value of glass-houses, farm buildings, and farm cottages of less than £10 annual value. On the other hand, the system exempts from rating altogether any empty houses, idle factories and mines, and unused land and minerals (that being their "present condition"); the pressure of the agricultural interests has also induced Parliament to exempt three-quarters of the annual value of farm lands, whether cultivated or not.

NEW ZEALAND.

One takes New Zealand next, as the pioneer in the modification of the English method. They still strike Rates on real property, but the basis of assessment is changed. Their separate valuation of the selling (or capital) value of land and improvements began with the Land Tax Act of 1878. Having this valuation of the land ready to hand, they passed the Rating on Unimproved Value Act of 1896. The normal system of rating was, till then, the English system on Annual Value. The 1896 Act allowed a poll of the ratepayers to be taken to decide whether they should rate instead on Land Value (Unimproved Value). A poll to rescind, or a fresh attempt, may be made after a lapse of three years. Before 1911, this Act applied only to the general Rate—water, gas, electric light, sewage, hospital and charitable aid Rates were still to be based on Annual Value or upon Capital Value. After 1911 the law required all these Rates to change their basis with the General Rate, if the poll were successful; but, as the Act of 1911 was not retrospective, fresh polls have to be held for the minor Rates wherever the original change to Land Value Rating was made before 1911.

Since 1896, 220 polls have been held to secure Land Value Rating, and of these polls 171 have been carried and 49 have failed. A further 19 polls have been held to rescind the Land Value system, and of these five have succeeded, and 14 failed. Auckland rejected Land Values in 1901 by a two to one vote; four months later Wellington carried it by two to one; Christchurch voted Land Values in 1902. The Counties came later—Southland in 1902, Whangarei, 1914, Featherstone at a second fight in 1915, Taranaki 1920, Bay of Islands 1920, Otamatea 1922, Marlborough 1925. In Hastings Borough it was twice rejected, carried in 1909, and extended to all rates in 1913. Now, 51 out of 123 Counties, 74 out of 118 Boroughs, and 17 out of 31 independent Town Districts have got on to the Land Value basis, and half-a-dozen fresh polls take place each year. Wellington has just (April 1927) defeated a rescission and carried an extension to all Rates by a two to one majority. Fifty-four per cent. of the population of New Zealand is now rated on Land Values.

Wherever the Land Value basis has not yet been adopted, the Local Authority itself is able to choose whether to rate on Annual Value or on Capital Value. Twenty-seven Boroughs are on Annual, and 18 Boroughs are on Capital Value. All the Counties which are not on Land Value are on the Capital Value basis, which explains the slower progress made in the Counties, since the change from Capital to Land Value in rural areas is less markedly beneficial.

The actual Land Value Rate levied varies, from 2d. in the £, up to 1s. 1d. in the £, where all communal services are measured by the standard of land value. The Valuation Roll itself is fairly accurate, being supplied to the Local Authorities (on payment) by the Chief Valuer, a State official, and revision is supposed to

The unique land value statistics from New Zealand enable one to trace a growth of land value from 62 million pounds in 1878 to 339 millions in 1925. The growth of land value goes on steadily at the rate of about 20 millions a year; and the ratio of Improvement Value to Land Value has gradually risen from about 60 : 100 to 73 : 100. The Land Value per head of population has grown in the same time from £129 per head to £241 per head. Of the 339 millions of total land value of New Zealand, 232 millions are to be found in the Counties and 107 in the Boroughs and independent Town Districts.

COMMONWEALTH OF AUSTRALIA.

New South Wales.

This State is mostly incorporated into Municipalities and Shires. All these Local Authorities are compelled by law to levy all their General Rates upon Land Values. Where Special, Local or Loan Rates are raised, the Council concerned can levy the Rate on Capital Value or on Land Value as they choose. A poll of the ratepayers may be demanded as in New Zealand, but such poll is rarely demanded as rating on Land Value is almost universal. In 505 cases, the Special Rates are on Land Value, and only in 24 cases on Capital Value. But in Sydney and Newcastle, Water and Sewerage Boards do still levy their Rates upon Annual Value, though they have the power to change to Land Value. There is no power yet to hold a poll in this case.

In the Shires the maximum Rate that may be levied is 2d. in the £ for the General Rate. The Governor may, however, and often does, extend this limit, which applies in any case only to the General Rate. Seventeen Shires exceed the limit, and levy 2½d. to 3d. in the £. The rate on ungotten minerals in private hands may not exceed 3d. in the £.

The Valuation of Land Act of 1916 requires the State to make valuations which are supplied to the local authorities. This valuation shows Land Value, Capital Value and Annual Value, but it should be noted that the Annual Value of land, where there are no improvements, is held to be not less than 5% of the Land Value. The Valuation is not open to the public, but anyone desiring to know the value of a property can get the information on payment of 2/6. There is no State Land Value tax except upon the unincorporated parts of the State, which have not yet been divided into Shires, where, of course, the rating on Land Values would be in force.

In Sydney and suburbs the actual rate levied varies from 3½d. to 6d. in the £. In Newcastle it is 4d., in Wagga 11d., and in Orange 17d. Eight sample shires give rates varying from 1½d. to 3d. None of these local authorities pay for police or education. The sum total of local Rates raised in N.S.W. is £7,260,009 a year, i.e. an average rate of 6·7d. in the £ on land value. Land Value per head of the population works out at £112 for Sydney and suburbs, £65 for other Municipalities and £210 for the Shires:

Where land is let on long lease, the lessee pays the rate, but he can apply under the Act of 1902 for an adjustment to determine the interest of the superior and any mesne lessee in the land, and then he can recover from them their share. In practice the lessee by the terms of his agreement usually pays the whole, and where the lease is a long one he is considered to be the owner ; but the law on the matter needs elucidation.

One-third of the cost of the new Sydney Harbour bridge, a State enterprise, is to be met by a rate of $\frac{1}{4}$ d. in the £ on the land of Sydney and the northern suburbs, as the owners of such land will specially benefit by the construction.

Victoria.

Victoria is all divided into municipalities and shires. There is a State Land Value tax of $\frac{1}{4}$ d. in the £. The normal method of rating is on Annual Value, but under the Rating of Unimproved Land Values Acts of 1914-9, any Council may adopt the Land Values basis, or the ratepayers may demand a poll on the question. The Valuations show Land Value, Capital Value and Annual Value, and are made by the valuers of the Local Authority ; the roll is, practically, open to the public. The law applies equally to urban and rural authorities. There are limits set to the Land Value Rate that may be struck ; the proceeds must not exceed the amount that would be raised by a rate on the Annual Value of the locality of 3s. in the £. To check this, Annual as well as Land and Improvement Values have to be continually recorded in the roll.

Councils have in nearly all cases preferred to wait for a demand from, and poll of, the ratepayers. In the four years since the Act was passed 11 municipalities and three shires have adopted the new method. Two polls have been held to reverse the adoption and have both been defeated. The suburbs of Melbourne have " gone Land Values," but not yet Melbourne itself ; and the rate struck varies from $1\frac{1}{4}$ d. in the shire of Rosedale, to 7d. in the " city " of Brunswick. Of these 14 Land Value Local Authorities, the population is 286,000 and the land value £25,000,000, or £89 per head.

The Act makes owners responsible for payment of the Rate ; but in the case of long leases, there is generally a clause inserted which provides for lessees paying the Rates to the owners. This is left to the " free " bargaining of owners and lessees.

Queensland.

Queensland, before all other parts of the Empire, changed on to a Land-Value basis. All the State is incorporated into Cities, Towns and Shires. In 1890 the Coalition Government (Liberal and Conservative), under the direction of Sir S. W. Griffith, passed the Valuation and Rating Act, which made rating on Land Values compulsory throughout Queensland. All Rates are now so levied ; in Brisbane they amount to 10d. in the £ for the General Rate, 4d. Water Rate and 5d. Sewerage Rate—19d. in the £ altogether. The valuations are made locally, and they are not

open to the public, which causes considerable undervaluation and inequality between different areas. Improvements are not assessed or valued at all. Recently, land used for agriculture within the area of Greater Brisbane has been charged at a lower rate.

Mr. Hardacre, the Judge of the Land Court, tells me that the main disadvantages of the Queensland system are lack of a centralised valuation, the absence of the check given by publicity for valuation, and the partial exemption of agricultural land in Brisbane which leads to the holding up of such land for speculation. The only opposition in 37 years has been an effort by the Brisbane Water and Sewerage Board to revert to Annual Value for their rates. This was vetoed by the Labour Government last year.

In every case the owner is liable for the rate, which is a first charge upon the land. Even in the case of long leases, the owner pays unless there is a stipulation to the contrary in the lease.

In addition to these local Rates, the State levies considerable taxes on Land Values. The Labour Government in 1915 levied a graduated tax running from 1d. in the £, on real estate whose land value exceeded £200, up to 6d. in the £ on estates the land value of which exceeded £10,000. They also levy an Undeveloped Land Tax of 2d. in the £ on "Any land upon which there are not improvements equal to one-fourth of the value of the land." And, finally, the State Income Tax includes as "profits" any increase in the price for which land is sold over and above that price at which it was bought. The graduated Commonwealth Land Tax is over and above all this.

Under these circumstances, there is naturally much land in Queensland still in public ownership. Such land is leased on long terms at reviseable rents, which are supposed to and do represent the full land value. These lessees naturally pay no State Land Taxes because they pay the whole land value as rent.

The 36 cities and towns, with 365,000 inhabitants, have private land value £57 per head; and the 135 shires, with 460,000 inhabitants, have land value £112 per head. If the Rates and Taxes paid by the owners of this land be capitalised and added to these land values, it will be seen that land value is high in Queensland. It is high because no improvements to be put upon the land are liable to taxation at all. Private land values are naturally low.

South Australia.

Only a small portion of this State is incorporated into Municipal and District Councils. By the District Councils' Act of 1914, the Valuation, made locally, and open to the Public, is of "Annual Value." But the Annual Value may be either "full rental value" or five per cent. of the Capital Value, and in the case of unimproved land *must* be taken as five per cent. of the land value.* The rate struck must not exceed 2/- in the £ on the Annual (that is, 1.2d. in the £ on Capital) Value. The occupier pays

in December, 1926, the Labour Government amended this Act, and have given to the District Councils the same option of rating upon Land Values, after a poll of the ratepayers, as is possessed by the Municipalities.

The Municipal Corporations Act of 1923 gives an option to the Council and the ratepayers. They may levy on Annual Value—the same sort of “Annual Value” as in the Districts—or, if the Council so decides, and after a poll of the ratepayers, upon Land Values. The ratepayers vote “For” or “Against” “taxing Land Values only,” and if the poll be carried, all Rates, special and general, are to be based upon Land Values until a reverse poll is carried. At the reverse poll only owners vote; yet only two reverse polls have been held, and in both cases Land Value rating was retained: the chief difficulty is not the poll, but the favourable decision of the Council to hold the poll.*

There are varying limits set to the amount in the £ that can be levied—up to 15d. in towns, and up to 5½d. in Districts. It appears that, if Annual Value is retained, the occupier is liable for the rates; if Land Value is adopted, the owner pays, but he has the right to recover from the occupier if he is entitled to do so by his contract. The Valuation of Annual Value is made locally, but the Valuation of Land Values is supplied on a small payment by the State Commissioner of Taxes before the poll is taken, for there is a State Land Tax of ¾d. in the £.

There are 154 District Councils and 37 Municipalities, and of the latter, sixteen have already gone “land values,” but not the capital city of Adelaide.

Tasmania.

This State consists of Hobart, Launceston, and 47 Country “Municipalities.” All rate solely upon Annual Value, without the option; but all have the advantage of having Annual Value, Capital Value, and Land Value set down against each property in the Valuation Roll. The Land Value per head is £78 in the towns and £118 in the Country.

Western Australia.

In order to complete the kaleidoscope, Western Australia reverses the obvious. The whole State is divided into 21 Municipalities and 123 Road Districts. Road Districts have an option; the Municipalities have none. A curious result of this difference is that several Municipalities have relinquished their Municipal Charters and been converted into Road Districts in order to exercise the option of voting Land Values.

By the Road District Act of 1919 (as amended in 1923), rating is on Land Value, or, at the option of the Council, and with the

* Before a poll of ratepayers in any locality can be taken, one month's notice must be given by advertisement in the “Gazette” and two newspapers circulating in the District, and by a printed placard posted outside the Town Clerk's Office. Furthermore, a tentative assessment must be prepared showing the amount of rates paid by each citizen at the time of taking the poll, and also the amount each would be called upon to pay if land values assessment were in operation. This assessment must be available for public inspection 21 days before the taking of the poll. Should the citizens decide to adopt the principle of land values rating, the Council must petition the Governor-in-Council, asking that the town be proclaimed under the Land Value Assessment principle.

Governor's consent, on Annual Value.* But the Annual Value of a property must not be less than four per cent. of the Capital Value of improved property, or less than five per cent. of the Land Value of unimproved property. This makes it really a "Capital Value" alternative; but railways and public utilities are rated on Annual Value. The valuations are generally supplied by the Land Valuation Department, and are open to the public. The General Rate must not exceed 3d. in the £ on land value, but loan rates are extra, and may be specialised on selected localities which benefit from a loan. All Road Districts rate on Land Value.

By the Municipal Corporations Act of 1906 (as amended in 1919) rates are levied on an Annual Value, which again is, in effect, a Capital Value. The Annual Value of improved property is to be not less than four per cent. of the Capital Value; and the Annual Value of unimproved property nor less than $7\frac{1}{2}$ per cent. of the Land Value. All machinery is specifically exempt, and public utilities pay from $1\frac{1}{4}$ to 3 per cent. of their gross earnings. The General Rate limit is $\frac{2}{6}$ in the £, i.e., $1\frac{1}{2}$ d. in the £ on the Capital Value. The occupier is liable for the rates, but in this case it is he who can recover from the owner.

There is also a State Land Tax, without any exemptions, of 2d. in the £. The 195,000 inhabitants of the Road Districts represent a Land Value of £95 per head.

The Commonwealth.

By the Rates Ordinance of 1926 all rates in the Commonwealth Territory of Canberra are to be levied solely upon Land Value and to be paid by the owner without right of recovery from the occupier. Here, as generally elsewhere throughout Australia, if the rates are not paid, after from three to five years, the land may be leased by the Authority; after from three to 10 years, it may be sold with an option of recovery; after a further period the land reverts to or becomes vested in the Authority.

UNION OF SOUTH AFRICA.

While the Transvaal and the Orange Free State were governed by Lord Milner, the Local Authorities Rating Ordinance of 1903 was enacted; thenceforth, throughout the Transvaal and Orange Free State the valuation roll of private property in all townships stated Land Value and Improvement Value separately. This commencement must be put down to Lord Milner's personal wish, inspired by his friend Theodore Llewellyn Davies at the British Treasury. Rates were to be levied on Capital Value—land and improvements together. It was not till 1916 that Local Authorities in the Transvaal were given the power to levy lower rates upon improvements than upon land. Johannesburg, in 1917, followed by all the other Rand townships and then by Pretoria last year, removed all rates from improvements and concentrated upon Land Value. The minor towns still levy some small rate upon

* Previous to 1919 the option was the other way on, but by 1919 all Road Districts had opted for Land Value, which was then therefore made compulsory.

improvements. Ermelo, for instance, has 1d. on improvements and 4d. on Land Value. In Johannesburg it is 6½d.—and in Pretoria, 10d. in the £—on Land Value alone.

The Cape Province followed in 1912 with a Municipal Ordinance which required Land and Improvements to be stated separately in the Valuation, though rates were to be levied on the Capital Value of the combined totals. In 1918 they again followed the Transvaal in allowing the Town Councils to charge Rates wholly or partly on a land value basis, but any change must be initiated by the Council and also approved by a poll of the rate-payers. With the exception of East London, where, as the result of three contested polls, all rates—2s. in the £—were put on to Land Values in 1926, the Cape Province has continued since 1912 to rate only upon Capital Value. Cape Town levies 4 6d. in the £. Port Elizabeth, 4½d.

Only in the Cape Province do rural Local Authorities exist; they are called Divisional Councils. Their revenues are raised by a tax of 1½d. in the £ upon a strange hybrid Land Value—1d. in the £ going to the Divisional Council and ½d. to the Provincial revenue. The Valuation has three columns, showing Land Value, improvements *and* beneficial improvements. Land Value and improvements (*i.e.*, dwelling houses) are taxed on Capital Value; but beneficial improvements—meaning improvements made by the farmers in the way of fertilisers, farm buildings, fences, silo, drainage—are exempt. Thirty millions out of ninety millions are so exempted. Nowhere in South Africa are rates levied upon Annual Value as in England.

Natal followed the Transvaal model, and Durban, by the decision of the City Council levies 6d. on land and 3d. on improvements. The O.F.S. followed the Cape model by Ordinance 12 of 1920, and polls have recently unrated improvements altogether at Petrus Steyn, while at Kroonstad, they have imposed 8d. on Land Value and 1d. on improvements; many of the towns raise less from improvements than from land. Bloemfontein is still on the whole Capital Value, 4½d. in the £.

The Cape Province has a Director of Valuations, and the roll is supplied to the Local Authorities. In the other Provinces the Valuations are made locally. I made the first Valuation for Ermelo in 1903; it was published in the local paper which I owned, and a few complaints were made, fruitlessly, that I had undervalued properties. It should be noted that, when a Valuation is public, owners, all contemplating sale or mortgage, like to see their property stand high.

Taking the towns all over South Africa, land value works out at only £42 per head of population. This is low, and is accounted for partly because the total town population is 33 per cent. native, and partly because most South African towns are surrounded by thousands of acres of Town Lands, used for common grazing, etc. Such lands are never valued nor rated. In Durban, where there are no Town Lands, Land Value is £80 per head; in Ermelo, where they are immense, private Land Value is shown only £27 per head.

Southern Rhodesia.

By the Municipal Law of 1914, the Town Councils are given power to levy rates on Capital Value, or on Land Value, or to partially exempt improvements. The Valuation, which has to be revised every five years, shows land and improvements in parallel columns, and is made by the State. Polls are not provided for, but every Municipality in Southern Rhodesia has relieved improvements to some extent. Salisbury, Bulawayo, Umtali and Gwelo, all raise 4d. on Land Value and from $\frac{1}{2}$ d. to $1\frac{1}{2}$ d. on improvements.

Rural Local Authorities, called Road Councils, exist in Rhodesia, and by the Road Councils Ordinance of 1921, they are given the power to rate, only upon Capital Value, up to $1\frac{1}{2}$ d. in the £ . A separate valuation of land and improvements is not provided for in the Ordinance.

Northern Rhodesia.

In this Crown Colony, the capital, Livingstone, is governed under the Village Management Proclamation of 1911. The administrator may "make" "alter" or "annul" rates. But he is guided thus—"he may require reasonable payment from those inhabitants of the area who may enjoy more largely than others any privilege or right therein"—a beautiful definition of Land Value Rating.

DOMINION OF CANADA.

Marked features of Canadian Local Government are (1) the influence of the United States upon the methods of control and taxation, and (2) the influence of old English upon the nomenclature. We find property assessed on Capital Value as in the United States, often including personal property; the same under-assessment of real estate by local assessors; the same treatment of the questions of police and education. Canada, a newer country more anxious to develop, gives rather more exemption from taxation to improvements; but generally, as in England and the United States, the local authorities "strike a rate."

Or again, the Chairman of the Village Council is the Reeve; hamlets abound; shires and parishes make familiar Ontario and Quebec. But throughout the West our word "County" becomes, for local government, a "Rural Municipality."

From 1906 till recently, the Prairie Provinces based their local taxation upon Land Value with a thoroughness worthy of Australia; but since the farmers have become all powerful, while leaving farm buildings and improvements untaxed, they have managed to include in rateable value a large amount of the improvements made on other people's property. Property owners were made nervous by the great fall in land values that followed the first imposition of Land Value rating.

Nova Scotia, New Brunswick, Prince Edward Islands.

The Seaboard Provinces follow the American model, and levy all local taxation upon the, alleged, full Capital Value of land, improvements, and personal property.

Quebec.

The French Province is divided into cities, towns and 74 county municipalities, together with four non-self-governing territories. The county municipalities are divided up again into local municipalities.

Under the Cities and Towns Act of 1923—a gigantic Act of 697 clauses—the assessors are to set down both Capital Value (including machinery) and Annual Value of all real estate. The Councils do not, however, strike a rate, but levy local taxes. They may tax owners up to 2 per cent. of the Capital Value of their property (or up to 1 per cent. only, in the case of land under cultivation); also they can levy poll taxes, taxes on stock-in-trade, taxes on trades, on banks, manufactures, professions, etc. A further possible tax is based upon Annual Value; they can levy up to 8 per cent. of this Annual Value upon all tenants. All towns are divided into Wards.

One may say that Quebec methods are an exact cross between Paris and New York.

Ontario.

There is a Provincial Land Tax Act of 1924, which levies a tax of 2 per cent. on the Capital Value of land and improvements (except machinery) throughout the Province. The organised areas are governed by the Consolidated Municipalities Act of 1922. Rates are levied on Capital Value (land and improvements), but the Councils are, or perhaps were, empowered to reduce the rate upon improvements should they desire to do so. Except in the neighbourhood of Niagara, little has been done to exempt improvements.

By one clause in this Act, the compensation payable to owners whose land is taken for public improvements is reduced by the estimated benefit accruing to the owner from the improvement.

Manitoba.

All Rural Districts (called Municipalities) rate on Land Value alone; and there is a curious provision whereby a man can commute his rates by performing Statute Labour on communal works. Otherwise the land is sold if the rate is not paid by a certain time.

Under the Assessment Act of 1924, towns and cities rate on the full value of land, plus two-thirds of the Capital Value of improvements, and also on personal property. The Capital Value of personal property is very difficult to estimate, and leads to infinite evasion and injustice.

Saskatchewan.

This Province has 80 Townships, 367 Villages, 301 Rural "Municipalities," and many centrally-governed Improvement Districts. Since 1914 the Rural Municipalities rate on Land Value; but they add 60 per cent. of the Capital value of such buildings as are not connected with farms and lie in the hamlets, as well as a floor-space tax on businesses. The normal rate may

not exceed 1 per cent. (i.e., 2.4d. in the £), apart from any additions required to pay interest on loans. School rates are also extra, and are levied on Land Value alone; but they may not exceed 2 per cent.

In the centrally-governed "Improvement Districts," local revenues are raised by a flat rate tax *per acre* on all land.

All cities and towns can tax on Land Value, and on improvements up to 60 per cent. of their value, and on businesses, on income, and on special franchises. Generally they cut down the improvement rate below 60 per cent. Prince Albert rates improvements at 45 per cent. only, Saskatoon at 35 per cent., and Regina, the capital, at 30 per cent.

Villages can tax on land, on improvements, on businesses and on incomes—all at the option of the Councils.

Such public services as Rural Telephones, Hospitals and Municipal Insurances are paid for by special Land Value taxes upon the owners in special areas who benefit by the services.

The Wild Lands Tax is 1 per cent., and there is also a Provincial Land Tax based on the Capital Value of land and improvements, both being for provincial services.

Alberta.

Alberta is divided into Towns, Villages, Rural Municipal Districts, and centrally-administered Improvement Districts. Revenue for Improvement Districts is raised by a rate of not more than 5 per cent. on Land Value; as in Saskatchewan, farm buildings and improvements are exempt, but not other buildings in hamlets.

By the Municipal Districts Act, Rural Municipalities raise their rates as in the Improvement Districts, but without any limit; and they also have an optional business tax of from \$2.50 to \$10 *per square foot* of floor space.

The Towns Act of 1911 and the Villages Act of 1913 levied rates on Land Values only. But, by a poll of the ratepayers in the case of villages, or by a vote of the Council in the case of towns, improvements might also be rated in whole or part. These Acts were altered this year (1927), and now all improvements are valued and rated uniformly at two-thirds of their full value; they have also added an optional levy on personal property.

In every case the valuation is made locally, except in the case of the Improvement Districts; and the valuations are always open to the public.

All these Prairie Provinces levy something in the nature of a Provincial Wild Lands Tax (generally from $\frac{1}{4}$ per cent. to 2 per cent. of the Land Value), upon those non-resident owners whose land is not improved up to some easy standard. Last year these Wild Land Taxes brought in—Alberta \$370,000, Manitoba \$40,000, Saskatchewan \$604,000. Education is managed locally in Education Districts which are not coterminous with the Rural

Municipalities, and they either levy rates of their own upon Land Value, or else issue precepts upon the Municipalities. Much of the police work is locally managed and paid for.

British Columbia.

Since 1914 all Local Authorities—Cities, Towns, Villages and Rural Districts—rate land at its full value and improvements at 50 per cent. or less, at the option of the Council. Of the 63 "Municipalities," 25 rate improvements at their full 50 per cent. (half value), 16 rate improvements at less than 50 per cent., and 22 exempt improvements altogether, and rate entirely upon Land Value. Vancouver is at 50 per cent. (since 1919); Victoria at 33 per cent., and New Westminster entirely on Land Value.

The Wild Lands Tax is here 5 per cent.

NEWFOUNDLAND.

By Act XIII. of 1921 Newfoundland levies local taxation upon Annual Value, only differing from England in that unoccupied houses have to pay on one third of their full value. But there are also special taxes upon Ground Rents, and upon unoccupied building land, and upon businesses. St. Johns is divided into Wards, and men and women over 21 have the vote. Special clauses in the Act provide that "the cost of improvements (roads, etc.) shall be assessed upon the lands directly benefiting therefrom, according to the frontage thereof upon the streets so opened or improved or adjoining thereto (Clause 75)." The same principle is applied to Sewage and Water mains. And, again, half the cost of street widenings or street payments is to be borne by the frontage owners.

THE UNITED STATES OF AMERICA.

Before we pass from the free Dominions it may be well to look at what they do in America. The United States leave all such matters to the State Legislatures, as in Canada. Generally, the State Legislatures direct that all local taxation shall be met by Rates upon the Capital Value of real estate, both in town and country. But they often levy the Rate also upon Personal Property in the house or store—a very difficult matter to assess.

The Valuations of real estate are made locally, subject to a State Board of Equalisation. Some States separate Land and Improvements in their published valuations, some do not; but all separate the two values in their Field Books. The Municipalities all control and pay for Police and Education; and the rate struck in New York is 2.87 per cent., the equivalent of about 1s. in the £ on Land Values.

There are certain noticeable exceptions. In New York houses built after the war were exempted from taxation (that is to say, the tax is upon the Land Value alone) for a certain period of years, so as to encourage house building and get over the special shortage. In the State of Pennsylvania a special law allows the exemption of half of all buildings and improvements from the valuation, so that land is taxed at twice the rate on improve-

ments. This applies only to Scranton and Pittsburg, and is known as "the Pittsburg plan." In North Dakota, bordering on Canada, under laws passed in 1917 and 1919, land is assessed at its full value, while personal property, farm buildings and city houses are assessed at one half. Under the law of 1916 the State of Maryland gave to all towns the right to levy local taxation as they think fit, and a number of small towns have partially exempted improvements from taxation. The town of Capital Heights has exempted all improvements and taxes Land Values only.

The radical demand in America is for "Home Rule in Taxation," but Maryland is so far the only State which permits of such a thing.

CROWN COLONIES.

For the systems adopted in the various Crown Colonies the Colonial Office must be held responsible, but evidently, local officials with varying views have been given a free hand. The stage of civilisation and self-government which the different colonies have reached does not seem to have had much influence on the widely-differing results.

Kingston, the capital of **Jamaica**, by Ordinance No. 3 of 1923, rates on Annual Value. The town is divided into Wards; there is one Common Roll of electors, whatever their colour, and women have votes at 25.

The **Bermuda** capital, by Ordinance No. 33 of 1923, rates on Annual Value, and here the Municipality pays for and controls the police.

Trinidad, too, by Cap. 224 of 1914, rates on Annual Value. The town is not divided into Wards, and again, there is a Common and not a Communal Roll of electors, whatever their community or colour. In none of these cases is there any exemption of machinery from rates.

British Guiana, by Ordinance 44 of 1918, rates on Capital Value. There is a Common Roll of electors—men only, who can read and write English. The Colony is unique in that aliens also have the Municipal franchise.

Mauritius also rates on Capital Value, with a limit of 1 per cent. of such value. This racially-mixed community also has a Common Roll, but the Capital is divided into Wards. Males of 21 have the vote.

The **Seychelles**, by the Taxes Ordinance of 1907, gets the best of both worlds. There is a rate up to $\frac{1}{2}$ per cent. (i.e., 1 2d. in the £) on Capital Value, paid by the owner. (This becomes Rupees 3 *per* acre in the unvalued country parts). And there is an Annual Value Tax, not to exceed 4 per cent. of the rent paid, levied upon Town tenants.

Sarawak, by the Municipal Ordinance of 1921, prefers Annual Values, but specifies the exemption of churches.

St. Helena, Ord. 6 of 1906, is on Annual Value; but there is a Continental touch in the considerable revenue derived from

Suva in **Fiji** is thoroughly Australian. The Municipal Institutions Ordinance No. 4 of 1909, as amended in 1924 (on the request of the Council) levies all on the Unimproved Value of Land. The General Rate is not to exceed 5d. in the £, special rates not to exceed 7d. There is no communal electorate, and all males over 21 who can read, write and speak English have the vote.

Tonga, on the other hand, by Ord. No. 3 of 1923, confines itself to a straight Poll Tax of 4s. per head for Municipal purposes.

Hongkong, by Ord. No. 6 of 1901, rates on Annual Values with a good many extras. Only 13 per cent. of the Annual Value can be taken for the Municipality.

Singapore, by Ord. 135 of 1913, as amended up to 1925, has local taxes on cars, carts, bicycles, mules, dogs, etc., and can levy a rate up to 25 per cent. on Annual Value. But here are two improvements—all machinery is exempt, and the Annual Value of unbuilt-on land is held to be 5 per cent. of its full selling value. The Ordinance also specifies that no compensation is to be paid for land taken to make new roads.

In the towns of **Ceylon** there is a Common Roll of electors (male). They rate on Annual Value, with a pleasing variety of additions on animals, professions, and tolls on passengers and produce. The influence of India is obvious.

Both Singapore and Colombo need Land Value rating badly, as they are growing rapidly, and slums and suburban land values are excessive.

Irak raises the money to manage Bagdad and Basra by rates on Annual Value, not to exceed 10 per cent. thereof.

Palestine, by Ordinance 19 of 1924 and 45 of 1926, rates at present on Annual Value; but when the urban Wergo Tax is re-assessed, that and the rates will presumably go on to Capital Value. The Wergo Tax is a tax on the Capital Value of real estate as determined in a prehistoric valuation, and brought up-to-date only when the real estate changes hands by sale. It is to be found in most ex-Turkish countries.

Cyprus, by Ord. 6 of 1882, as amended in 1885, levies on Annual Value; the Valuation is public. The franchise is purely Communal, Christian and Moslem, and, in contrast to Palestine, all males over 21 have the vote, if British or Ottoman subjects.

Malta and **Gibraltar** seem to have no Municipal Ordinances or Acts. Presumably the administration is entirely centralised.

Turning to Africa, Freetown Municipality in **Sierra Leone** rates on Annual Value by Cap. 80 of 1924.

The **Gold Coast** in the same year, passed the Municipal Corporations Ordinance, which exempts land altogether. Only premises are rated and on Annual Value up to a limit of 20 per cent. Empty houses are exempted as well as unused land. Further peculiar features are an option given to the Councils to levy a graduated surcharge (up to 100 per cent. additional) on better

built and more expensive premises; also the owner and the occupier are each to pay half the rate. Finally, as a premium one would think on corruption, the Mayor and two Councillors are to act as valuers.

Nigeria is at the other end of the scale. By the Assessment Ordinance of 1915, as amended in 1918, the Governor is to direct in each town whether Capital or Annual Value is to be taken for assessment. Machinery is specifically exempted. By the Townships Ordinance of 1917 the rate is not to exceed two-thirds per cent. if on Capital, nor 10 per cent. if on Annual Value. Nigeria alone of the Crown Colonies has a rudimentary local government outside the towns in the Northern Province. The native chief takes a percentage of the Land Value Tax paid to the State, and, by the advice of the Resident, spends it on public works.

Northern Rhodesia, as already related, rates on the unimproved value of land in Livingstone.

Nyassaland, according to the Waterworks Ordinance of 1926, rates on the Capital Value of all buildings; The occupier pays, and 'unbuilt-on land apparently escapes altogether. But this is at present only a Water Rate.

Zanzibar, by Ordinance 7 of 1924, rates on Annual Value.

Tanganyika, with a perfectly sound Land Ordinance of 1923, whereby all land is held of the State, with security of tenure at revisable Land Value rents, has also a House Tax Ordinance of 1922, which levies local rates on Annual Value and exempts unbuilt-on land altogether.

Kenya, by the Nairobi (Rating of Unimproved Site Values) Ordinances of 1921, 1922 and 1924, rates on Land Value (as a result of a request of the Council to the Colonial Office). The Rate is a first charge on the land, and is a liability of the owner alone. There is a limit of 2 per cent., but expenditure of local benefit may be charged additionally on the area benefiting. The Rate Book is open to the public for 14 days, and the value of improvements, if any, is not stated therein.

• **Uganda**, by Cap. 49 of 1924, rates on Annual Value; but land used for agriculture is to be assessed at only one-quarter of its annual Value, since the native chiefs and landowners are very powerful in Uganda.

Somaland also has a Townships Ordinance of 1911. Municipal Councillors are appointed to value and rate up to 10 per cent. of the Gross Annual Value. Here machinery, of which there cannot be much, is exempt; and here also, empty houses are made to pay. The owners pay all rates.

The Sudan is modelled on Egypt, and Khartoum levies for local purposes a multitude of tolls and taxes, including a house tax.

In this pamphlet, I am merely recording the various methods employed in the British Empire to raise the necessary revenue

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Turning to Africa, Freetown Municipality in Sierra Leone rates on Annual Value by Cap. 80 of 1924.

The Gold Coast in the same year, passed the Municipal Corporations Ordinance, which exempts land altogether. Only premises are rated and on Annual Value up to a limit of 20 per cent. Empty houses are exempted as well as unused land. Further peculiar features are an option given to the Councils to levy a graduated surcharge (up to 100 per cent. additional) on better

built and more expensive premises; also the owner and the occupier are each to pay half the rate. Finally, as a premium one would think on corruption, the Mayor and two Councillors are to act as valuers.

Nigeria is at the other end of the scale. By the Assessment Ordinance of 1915, as amended in 1918, the Governor is to direct in each town whether Capital or Annual Value is to be taken for assessment. Machinery is specifically exempted. By the Townships Ordinance of 1917 the rate is not to exceed two-thirds per cent. if on Capital, nor 10 per cent. if on Annual Value. Nigeria alone of the Crown Colonies has a rudimentary local government outside the towns in the Northern Province. The native chief takes a percentage of the Land Value Tax paid to the State, and, by the advice of the Resident, spends it on public works.

Northern Rhodesia, as already related, rates on the unimproved value of land in Livingstone.

Nyassaland, according to the Waterworks Ordinance of 1926, rates on the Capital Value of all buildings; The occupier pays, and 'unbuilt-on land apparently escapes altogether. But this is at present only a Water Rate.

Zanzibar, by Ordinance 7 of 1924, rates on Annual Value.

Tanganyika, with a perfectly sound Land Ordinance of 1923, whereby all land is held of the State, with security of tenure at revisable Land Value rents, has also a House Tax Ordinance of 1922, which levies local rates on Annual Value and exempts unbuilt-on land altogether.

Kenya, by the Nairobi (Rating of Unimproved Site Values) Ordinances of 1921, 1922 and 1924, rates on Land Value (as a result of a request of the Council to the Colonial Office). The Rate is a first charge on the land, and is a liability of the owner alone. There is a limit of 2 per cent., but expenditure of local benefit may be charged additionally on the area benefiting. The Rate Book is open to the public for 14 days, and the value of improvements, if any, is not stated therein.

• **Uganda**, by Cap. 49 of 1924, rates on Annual Value; but land used for agriculture is to be assessed at only one-quarter of its annual Value, since the native chiefs and landowners are very powerful in Uganda.

Somaliland also has a Townships Ordinance of 1911. Municipal Councillors are appointed to value and rate up to 10 per cent. of the Gross Annual Value. Here machinery, of which there cannot be much, is exempt; and here also, empty houses are made to pay. The owners pay all rates.

The Sudan is modelled on Egypt, and Khartoum levies for local purposes a multitude of tolls and taxes, including a house tax.

In this pamphlet, I am merely recording the various methods employed in the British Empire to raise the necessary revenue

for local government. It is no part of the task I have set myself to argue for one method or another, but merely to point out the infinite variety that exists to-day. Just at this moment the Commission of Enquiry set up by Sir Edward Grigg, known as the Feetham Commission, has reported on precisely this subject in connection with local government in Kenya. Generally speaking, Mr. Justice Feetham has recommended the Transvaal system of levying local taxes—the option lying with the Municipal Council as to how much should be levied upon land and how much upon improvements. It would be well if this careful and elaborate Report should be taken by the Colonial Office as a model for the Crown Colonies generally. Such an enquiry has long been needed, and full advantage should be taken of it to bring other places up-to-date. To such a Report this pamphlet will, I hope, constitute a useful companion.

THE POLICY OF THE BRITISH LABOUR PARTY ON LOCAL TAXATION.

From the Resolutions passed by the Labour Party Conference at Liverpool in 1925.

“ This Conference believes that the right solution of the Land Problem remains the very foundation of Labour's work. . . . Land Values should be subject to taxation, in order to reduce the cost of land and minerals in the interests of trade and employment.

“ With this object, it is proposed that an effective Land Valuation Department be re-established forthwith, and a National Land Valuation put in hand. This Valuation should be public, and should include all land and minerals. It should show :—

- “ (1) The Unimproved, or site, Value, and
- “ (2) The Improved Value of land.

“ The Valuation should be kept up-to-date, and all land should be revalued at least once every five years.”

“ The present Rating system penalises all improvements, and falls with crushing weight upon the poorest localities. This Conference, therefore, demands that Local Authorities shall be given power to levy a local flat Rate, the amount of which they should be free to determine for themselves, on all Land Values within their area.”

“ The Land Value Taxation should be regarded primarily as a means of :—

- “ (1) Collecting the economic rent for the community.
- “ (2) Deflating Land Values, and so cheapening land.
- “ (3) Promoting the most profitable use of land ; and
- “ (4) Facilitating the acquisition of land by Public Authorities.”

Leaders' Views.

1. "It is from the land that Labour derives all the primary raw materials. It is the soil which the agriculturist needs, it contains the ores and the minerals of all our vast mining, quarrying, smelting trades; upon it must be built our factories, our warehouses, our houses. If it were closed against us, every industry in the country would be paralysed and we should die.

"Rent is a toll, not a payment for service. By rent, social values are transferred from social pools into private pockets; and it becomes the means of vast economic exploitation. Of this injustice Urban Land Values are conspicuous examples; and the practice of holding up land unpenalised by Rates, and of valuing for rating purposes far below purchase price, is evidence not only of the political power exercised by landowners, but of the survival to this day of privileges to shirk public responsibilities claimed by them when they had the power, and continued by use and wont. . . . Rent is obviously a common resource. Differences in fertility and value of site must be equalised by rent, but it ought to go to common funds and be spent in the common interest."

Rt. Hon. J. Ramsay Macdonald in *The Socialist Review*.

2. (a) "With land free and men willing to work, can anyone set a limit to the extent of the wealth that might be enjoyed by all? Nature is bountiful—not niggardly—her reservoirs are full with the things that satisfy men's wants. Indeed, it is from the earth that we get all things; but so long as man is denied access to the source from whence wealth comes, starvation and unemployment will remain."

(b) "The Taxation of Land Values with, of course, the exemption of improvements, does not receive my support merely as a plan for raising additional revenue. It is designed to achieve far greater results. It seeks to open the way to the natural sources from which all wealth springs. The labour is here, and with it the will to work, but the land still lies locked in the grip of a tenacious and unrelenting monopoly, while unemployment and poverty haunt us with a terrifying persistence. Is it to be wondered that the working classes of this country almost despair of better times? . . . Is labour never to achieve free access to Nature's bounteous storehouse? . . . These are the questions that must be answered before we can proceed in the direction of building up a society based upon universal brotherhood, and no answer will satisfy the moral sense of the people that does not contain an admission of the right of a community to throw open the land and to take for the community the economic values created by the community. With a society thus firmly established upon the basis of economic justice, the spiritual and intellectual ideals without which a nation cannot live will have greater freedom of development."

Rt. Hon. Arthur Henderson

(Secretary of the Labour Party), Oxford, August, 1923

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Further Publications on the Same Subject.

Taxation and Rating of Land Values. Rt. Hon. JOSIAH C. WEDGWOOD, D.S.O., M.P. 1d. (4/6 per 100, carriage paid).

Trade Depression and Unemployment. Sir EDGAR HARPER, F.S.I., F.S.S. 1d.

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Methods of Land Nationalisation. FREDK. VERINDER. 2d.

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Essays and Adventures of a Labour M.P. Rt. Hon. JOSIAH C. WEDGWOOD, D.S.O., M.P. 3/6.

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THE
LIBERAL PARTY

13

*Recent Documents relating
to the internal affairs of
the Party*

Published, without comment, for
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DOCUMENTS RELATING TO THE LIBERAL PARTY.

Beginning of the General Strike.

The stoppage in the Coal Mining industry began at midnight on Friday, April 30th.

The General Council of the Trades Union Congress met in London on Saturday, May 1st, and decided to call a General Strike at midnight on Monday, May 3rd, if no prospect of settlement had appeared in the meantime.

The Cabinet continued negotiations with the Trades Union Council on Sunday, May 2nd, but late that night intimated that negotiations must cease until the proposal for a General Strike had been abandoned.

The General Strike began at midnight on Monday, May 3rd.

Division of Opinion in the Liberal Party.

Shadow Cabinet, May 3rd.

On Monday, May 3rd, there was a meeting of the Liberal Shadow Cabinet, at which there was a full attendance, including Lord Oxford and Mr. Lloyd George. It was the "united opinion" of this meeting that the General Strike was of such a nature that "society was bound, with all the resources at its command, to make certain of victory" over it. (*See Lord Oxford's letter of June 1st, below.*)

Lord Oxford's Message, Published in the "British Gazette," May 8th.

There could be no greater misunderstanding of the attitude of our people at this moment than to suppose that it implies any hostility to the right of combination in industry. Strikes and lock-outs, though they always inflict a certain amount of inconvenience on the public, may be, and often are, in the last resort justifiable and even necessary. But the challenge which has now been thrown down and taken up is of a totally different kind.

A General Strike, such as that which it is being sought to enforce, is directly aimed at the daily life of the whole community. The people who suffer the least from it are the capitalists and the plutocrats. They have at their command the whole apparatus of opulence, and the petty discomforts to which they are exposed are not more than pin-pricks, easily endured, rapidly forgotten.

The real victims of a General Strike are what is called the Common People—the men and women who have to labour hard day by day for their own livelihood and that of their children, for whom cheap and regular transport between their homes and their work is a prime necessity, and to whom any contraction in the supply, or rise in the cost, of the necessaries and simpler comforts of life means privation

and even want. It is they who in the long run bear the burden and pay the price.

We should have lost all sense of self-respect if we were to allow any section of the community at its own will, and for whatever motive to bring to a standstill the industrial and social life of the whole nation. It would be to acquiesce in the substitution for Free Government of a Dictatorship. This the British people will never do.

We desire at the earliest moment the resumption of negotiations to bring peace and reconstruction to our coalfields. But the anti-social weapon, which has been so unadvisedly drawn, must first be sheathed.

OXFORD AND ASQUITH.

Lord Grey's Message, Published in the "British Gazette," May 8th.

The General Strike has raised an issue in which the question of miners' wages is submerged. The issue now is not what the wages of miners should be, but whether democratic Parliamentary Government is to be overthrown. It is by this democratic Government that liberty has been won, and by this alone can it be maintained.

The alternatives are Fascism or Communism. Both of these are hostile and fatal to liberty. Neither of them allows a free Press, free speech, or freedom of action, not even the freedom to strike. It may well be that the majority of those who decreed the General Strike did not intend, and do not desire, to overthrow Parliamentary Government but their action has threatened it, and the issue must now be decided in favour of free Constitutional Government before any other question can be dealt with.

The trouble in the mines is not that employers or men are exorbitant; it is the poverty of the industry that is ruining owners and depressing miners' wages. The money is not there. The trouble can only be overcome by sacrifices on both sides for a time to tide over the crisis, and by co-operation to put the industry on a better footing.

The misfortune of the General Strike is threefold. It has raised an issue in which the interest of the miners is lost to sight; it is destroying the good will without which our depressed industries cannot recover; it is impoverishing the whole country and thereby making settlement in the mining industry more difficult, and it is bound to increase the suffering that already exists in all the depressed trades, of which the mining industry is only one.

Every day of the strike is making the future certainly worse for everybody, worse for wage-earners as well as for employers.

It is said that the mining dispute was on the eve of settlement. I will not add to bitterness by asking who was to blame for breaking off negotiations. Recriminations about the past are worse than useless now. We are concerned with the facts of the present and the dark prospect of the future.

Two things are clear—the first is that the community must work together at all costs to avert revolution and preserve constitutional methods; the other is that the only counsel to save our industries is: "End the strike and get back to negotiations."

GREY OF FALLODON.

Mr. Lloyd George Declines to Attend the Next Meeting of the
" Shadow Cabinet."

His Letter to the Chief Whip.

Churt, May 10th.

Dear Godfrey Collins,

I regret I cannot see my way to attending to-day's " Shadow " Cabinet. When I first received the invitation I was under the impression we were called together to discuss the policy of the party in view of the grave national emergency which had arisen.

Since then, however, declarations have been made in the Government Press and by the leader of the party and others wielding great authority in the party committing us without previous consultation to a point of view to which I feel obliged most regretfully to dissent.

I have always deprecated a General Strike, and I am averse to supporting the Government in emergency measures to defend the order and to enable the nation to go on without privation, as I said so explicitly in the House of Commons.

But that does not involve a declaration that negotiations should be conditional on an unreserved withdrawal of the Strike. Nor does it mean that we should concentrate criticism on the T.U.C. for their blunder while we abstain from condemning the Government for breaking off negotiations after the T.U.C. had accepted a formula drafted by the Government and whilst they were actually engaged in pressing its acceptance on the miners.

The *Daily Mail* incident was a poor excuse for terminating peace negotiations when they seemed to be on the point of maturing.

The action of the Government was precipitate, unwarrantable, and mischievous. But for that we might now have had peace.

At any rate, we should not have been passing through a General Strike with all the terrible consequences which it may involve. For if the miners had refused the terms pressed upon them by the T.U.C., the latter could not have called a General Strike in support of them.

I therefore cannot see my way to join in declarations which condemn the General Strike while refraining from criticism of the Government, who are equally, if not more, responsible, and I do also think that if we support the Government in an absolute refusal to negotiate until the General Strike is called off, the struggle may be a prolonged one, and the damage to the nation may well be irreparable.

I prefer the Liberal policy of trusting to conciliation rather than to force.

On the question of a practical policy, I am entirely in accord with the proposals put forward by the Archbishop of Canterbury on behalf of himself and the other leaders of the Christian Churches in this land in his Lambeth declaration.

(1) That an effort should be made to get back to the *status quo* of before the Government broke off negotiations.

(2) That both strike and lock-out should be called off.

(3) That the Government should continue the subsidy pending negotiations and for the short time necessary to give effect to them.

Ever sincerely yours,

D. LLOYD GEORGE.

Lord Oxford's Letter to Mr. Lloyd George.

44, Bedford Square, W.C.1, May 20th.

My dear Lloyd George,

I have refrained from writing to you until the Strike was over, and the life of the country had resumed its normal course.

I should not be doing my duty as Leader of the Liberal Party if I did not now convey to you my regret at the course which you have pursued in the greatest domestic crisis which the country has had to front in your time or mine.

I need not remind you that on the day when the General Strike was declared was about to come into operation—Monday, May 3rd—I discussed with our colleagues at a meeting of the "Shadow" Cabinet the proper attitude of the Liberal Party. We were all of us in favour of some of the steps which, in the origin and progress of the Coal Dispute, the Government had taken, or omitted to take. But we were united in our determination to condemn and to join with such influence as we could exercise or command in resisting the ill-adviced resort of the Trade Union Council to the anti-social campaign of a General Strike.

The next day, May 4th, I took the first opportunity open to me to declare and explain in the House of Lords what I had then every reason to believe, and still believe, to be the practically unanimous judgment of our party. I have read over my speech, and I find in it nothing to qualify or amend.

I did not fail to point out that in my opinion a better use might have been made by the Government of the respite of nine months purchased by the subsidy for the maturing of constructive proposals in the Coal Dispute. But I urged as strongly as I could that this was not the moment for criticism of the past in any of its aspects, and that our paramount duty was to concentrate on the task of frustrating the common danger which threatened the whole nation. I added two or three practical suggestions towards the attainment of peace.

A few days later, when we were in the thick of the conflict, I addressed through the only available organ, *The British Gazette*, a short message to help to hearten the mass of the people in their splendid struggle against the coercion of a new Dictatorship. Lord Grey wrote in the same sense, and a powerful contribution to a right understanding of the case was made by Sir John Simon in the House of Commons.

None of these declarations were in any sense unsympathetic to the miners, still less were they hostile to the principles or the legitimate activities of trade unions, which Liberal legislation has done so much in the past to safeguard.

I summoned another meeting of the "Shadow" Cabinet on Monday, May 10th. All my colleagues attended with the notable exception of yourself. The reasons for your absence, as set out in a letter dated the same morning, seemed to me to be wholly inadequate.

The main ground alleged was that declarations have been made in the Government Press by the Leader of the Party (i.e., myself) and other Liberals of authority from which you felt obliged to dissent. You

that, in criticising the Government and urging a return to negotiations during the progress of the strike, I was pursuing a course which was unworthy of my position in the party, and which contrasts unfavourably with the action of Lord Grey, Sir John Simon, and yourself, and that it calls for solemn rebuke and repudiation from you as Leader of the Party.

As to my criticisms of the Government, they were mainly contained in two speeches, both delivered before the strike actually began: one was delivered at Cambridge on Saturday, May 1st, and the other in the House of Commons on the following Monday. As to the former, may I remind you that, at the meeting of the Liberal "Shadow" Cabinet on May 3rd, summoned specially to consider the line to be adopted by the Liberal Party in face of the impending General Strike, you and my other colleagues expressed warm approval of the line I took in my Cambridge speech?

It was the only speech delivered by a Liberal leader which was at all fairly reported, and as the Liberal "Cabinet" approved of the declarations contained in it, I will summarise them. I took three points in the following order:—

(1) The Government of the day must be supported in any action it may take to defend order and to preserve the essential services. "The nation must come first, and all the time."

(2) The Government by their delays and dawdlings are primarily responsible for the present situation. It had been "all talking and no tackling."

(3) Let them get on with negotiations and for the first time really tackle the job.

Although negotiations had then been broken off by the Government and a general strike was imminent, no one at this important Liberal Council which settled our policy suggested that the unconditional surrender of the strikers should precede the resumption of negotiations.

From the line then taken I have never deviated in speech or writing. Fortified by the assent of my colleagues, I spoke in the same sense that afternoon in my speech in the House of Commons and in my observations from the chair at the meeting of the Party. I deprecated the general strike and the conduct of the negotiations by the Government, but as I was pleading for conciliation and a renewal of negotiations I spoke of the mistakes made by both parties with much restraint.

After the strike had actually commenced, I directed only two criticisms at the Government. I complained that the Ministerial Editor of the egregious *British Gazette*—the only means of communicating Parliamentary Debates to the public—had completely suppressed your speech in the House of Lords in the official Government journal, a speech, by the way, in which, as you pointed out in your letter, you had, after the strike had started, severely condemned the Government for their mishandling of the situation and put forward suggestions for which I am reproved.

All my protests, however, resulted merely that on the following day the *British Gazette* inserted a few lines torn from their context and giving no kind of idea of what you had proposed as a means of settle-

ment. I then endeavoured, with the assistance of the three Editors of the London Liberal papers, to have that speech reproduced in an independent paper, and on that failing, succeeded in publishing the ital suggestions of it in one of them.

I afterwards called attention to the action of the Government in suppressing the appeal for resumption of negotiations issued by the Archbishop of Canterbury on behalf of himself and the other Leaders of the Christian Churches.

Apart from these two criticisms my two speeches during the strike were confined to a support of the emergency measures taken by the Government; to a plea that these powers should be exercised with moderation and impartiality; and to a support of the Archbishop's appeal for an immediate resumption of negotiations on the basis of calling off the General Strike, a reopening of the mines, and a temporary subsidy.

These proposals were identical with those embodied in a document prepared by Sir John Simon, approved by the "Shadow" Cabinet, and by the Liberal Parliamentary Party. He summarised them subsequently in his second speech in the House of Commons—a summary which was also mutilated in the Government organ, which appeared to have adopted the policy that no Liberal statement should be issued except assertions that we were falling in behind the Conservative Party, and had no constructive policy to offer at all.

In what respect do these proposals differ from the policy I urged upon the Government? I was giving expression throughout to an elementary Liberal principle that force was no remedy. I applied it impartially to strikers and Government.

In both the Boer War and the Great War the Liberal Party disavowed the policy of refusing to announce terms or to engage in parleys or peace until there had first been an unconditional surrender. On both occasions that attitude was regarded as a Die-Hard policy.

But I gather you do not base your censure of my conduct on the speeches I delivered, as you state that you have had no opportunity of expressing them. The only one you read—the Cambridge speech—you expressed approval of. The other speeches will be found in Hansard when published, and as they are the only words I uttered in public during the strike, I am entitled to ask why they were not, at least, read before I was condemned for the course I pursued.

It is true I did not attend a meeting of the Liberal "Shadow" Cabinet on May 10th. I sent, however, from the country a full summary of my suggestions concerning the crisis addressed to Sir Godfrey Collins, to which I believe you entirely agreed. I append a copy for your perusal. It represents quite fairly the position I took.

May I point out that I have been a more regular attendant at the "Shadow" Cabinet meetings than any other of your leading colleagues. You say we were "to meet together for a full and free discussion, and to contribute our counsels to the common stock." I thought we had decided on our course of action during the strike at the Cabinet held on the 3rd. I took the decision arrived at then as my guidance, and I never departed from the direction then given.

On this occasion I thought decision had been prejudged by the announcements in the *British Gazette* which I considered a complete departure from our agreed policy—announcements which bear no kind of relationship to the Liberal policy as outlined by you, and which the Government had previously suppressed. They had been issued to the Government Press without any previous consultation amongst us, but I feared it was too late to amend them and that it would be wiser for me not to come up from the country merely to criticise a policy to which we had already been committed by these fresh declarations, but to send a letter expressing my view.

A discussion under these conditions might lead to friction over a situation which was in its nature temporary. I need hardly explain that no discourtesy was intended towards you. I was only anxious to avoid the unpleasantness of provoking discussion upon the communications of you and other of my colleagues which appeared in a paper which had previously refused to publish your full ideas on the subject.

It was too late to do anything but exhibit differences, when I hoped that in a few weeks the whole controversy would have blown over. I made no public comment on any of the declarations as representing only half the policy on which we had agreed.

I know how difficult it has been during the past two and a-half years to avoid tensions. I have done my best to prevent any outbreak, but often at the cost of some humiliation.

As to whether it would have been wiser for me to risk friction, and attend that meeting, there may be some difference of opinion; but seeing that amongst those who condemn my action are men who habitually disregard your invitation, my failure to attend on this occasion hardly justifies so provocative a document as you have addressed to one of your colleagues.

It is within your knowledge that this was not the first occasion on which decisions have been taken on matters of serious importance to the party without my having had any previous opportunity of expressing any opinion on the subject.

As to my American article, you clearly cannot have read it with any care. It was one of the fortnightly articles I contribute to the Press of many countries, the first garbled reports of which did not appear in this country until the strike was well over. It was there misrepresented up to the point of inventing sentences I never wrote. It was written on the first day of the strike. I only give my first impression of it from what I saw—an impression which corresponded with that of scores of articles which were printed in the American papers, and which was a substantially correct description of what was actually happening.

I do not profess to discuss the merits of the dispute. The concluding words fairly summarise its contents:—

“Up to now it is in essence an industrial dispute over wages, unfortunately complicated by this ‘sympathetic strike.’ There is no revolutionary purpose animating the union leaders, who are now in charge. There has so far been no bloodshed, there has been no interference with property, and no personal violence. The whole influence of the strike leaders will be exerted in the interests of law and order.

Let us trust that a settlement will be reached whilst calm and restraint are being maintained on both sides. There are grave risks in the whole situation. I put my faith on British coolness and in the British Parliament."

Is not this an element which has been regarded with astonishment and admiration throughout the whole world?

The *Manchester Guardian*, in its issue of Friday, May 21st, summarises the position in the following words:—

"It is just such an article as any sensible and moderately minded man might have written, and though it is unlikely that Mr. Churchill would have permitted its publication in the *British Gazette*, the Archbishop of Canterbury would certainly have been ready to give it his blessing."

I am content with this opinion on my article expressed by the most honoured and venerated figure in British journalism.

You complain that I predict a prolonged struggle unless the public and Parliament intervene to protect our damaged trade. Are you sure the industrial struggle even now will not be prolonged unless "Parliament takes a hand," as I put it?

I point out that the miners are accustomed to prolonged strikes. You and I have had a painful experience of that fact. It is true I assumed that the Trade Union Council would stand by the miners to the end. There I miscalculated. But was it so outrageous an assumption as to deserve censure? The net result of a failure to press negotiations has been this deadlock so disastrous to our trade at home.

In conclusion, I again ask if there is to be another schism in the party, one would like to know what it is about. Is it on a question of policy? If so, what?

It cannot be anything I have written to America. So far as I know, we exercise no censorship in the Liberal Party on each other's books or publications. Is it my absence from one "Shadow" Cabinet meeting, not to create dissension amongst my colleagues? Surely this is an inadequate reason for commencing a fresh feud in the Liberal Party.

Is it because before the strike began I offered the same criticism of the Government conduct of negotiations as you tendered during the progress of the strike, or that I pressed upon the House of Commons the sound counsel offered to the nation by the leaders of the Christian Churches? This is surely unthinkable.

From that advice, which the Liberal Cabinet endorsed at its May 3rd meeting, I did not recede and I cannot now repudiate it. Throughout this grave national trouble I have given what I considered to be the best advice to my countrymen as one who has taken part often in the accommodation of industrial disputes in Campbell-Bannerman's Government, yours, and my own.

I need hardly say I shall be prepared to meet you and the rest of my colleagues to discuss the whole position if you consider such a discussion will be helpful to the Party.

Ever sincerely,
(Signed) D. LLOYD GEORGE.

Extract from Lord Grey's Speech at the National Liberal Club, May 28th.

"When you were first kind enough to make these arrangements at the National Liberal Club the intention was that I should make some reflections upon the industrial crisis through which we have passed, and express some thoughts about the future. We were thinking not of the future of any party but of the future of this country. I do not propose to put this meeting to any purpose other than that for which it was intended. But I cannot, of course, ignore what has recently appeared in the papers altogether, the letters of Lord Oxford and Mr. Lloyd George. But I will only refer to them for the purpose of defining my own personal position without arguing about it. I must say where I stand. The justification may be reserved for another occasion. I stand entirely with and behind Lord Oxford. Everyone knows enough to know that he has been through most trying times, always the most patient and chivalrous of colleagues. If there are and have been difficulties inside the Liberal Party they are not difficulties of his making. Those of us who have been closely associated with him feel that the surprise is not that something should have appeared now, but that it has been so long delayed. More than that I will not say, because no doubt the difficulties in the party and what has happened will be the subject of further comment on other occasions. I felt, however, it was necessary for me to define my own personal position."

Lord Oxford's Letter to Sir Godfrey Collins.

44, Bedford Square, W.C.1.

June 1st, 1926.

MY DEAR GODFREY COLLINS,—I address these few lines to you that there may be no doubt in the minds of the rank and file of the party, as to the line which I have taken in recent transactions, or as to my present position.

I will deal first with the General Strike, and next with the Coal dispute. The General Strike attacked some of the root principles of Liberalism—the supremacy of Parliament, the freedom of the Press, the right of the individual man to carry on his work, the protection of the elementary liberties of the whole community against the organised invasion of a self-constituted dictatorship. It was in fact a war against society, in which society was bound with all the resources at its command to make certain of victory. This was the united opinion of the Liberal leaders who met in the "Shadow" Cabinet on May 3rd. It was the view to which I gave emphatic expression, at the earliest opportunity, in my speech in the House of Lords the following day.

Later on in the same week both I and Lord Grey sent messages through the only available organ, the *British Gazette*, which were framed with the sole object of encouraging and stimulating the magnificent efforts of the nation. They were sent (of necessity) without any preceding consultation either between ourselves or our colleagues as was Mr. Lloyd George's simultaneous communication to the American Press.

I summoned a further meeting of the "Shadow" Cabinet for May 10th in order that we might explore again the possible roads to an ultimate settlement of the Coal dispute. Mr. Lloyd George declined to

attend the meeting (in a letter not marked "private") on the ground that the messages sent by myself and others were "declarations of policy made in the Government Press" from which he dissented, and that denunciations on our part of the strike ought to be accompanied by denunciations of the Government, who were "equally if not more responsible."

The "Shadow" Cabinet is the substitute when the leaders of a party are in opposition, for the actual Cabinet when they are in office, and it has always been understood that membership of it involves similar obligations. I have sat in many Cabinets under various Prime Ministers, and I have not known one of them who would not have treated such a communication from a colleague, sent at such a time, as equivalent to a resignation. I certainly so regarded it. Nor was the difference of attitude and policy which it announced one that in my judgment could be smoothed away, as a trivial matter of transient importance. It was clear, and clean cut. If the leaders of the Liberal Party as a body had adopted Mr. Lloyd George's view, we should have been doing our best to weaken the authority of the Government, which was for the moment the embodiment and organ of the national self-defence against the gravest domestic danger which has threatened the country in our time. We felt that we were trustees of the traditions of the party and were under a special responsibility to see that it played a part worthy of its past.

I did not think it necessary to reply to Mr. Lloyd George's letter until after the General Strike was recalled. My answer, which like his letter of May 10th, was in no sense a private communication, was not published until I had waited for the best part of five days for a reply. I need hardly say that it was written on my own initiative, and that I take full responsibility for it.

There is no question here of "excommunication" or "ostracism." There is no such process known in the Liberal Party. The leader of a party is neither a Pope nor an autocrat; but he has always claimed and exercised full liberty of choice as to his colleagues and advisers. Mr. Lloyd George, in the exercise of his own judgment, and for reasons of which I am the last to question the gravity, chose to separate himself, in the most formal manner, from our deliberations in a moment of great emergency. He was not driven out; he refused to come in.

I come now to the coal dispute. It is a complete and wilful travesty of the facts to represent those who, like myself and the large majority of my colleagues, differed from Mr. Lloyd George's attitude on the General Strike, as having adopted and pursued, in regard to the coal dispute, what is absurdly called an anti-Liberal or reactionary line. We are accused, I see, by some of our new monitors in the Press of being content with "sterile platitudes" and "constitutional pedantries." In my speech in the House of Lords, I pointed out in a practical spirit the lines upon which, as soon as the General Strike had been cleared out of the way, roads might be found to a peaceful and practicable winding-up of the quarrel between the coalowners and the miners. Some of my suggestions were subsequently adopted in substance by the Archbishop of Canterbury and those associated with him. Others, and in particular my advocacy of a return to the precedent set by my

own Liberal Government in 1912, when we stepped over the heads of both the recalcitrant parties to the dispute with legislation of our own are, I believe, now regarded by practically all Liberals, and by many who belong to no party, as still indicating the most hopeful way to settlement. The attempt to claim for any section of Liberals a monopoly of interest, or of constructive suggestion, in this or in any other department of social and industrial reform, is wholly unwarranted in fact.

In conclusion, I must add a few words as to my own personal position. I see that it is insinuated that I have been the, perhaps passive, vehicle of personal animosities. My record in these matters is well known to my fellow-countrymen, and I can afford to disregard base imputations upon my honour. I am this month completing forty years of service to the Liberal Party. For a considerable part of that time I have been its Leader, and I have honestly striven, during the last two years, to recreate and to revive the broken fabric of Liberal unity. It has been a burdensome, and in some of its aspects, a thankless task. I will not continue to hold the leadership for a day unless I am satisfied that I retain in full measure the confidence of the party.

Yours sincerely,

OXFORD.

Letter to Lord Oxford Signed by Twelve Members of the Liberal Shadow Cabinet.

June 1st, 1926.

DEAR LORD OXFORD,—We cannot allow you to bear the whole brunt of the criticism which has been directed against you on the ground of your letter to Mr. Lloyd George. It is due to you that we should say unreservedly that we support the course which you, after endless patience and life-long service to Liberalism, have felt obliged to take. Since Mr. Lloyd George broke up the first Coalition and became Prime Minister, he has played many parts, and when he rejoined you at the General Election of 1923, it was obvious to everybody that nothing could make this reunion effective, except a willingness to forget past differences and an identity both in machinery and in single-minded devotion to the party. We have done our best to follow your lead in securing these objects, and your own forbearance and chivalry are known to every Liberal; but Mr. Lloyd George has insisted upon retaining separate headquarters and a separate fund. He discouraged the putting forward of more than 300 Liberal candidates at the last election and his methods have often made us suspect that he has not abandoned the idea of a new Coalition.

His action during the recent General Strike has to be regarded in the light of this record. It is obvious to us that his letter to Sir Godfrey Collins was written with an eye to its possible future use, if events have turned out as he anticipated in his communications to the foreign Press. When the strike was over, he stated at Llandudno Junction (May 26th) "During the progress of the General Strike, I refrained from urgent criticism as to the past. The nation had to concentrate on fighting the stranglehold." It is astonishing that Mr. Lloyd George should have

persuaded himself that this version represents his attitude. In his letter to Sir Godfrey Collins (May 10th), refusing to meet you, he wrote:—"I cannot see my way to join in declarations which condemn the General Strike while refraining from criticism of the Government, who are equally, if not more, responsible."

Practical suggestions for dealing with the Coal dispute are welcomed by all of us and have been made by none more clearly and usefully than yourself; but it seems to us to be pure opportunism to taunt the Government, as Mr. Lloyd George did nine months ago, with being "afraid of facing cold steel"; to refuse to meet his colleagues at the crisis of the strike on the ground that he was opposed to the demand for unconditional withdrawal; and, when that withdrawal took place, to tell his constituents that he was always in favour of the policy that he refused to discuss with you. The difficulties of co-operation in such circumstances are well known to you and to us, although they may not be always appreciated by the general public.

We should therefore think ourselves failing in the duty which we owe to you, and to the Liberal Party, to say nothing of the affection and admiration with which we regard you, if we did not make it plain where we stand. We have done our best in the interests of Liberalism to work with Mr. Lloyd George in the councils of the party, but we cannot feel surprised at your feeling that confidential relations are impossible with one whose instability destroys confidence.

Yours sincerely,

GREY OF FALLODON.
JOHN SIMON.
WALTER RUNCIMAN.
LINCOLNSHIRE.
BUCKMASTER.
BUXTON.

DONALD MACLEAN.
COWDRAY.
VIVIAN PHILLIPPS.
GEOFFREY HOWARD.
W. M. R. PRINGLE.
GODFREY P. COLLINS.