

UNEMPLOYMENT INSURANCE
IN GREAT BRITAIN

*THE NATIONAL SYSTEM AND
ADDITIONAL BENEFIT PLANS*

BY

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SERIES FOREWORD

This volume is the second in a series on unemployment insurance being published by Industrial Relations Counselors, Inc. The principal consideration which prompted the undertaking was the growth of interest in the subject in the United States since the depression of 1914-1915. Before that period of serious unemployment there had been only one voluntary experiment in the field, other than trade union out-of-work benefit plans, and no effort to promote legislation. Since that time not only has there been further development of union benefits but several bills have been introduced in state legislatures and one in Congress. State commissions have considered the subject, the President's Conference on Unemployment recommended voluntary experiments, and a number of voluntary plans providing for unemployment benefits or guaranteed employment have been established by various industries and by individual employers. Much of this activity came soon after the depressions of 1914-1915 and 1920-1921, and it seemed that the next period of "hard times" would stimulate further growth. Events have developed as was thought probable. The number of employees under company plans increased seven-fold during the depression of 1930-1931, and there has been a flood of proposed legislation. The series was planned with the thought that an examination of these American experiments and of the evolution and experience of the great national unemployment insurance systems of some European countries might prove of service.

Volume I *Unemployment Benefits in the United States*, by Bryce M. Stewart in collaboration with Jeanne C. Barber, Mary B. Gilson and Margaret L. Stecker, was issued by Industrial Relations Counselors, Inc. in 1930; volume II appears herewith. Other studies dealing with unemployment insurance in Switzerland, Belgium and Germany are in preparation. It is hoped that the series will contribute to careful planning and sound practice in this field.

BRYCE M. STEWART,
Director of Research.

PREFACE

This study presents a history of Great Britain's unemployment insurance system together with some account of the attendant measures and circumstances. It was undertaken in the thought that the experience of the first national compulsory scheme of unemployment insurance as interpreted by an American might be helpful to readers in the United States in view of the remarkable growth of interest in the subject. If the volume contributes to a better understanding of the British experiment and makes possible a better estimate of its significance for the United States, its main purpose will have been achieved.

Relatively little emphasis has been placed on pre-war developments for, although the first unemployment insurance act was passed in 1911, it was not until 1920 that the coverage of the scheme was extended to the great majority of industrial wage earners. Following the discussion of the post-war unemployment situation in Chapter I, the development and present status of the unemployment insurance system, including the administration and financial experience of the national scheme, are outlined in Chapters II to X. The plans established by some trade unions and employers for the payment of unemployment benefit without aid from the state are also considered in this section. The employers' schemes in particular cover a negligible number of workers in comparison with the state system but they are significant as indicating the initiative of progressive employers in this field. They evidence a development that might have attained considerable proportions but for the depressed state of British industry since the war. The study turns next to certain problems which the experience of the scheme has brought to the fore. These include irregular employment and prolonged unemployment, the need of greater mobility of labor, the relation of unemployment insurance to poor relief, malingering, juvenile unemployment and the need of vocational guidance and training. The remainder of the volume describes methods of reducing and preventing unemployment which are being tried or considered and offers the final summary and conclusions.

While it is often said that unemployment is accompanied by ill health and reduced morale, unrecorded short time, "ca'canny" practices and consequent lower production, lack of data has precluded consideration of these questions. For the same reason the effect of unemployment insurance on purchasing power has not been treated. Only passing refer-

ence has been made to such questions as national and international finance, population, and wages as related to unemployment.

The author regrets an unavoidable discrepancy in the statistical data. The study was completed in 1930, before certain annual official reports were published, and many figures, therefore, could not be brought down past 1929. Other material was obtained from special studies which covered only limited periods.

A trip to England and Scotland in the summer of 1926 afforded opportunities to visit employment exchanges and interview officials concerned with the administration of unemployment insurance. During the winter of 1929-1930 members of Parliament, government officials, employers, trade union leaders, workers insured and uninsured, and many "ordinary citizens" were interviewed. Industrial plants were visited in order to observe the efforts of employers to supplement state benefits with additional payments. The material on this subject was submitted to the firms concerned, and the manuscript of the entire study was read and criticized by authorities in Great Britain, the International Labour Office at Geneva, and in the United States.

The author is indebted to Mr. R. C. Davison of the London School of Economics, Mr. H. C. Emmerson of the Ministry of Labour, M. Henri Fuss, Chief of the Unemployment and Migration Section, International Labour Office; Mr. D. Christie Tait, also of the International Labour Office; Mrs. P. W. Martin of Geneva; Mr. Arthur Pugh, vice president of the General Council of the Trades Union Congress and Secretary of the Iron and Steel Trades Confederation; Mr. Henry Lesser, of the South Metropolitan Gas Company and president of the Employees' Approved Societies; Mr. J. L. Smyth, secretary of the Social Insurance Department of the Trades Union Congress General Council; Mr. Herbert G. Williams, former Parliamentary Secretary to the Board of Trade; Mr. Leslie Bullock of the Ministry of Labour; Dr. E. M. Burns of the Department of Economics, Columbia University; Mr. A. Reeder of the Ministry of Labour, for his careful survey of the statistical data presented; and to numerous employers, trade union leaders, workers, employment exchange officials and many others whose patience and good will made this study possible. Grateful acknowledgment of assistance is also due the author's colleagues on the staff of Industrial Relations Counselors, Inc., and to Miss Olga Halsey for her painstaking work on part of the manuscript and her sound criticism. The author alone is responsible for statements of fact and their interpretation.

MARY BARNETT GILSON

New York City, March, 1931.

CONTENTS

CHAPTER	PAGE
I. POST-WAR UNEMPLOYMENT SITUATION	3
II. PUBLIC RELIEF AND SELF-HELP BEFORE UNEMPLOYMENT INSURANCE	25
III. THE ACTS—PRINCIPAL FEATURES OF THE STATE SCHEME	39
IV. WORKERS EXCEPTED OR EXEMPTED FROM THE STATE SCHEME	64
V. PARTICIPATION IN THE STATE SCHEME BY UNIONS AND APPROVED SOCIETIES	68
VI. UNAIDED PROVISION OF UNEMPLOYMENT BENEFITS BY IN- DUSTRIES CONTRACTED OUT	80
VII. UNAIDED PROVISION OF UNEMPLOYMENT BENEFITS BY IN- DIVIDUAL FIRMS AND THEIR EMPLOYEES	87
VIII. UNAIDED PROVISION OF UNEMPLOYMENT BENEFITS BY TRADE UNIONS	93
IX. ADMINISTRATION OF THE STATE SCHEME	104
X. FINANCIAL EXPERIENCE OF THE STATE SCHEME	134
XI. IRREGULARITY AND DURATION OF UNEMPLOYMENT	158
XII. MOBILITY OF LABOR	201
XIII. THE UNEMPLOYED AND POOR RELIEF	250
XIV. DEMORALIZATION AND MALINGERING	272
XV. JUVENILE UNEMPLOYMENT	283
XVI. TRAINING	289
XVII. VARIOUS MEASURES OF UNEMPLOYMENT PREVENTION AND REDUCTION	310
XVIII. PROPOSED CHANGES IN THE SYSTEM	340
XIX. SUMMARY AND CONCLUSIONS	361
 APPENDIX	
I. ADDITIONAL BENEFIT PLANS OF EMPLOYEES' APPROVED SO- CETIES	395
II. ADDITIONAL BENEFIT PLANS OF INDIVIDUAL FIRMS AND THEIR EMPLOYEES	405

APPENDIX	PAGE
III. BREAKS IN CONTINUITY AFFECTING COMPARABILITY OF BRITISH UNEMPLOYMENT STATISTICS	443
Tables 44-48	444
IV. SUMMARY OF UNEMPLOYMENT INSURANCE ACTS, 1920-1930	453
Table A—Main Provisions Regarding Contributions and Benefits Under the Successive Unemployment Insurance Statutes	471
V. ORGANIZATION OF THE MINISTRY OF LABOUR	473
ORGANIZATION OF CERTAIN OFFICIAL BODIES	474
VI. AGRICULTURAL POPULATION	489
TRAINING AND INSTRUCTIONAL CENTERS	489
AUTHORITATIVE OPINIONS ON UNEMPLOYMENT INSURANCE	491
VII. ADDENDA	497
LIST OF REFERENCES CITED	509
INDEX	519

TABLES

TABLE	PAGE
1. Population, Great Britain and Northern Ireland, 1911-1928	7
2. Membership, and Expenditure on Unemployment, Traveling and Emigration Benefit, Registered Trade Unions, Classified by Industries, Great Britain, 1892-1907	35
3. Membership, Expenditure on Unemployment, Traveling and Emigration Benefit, and Funds, Registered Trade Unions, Great Britain, 1911-1928	75
4. Number Insured, and State Benefit Paid by Employment Exchanges and by Trade Unions, Great Britain, 1912-1928	76
5. Membership, and Unemployment Benefit Paid by Registered Trade Unions Which Provided Unassisted Benefit, Great Britain, 1925-1927	95
6. Unemployment Benefit Paid from Union Funds, National Amalgamated Union of Shop Assistants, Warehousemen and Clerks, 1894-1928	100
7. Membership, and Expenditure on Unemployment Benefit, Registered Trade Unions, Great Britain, 1910-1928	102
8. Number of Claims for Benefit, Number Disallowed Classified by Cause of Disallowance, Great Britain, 1920-1929	118
9. Registrations and Placements, Employment Exchanges, Great Britain and Northern Ireland, 1910-1929	122
10. Expenditures for Social Services, Great Britain, 1928	135
11. Income and Disbursements, Unemployment Insurance Fund, Great Britain, 1920-1929	138
12. Insured Industries Classified as to Number of Unemployed in Relation to Number Insured, Great Britain and Northern Ireland, 1929	141
13. Percentage of Total Claims Paid as "Standard" and "Extended" Benefit, Classified by Sex, Great Britain, November, 1924, April, 1926, April, 1927	142
14. Total Claims for Benefit and Number not Having Paid Thirty Contributions, Classified by Industry and Sex, Great Britain, as of October 14, 1929	143
15. Rates of State Unemployment Benefit, Great Britain and Northern Ireland, 1911-1930	146
16. Number Insured, Total Unemployment Benefit, and Out-of-Work Donation, Great Britain and Northern Ireland, 1919-1930	147
17. Short Time in the Cotton Industry, Great Britain, 1924-1929	164
18. Prevalence of Short Time, Selected Industries, Great Britain and Northern Ireland, October, 1928	167
19. Percentage of Insured Workers Recorded as Unemployed, Classified by Industry, Quarterly, Great Britain and Northern Ireland, 1923-1929	171
20. Percentage Distribution of Claimants to Unemployment Benefit, Coal Mining and All Industries, by Sex and by Duration, Great Britain, Years Ending March 18, 1929, and September 16, 1929	176

TABLES	PAGE
21. Number of Unbroken Periods of Unemployment of Claimants to Benefit, Classified by Duration, Great Britain, Twelve Months Prior to September 16, 1929	178
22. Percentage Distribution of Workers Receiving Unemployment Benefit and of Claimants to Benefit Recorded as Unemployed, Classified by Duration, Selected Periods, Great Britain, 1923-1929	18
23. Total Accounts of Males with Contributions Paid and Average Number of Contributions Paid Prior to July, 1925, Number of Accounts Drawing Benefit Prior to January 31, 1926, on Claims Made Prior to January 31, 1925, and Average Days' Benefit per Recipient, Selected Industries, Great Britain	18
24. Percentage Distribution of Male Claimants to Benefit on Specified Dates and of Sample of Insured Persons Taken in April, 1926, By Age, Great Britain	18
25. Age Distribution of Total Insured Workers and of Claimants to Benefit, by Sex, Great Britain, April 4, 1927	18
26. Number of Contributions Paid and Benefits Received, Classified by Age of Insured Workers, Great Britain, November 7, 1920-January, 1926	19
27. Claimants to Unemployment Benefit, Classified by Duration of Unemployment and by Age, Great Britain, Twelve Months Prior to September 16, 1929	19
28. Percentage of the Unemployed, Classified by Industry, Quarterly, Great Britain and Northern Ireland, 1923-1928	21
29. Number of Insured Workers Unemployed, Selected Industries, Great Britain and Northern Ireland, January 21, 1929 and January 27, 1930	21
30. Proportion of 55,009 Insured Workers with Contributions Paid up to July, 1925, Who Had Drawn Benefit at Some Time Prior to January 31, 1926, Great Britain	21
31. Insured Workers, Classified by Industry, Great Britain and Northern Ireland, 1913-1929	21
32. Transfer of Workers to and from Coal Mining, Great Britain, July, 1928-June, 1929	21
33. Increase and Decrease in Number of Insured, and Unemployment Rate, Great Britain, June, 1923-June, 1928	22
34. Increase or Decrease in Number Employed, Classified by Industry and by Section, Great Britain, July, 1927-June, 1929	22
35. Emigration and Repatriation, Great Britain, 1921-1929	23
36. Poor Law Unions Reporting on Outdoor Relief to the Able Bodied and Number Receiving Relief, Selected Periods, England and Wales, 1927-1929	25
37. Able-bodied Persons in Receipt of Outdoor Relief, Classified by Duration, Selected Periods, England and Wales, 1927-1929	25
38. Number of Persons (Including Dependents) in Receipt of Poor Law Relief, England and Wales, 1919-1927	25
39. Experience of Debenham's Approved Society (Staff) 1921-1928	397
40. Experience of Debenham's Worker's Approved Society, 1921-1928	398
41. Experience of the Match Industry Unemployment Benefit Scheme, 1921-1928	407

TABLES

xiii

TABLE	PAGE
42. Number of Employees, Beneficiaries, and Expenditures for Benefit, Rowntree and Co., Ltd., 1923-1928	411
43. Unemployment Benefit Scheme, Needler's, Ltd., 1925-1928	429
44. Percentage of Workpeople Unemployed, Great Britain and Northern Ireland, 1851-1929	444
45. Percentage of Insured Persons Unemployed, Classified by Months, Great Britain and Northern Ireland, September, 1912-September, 1930	445
46. Index Numbers of Cost of Living and of Unemployment Insurance Benefit Rates for Men, Great Britain and Northern Ireland, July, 1914-September, 1930	446
47. Number of Persons per 10,000 of Estimated Population in Receipt of Poor Law Relief Last Saturday of Each Month, England and Wales, 1914, 1926, 1927, 1928, 1929	447
48. Average Monthly Number of Men on Poor Law Relief and the Number Recorded as Unemployed, England and Wales, April 17, 1926, October, 1926-December, 1929	448

CHARTS

CHART	PAGE
1. Percentage of Workpeople Unemployed, Great Britain and Northern Ireland, 1851-1929	4
2. Percentage of Insured Persons Unemployed, by Months, Great Britain and Northern Ireland, September, 1912-September, 1930	10
3. Index Numbers of Cost of Living and Unemployment Insurance Benefit Rates for Men, Great Britain and Northern Ireland, July, 1914-September, 1930	144
4. Employment in Coal Mines, Great Britain, 1923-1928	161
5. Percentage Distribution of Claimants to Unemployment Benefit, by Duration of Unemployment and by Age, Great Britain, Twelve Months Prior to September 16, 1929	195
6. Number of Persons per 10,000 of Estimated Population in Receipt of Poor Law Relief, Last Saturday of Each Month, England and Wales, 1914, 1926, 1927, 1928, 1929	257
7. Average Monthly Number of Men on Poor Law Relief and the Number Recorded as Unemployed, England and Wales, April, 1926, October, 1926-December, 1929	266
8. Number of Operatives, Excluding Builders, Employed at the End of Each Four-Weekly Period, Rowntree and Co., Ltd., 1924-1929	413
9. Amount of Benefit Paid on Behalf of State to Women and Girls, Cadbury Brothers, Ltd., 1928	417
10. Short-time Benefit Payments, Cadbury Brothers, Ltd., 1928	418
11. Employees Eligible for Short-time Benefits, and Beneficiaries, Cadbury Brothers, Ltd., 1928	419
12. Experience with Dismissal Benefit Schemes, Cadbury Brothers, Ltd., 1928	420

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CONTENTS

CHAPTER	PAGE
I. POST-WAR UNEMPLOYMENT SITUATION	3
II. PUBLIC RELIEF AND SELF-HELP BEFORE UNEMPLOYMENT INSURANCE	25
III. THE ACTS—PRINCIPAL FEATURES OF THE STATE SCHEME	39
IV. WORKERS EXCEPTED OR EXEMPTED FROM THE STATE SCHEME	64
V. PARTICIPATION IN THE STATE SCHEME BY UNIONS AND APPROVED SOCIETIES	68
VI. UNAIDED PROVISION OF UNEMPLOYMENT BENEFITS BY INDUSTRIES CONTRACTED OUT	80
VII. UNAIDED PROVISION OF UNEMPLOYMENT BENEFITS BY INDIVIDUAL FIRMS AND THEIR EMPLOYEES	87
VIII. UNAIDED PROVISION OF UNEMPLOYMENT BENEFITS BY TRADE UNIONS	93
IX. ADMINISTRATION OF THE STATE SCHEME	104
X. FINANCIAL EXPERIENCE OF THE STATE SCHEME	134
XI. IRREGULARITY AND DURATION OF UNEMPLOYMENT	158
XII. MOBILITY OF LABOR	201
XIII. THE UNEMPLOYED AND POOR RELIEF	250
XIV. DEMORALIZATION AND MALINGERING	272
XV. JUVENILE UNEMPLOYMENT	283
XVI. TRAINING	289
XVII. VARIOUS MEASURES OF UNEMPLOYMENT PREVENTION AND REDUCTION	310
XVIII. PROPOSED CHANGES IN THE SYSTEM	340
XIX. SUMMARY AND CONCLUSIONS	361
APPENDIX	
I. ADDITIONAL BENEFIT PLANS OF EMPLOYEES' APPROVED SOCIETIES	396
II. ADDITIONAL BENEFIT PLANS OF INDIVIDUAL FIRMS AND THEIR EMPLOYEES	405

APPENDIX	PAGE
III. BREAKS IN CONTINUITY AFFECTING COMPARABILITY OF BRITISH UNEMPLOYMENT STATISTICS	443
Tables 44-48	444
IV. SUMMARY OF UNEMPLOYMENT INSURANCE ACTS, 1920-1930	453
Table A—Main Provisions Regarding Contributions and Benefits Under the Successive Unemployment Insurance Statutes	471
V. ORGANIZATION OF THE MINISTRY OF LABOUR	473
ORGANIZATION OF CERTAIN OFFICIAL BODIES	474
VI. AGRICULTURAL POPULATION	489
TRAINING AND INSTRUCTIONAL CENTERS	489
AUTHORITATIVE OPINIONS ON UNEMPLOYMENT INSURANCE	491
VII. ADDENDA	497
LIST OF REFERENCES CITED	509
INDEX	519

TABLES

TABLE	PAGE
1. Population, Great Britain and Northern Ireland, 1911-1928	7
2. Membership, and Expenditure on Unemployment, Traveling and Emigration Benefit, Registered Trade Unions, Classified by Industries, Great Britain, 1892-1907	35
3. Membership, Expenditure on Unemployment, Traveling and Emigration Benefit, and Funds, Registered Trade Unions, Great Britain, 1911-1928	75
4. Number Insured, and State Benefit Paid by Employment Exchanges and by Trade Unions, Great Britain, 1912-1928	76
5. Membership, and Unemployment Benefit Paid by Registered Trade Unions Which Provided Unassisted Benefit, Great Britain, 1925-1927	95
6. Unemployment Benefit Paid from Union Funds, National Amalgamated Union of Shop Assistants, Warehousemen and Clerks, 1894-1928	100
7. Membership, and Expenditure on Unemployment Benefit, Registered Trade Unions, Great Britain, 1910-1928	102
8. Number of Claims for Benefit, Number Disallowed Classified by Cause of Disallowance, Great Britain, 1920-1929	118
9. Registrations and Placements, Employment Exchanges, Great Britain and Northern Ireland, 1910-1929	122
10. Expenditures for Social Services, Great Britain, 1928	135
11. Income and Disbursements, Unemployment Insurance Fund, Great Britain, 1920-1929	138
12. Insured Industries Classified as to Number of Unemployed in Relation to Number Insured, Great Britain and Northern Ireland, 1929	141
13. Percentage of Total Claims Paid as "Standard" and "Extended" Benefit, Classified by Sex, Great Britain, November, 1924, April, 1926, April, 1927	142
14. Total Claims for Benefit and Number not Having Paid Thirty Contributions, Classified by Industry and Sex, Great Britain, as of October 14, 1929	143
15. Rates of State Unemployment Benefit, Great Britain and Northern Ireland, 1911-1930	146
16. Number Insured, Total Unemployment Benefit, and Out-of-Work Donation, Great Britain and Northern Ireland, 1919-1930	147
17. Short Time in the Cotton Industry, Great Britain, 1924-1929	164
18. Prevalence of Short Time, Selected Industries, Great Britain and Northern Ireland, October, 1928	167
19. Percentage of Insured Workers Recorded as Unemployed, Classified by Industry, Quarterly, Great Britain and Northern Ireland, 1923-1929	171
20. Percentage Distribution of Claimants to Unemployment Benefit, Coal Mining and All Industries, by Sex and by Duration, Great Britain, Years Ending March 18, 1929, and September 16, 1929	176

TABLE	PAGE
21. Number of Unbroken Periods of Unemployment of Claimants to Benefit, Classified by Duration, Great Britain, Twelve Months Prior to September 16, 1929	1
22. Percentage Distribution of Workers Receiving Unemployment Benefit and of Claimants to Benefit Recorded as Unemployed, Classified by Duration, Selected Periods, Great Britain, 1923-1929	11
23. Total Accounts of Males with Contributions Paid and Average Number of Contributions Paid Prior to July, 1925, Number of Accounts Drawing Benefit Prior to January 31, 1926, on Claims Made Prior to January 31, 1925, and Average Days' Benefit per Recipient, Selected Industries, Great Britain	11
24. Percentage Distribution of Male Claimants to Benefit on Specified Dates and of Sample of Insured Persons Taken in April, 1926, By Age, Great Britain	11
25. Age Distribution of Total Insured Workers and of Claimants to Benefit, by Sex, Great Britain, April 4, 1927	11
26. Number of Contributions Paid and Benefits Received, Classified by Age of Insured Workers, Great Britain, November 7, 1920-January, 1926	16
27. Claimants to Unemployment Benefit, Classified by Duration of Unemployment and by Age, Great Britain, Twelve Months Prior to September 16, 1929	16
28. Percentage of the Unemployed, Classified by Industry, Quarterly, Great Britain and Northern Ireland, 1923-1928	21
29. Number of Insured Workers Unemployed, Selected Industries, Great Britain and Northern Ireland, January 21, 1929 and January 27, 1930	21
30. Proportion of 55,009 Insured Workers with Contributions Paid up to July, 1925, Who Had Drawn Benefit at Some Time Prior to January 31, 1926, Great Britain	21
31. Insured Workers, Classified by Industry, Great Britain and Northern Ireland, 1913-1929	21
32. Transfer of Workers to and from Coal Mining, Great Britain, July, 1928-June, 1929	21
33. Increase and Decrease in Number of Insured, and Unemployment Rate, Great Britain, June, 1923-June, 1928	22
34. Increase or Decrease in Number Employed, Classified by Industry and by Section, Great Britain, July, 1927-June, 1929	22
35. Emigration and Repatriation, Great Britain, 1921-1929	23
36. Poor Law Unions Reporting on Outdoor Relief to the Able Bodied and Number Receiving Relief, Selected Periods, England and Wales, 1927-1929	25
37. Able-bodied Persons in Receipt of Outdoor Relief, Classified by Duration, Selected Periods, England and Wales, 1927-1929	25
38. Number of Persons (Including Dependents) in Receipt of Poor Law Relief, England and Wales, 1919-1927	25
39. Experience of Debenham's Approved Society (Staff) 1921-1928	39
40. Experience of Debenham's Worker's Approved Society, 1921-1928	39
41. Experience of the Match Industry Unemployment Benefit Scheme, 1921-1928	40

TABLES

xiii

TABLE	PAGE
42. Number of Employees, Beneficiaries, and Expenditures for Benefit, Rowntree and Co., Ltd., 1923-1928	411
43. Unemployment Benefit Scheme, Needler's, Ltd., 1925-1928	429
44. Percentage of Workpeople Unemployed, Great Britain and Northern Ireland, 1851-1929	444
45. Percentage of Insured Persons Unemployed, Classified by Months, Great Britain and Northern Ireland, September, 1912-September, 1930	445
46. Index Numbers of Cost of Living and of Unemployment Insurance Benefit Rates for Men, Great Britain and Northern Ireland, July, 1914-September, 1930	446
47. Number of Persons per 10,000 of Estimated Population in Receipt of Poor Law Relief Last Saturday of Each Month, England and Wales, 1914, 1926, 1927, 1928, 1929	447
48. Average Monthly Number of Men on Poor Law Relief and the Number Recorded as Unemployed, England and Wales, April 17, 1926, October, 1926-December, 1929	448

CHARTS

CHART	PAGE
1. Percentage of Workpeople Unemployed, Great Britain and Northern Ireland, 1851-1929	4
2. Percentage of Insured Persons Unemployed, by Months, Great Britain and Northern Ireland, September, 1912-September, 1930	10
3. Index Numbers of Cost of Living and Unemployment Insurance Benefit Rates for Men, Great Britain and Northern Ireland, July, 1914-September, 1930	144
4. Employment in Coal Mines, Great Britain, 1923-1928	161
5. Percentage Distribution of Claimants to Unemployment Benefit, by Duration of Unemployment and by Age, Great Britain, Twelve Months Prior to September 16, 1929	195
6. Number of Persons per 10,000 of Estimated Population in Receipt of Poor Law Relief, Last Saturday of Each Month, England and Wales, 1914, 1926, 1927, 1928, 1929	257
7. Average Monthly Number of Men on Poor Law Relief and the Number Recorded as Unemployed, England and Wales, April, 1926, October, 1926-December, 1929	266
8. Number of Operatives, Excluding Builders, Employed at the End of Each Four-Weekly Period, Rowntree and Co., Ltd., 1924-1929	413
9. Amount of Benefit Paid on Behalf of State to Women and Girls, Cadbury Brothers, Ltd., 1928	417
10. Short-time Benefit Payments, Cadbury Brothers, Ltd., 1928	418
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**UNEMPLOYMENT INSURANCE IN
GREAT BRITAIN**

CHAPTER I

POST-WAR UNEMPLOYMENT SITUATION

During the twelve years from 1919 to 1930, British workers have drawn approximately £500,000,000 in unemployment benefit.¹ The fund providing this sum has been made up of contributions from the government, from employers, and from insured contributors;² the last two groups contributed over two-thirds of the total. By the end of November, 1930, the fund had accumulated a debt to the national Exchequer of £56,600,000. For an understanding of the reasons for this huge outlay and the present state of the unemployment fund it is essential to outline briefly the special circumstances and specific problems in the background of Britain's unemployment.

Extent of Unemployment

The estimated total population of the United Kingdom of Great Britain and Northern Ireland is 45,750,000; the approximate number of persons aged sixteen to sixty-four insured under unemployment insurance act, July, 1930, was 12,405,700, and the number of insured persons unemployed in November, 1930, was 2,368,798.

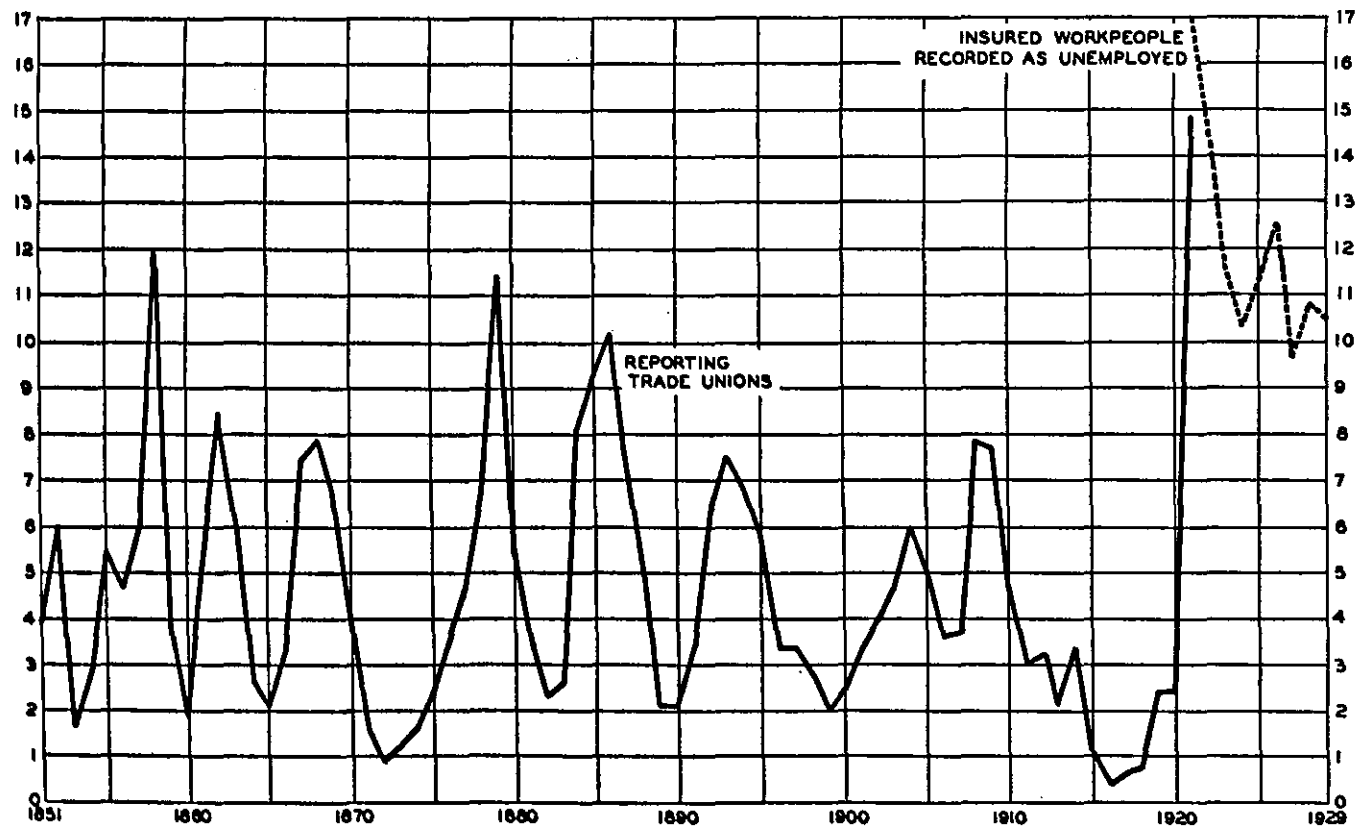
The recorded number of unemployed³ persons in Great Britain has never fallen below 1,000,000 during the past decade, except for two short periods. In 1921 it mounted above 2,500,000, a figure beyond all precedent in years for which records are available, though in 1930 it approached that number. Never in the history of recorded unemployment in Great Britain has so large a proportion of wage earners been out of work for so long a period (Chart 1, Table 44, page 444). Pre-war peaks exceeding 10 per cent were infrequent in comparison with those of the post-war period; the average level was probably less than half as high as in the years since the war. The post-war fluctuations have been more violent than any in the twenty-five years before the war, but underneath them there has been a persistent depression of startling proportions wholly divorced from cyclical influence.

¹ During November, 1930, an average of £1,887,000 per week was paid out in unemployment benefit.

² Numbering over 12,000,000 in 1930.

³ See pp. 53-54 for definition of "unemployed."

Chart 1
PERCENTAGE OF WORKPEOPLE UNEMPLOYED, GREAT BRITAIN AND NORTHERN IRELAND, 1851-1929



Source: Table 44, p. 444. Trade union figures from 1911 to 1920 are given instead of those for insured workpeople because the latter covered so few workers.

While pre-war figures are not exactly comparable¹ with those supplied by the unemployment insurance scheme dating from its extended coverage in 1920, the government actuary in 1919, using trade union records of unemployment and material collected by the Ministry of Labour, estimated the average rate of unemployment before the war, for the trades to be covered by the Unemployment Insurance Act of 1920, at a little over 4½ per cent, which would mean more than half a million persons.² In December, 1926, testifying before the Blanesburgh Committee he thought it "advisable to provide for a rate of unemployment of 6 per cent, on the average, throughout the whole of the period commonly regarded as a 'trade cycle.'"³ But post-war conditions, and not cyclical depression, have brought Britain's unemployment average above 12 per cent for the past decade, or about 1,335,000 persons, a much higher figure than that derived from the actuarial calculations based on a normal industrial situation. In the decade before the war, monthly figures of unemployment ranged from 3 to 8 per cent of the employable industrial population,⁴ while from 1920 to 1930 they ranged from 8 to 20 per cent.

Average yearly percentages of unemployment of insured persons in the United Kingdom of Great Britain and Northern Ireland, from 1921 to 1930, have been as follows:⁵

1921.....	17.0
1922.....	14.3
1923.....	11.7
1924.....	10.3
1925.....	11.3
1926.....	12.5
1927.....	9.7
1928.....	10.8
1929.....	10.5
1930.....	16.3

The figures for 1921 and 1926 would be much larger if workers disqualified for benefit by reason of the coal disputes had been included. Exact figures indicating the increase due to post-war depression are unobtainable, but Pigou estimates that abnormal unemployment has amounted to about 5 per cent since 1921,⁶ while Clay maintains that the difference

¹ It should be kept in mind that pre-war figures of unemployment are somewhat too low to be accurate, as trade union figures covered, in general, selected groups of more or less skilled workers and trade union figures furnish the only available data. The mean unemployment rate from 1900 to 1910 in certain trade unions covering about 600,000 workers was only 4.8 per cent, and for the 12 months ending July, 1913, it was only 2.1, one of the lowest percentages ever recorded (Table 44, p. 444).

² Great Britain Ministry of Labour, *Unemployment Insurance Bill, 1919; Report by the Government Actuary on the Financial Provisions of the Bill, 1919*, (Cmd. 498) pp. 6-8, 10.

³ Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report, 1927*, Vol. 1, p. 89.

⁴ Great Britain Board of Trade—Committee on Industry and Trade (Arthur Balfour, Chairman), *Final Report, 1929*, (Cmd. 8282) p. 130.

⁵ Percentages of unemployment of insured workers vary from year to year and are affected to some extent by the many changes in the insurance acts (Table A, p. 471), and the multitudinous and complicated rules and regulations, not to mention shifting standards of administration due to changes in government. Henry Clay, *Post-War Unemployment Problem*, London: Macmillan and Co., Ltd., 1929, pp. 34-35.

⁶ A. C. Pigou, "Wage Policy and Unemployment," *Economic Journal*, Vol. 37, September, 1927, p. 356.

between the official estimate of pre-war unemployment (4½ per cent) and the post-war average (12.1 per cent) is "as good an indication as we can get of the magnitude of the specific post-war problem which is to be attributed not to industrial fluctuations and other influences that were operative before the war, but in one way or another to the war."¹

There has been a steady increase in the numbers of insured workers during the past few years. Expressed as percentages of the 1923 figure, the numbers of persons aged sixteen to sixty-four insured under the unemployment insurance acts in the United Kingdom of Great Britain and Northern Ireland at the beginning of July in each of the past eight years have been as follows: ²

1923.....	100.0
1924.....	101.6
1925.....	103.5
1926.....	104.8
1927.....	105.6
1928.....	106.5
1929.....	108.4
1930.....	111.2

The estimated increase in the numbers insured against unemployment in this unprecedented period of depression has been 11.2 per cent. The rate of increase has been influenced in general by two main factors: first, the state of employment, and second, the extent to which unemployed insured persons have maintained contact with the employment exchanges and, therefore, have had their unemployment books renewed annually.³ The increase was most rapid in the years 1924-1925 and 1929-1930, in both of which changes in the administration of unemployment benefit increased the inducement to insured persons to remain in contact with the exchanges. The increase in the year ended June, 1930, was larger than in any of the preceding years.

The estimated average number of insured workpeople⁴ aged sixteen to sixty-four actually in employment in Great Britain from 1924 to 1929 also increased as follows: ⁵

1924.....	9,514,000
1927.....	10,003,000
1928.....	10,007,000
1929.....	10,191,000

While there were 677,000 more insured persons within these age limits in employment in 1929 than in 1924, it must be remembered that

¹ Henry Clay, *Post-War Unemployment Problem*, *op. cit.*, p. 47.

² "Changes in the Estimated Numbers of Insured Persons in the Various Industries in 1923-30," *Ministry of Labour Gazette*, Vol. 38, November, 1930, p. 296.

³ See Chapter IX.

⁴ Insured industries cover about three-quarters of wage-earning employment.

⁵ These figures are not only exclusive of the recorded unemployed but of those temporarily absent from work through sickness, holidays, trade disputes and other forms of unrecorded unemployment. Northern Ireland figures unavailable.

Table 1
POPULATION, GREAT BRITAIN AND NORTHERN IRELAND, 1911-1928

Year	Population (In thousands)	Year	Population (In thousands)
1911	42,136	1921	44,027
1912	42,316	1922	44,331
1913	42,545	1923	44,563
1914	42,956	1924	44,886
1915 *	41,265	1925	45,040
1916 *	40,642	1926	45,218
1917 *	40,215	1927	45,433
1918 *	40,050	1928	45,625
1919 *	41,497	1929	45,776
1920 *	43,369		

* Non-civilians belonging to England and Wales (but not to Scotland or Ireland) are excluded from the estimates of these years.

Source: Great Britain—Registrar General, *Statistical Review of England and Wales for the year 1928*, 1929, (New Annual Series, No. 8) Part 2: Civil, p. 2-3.

not only had the population increased (Table 1), but the number of insured workers had risen 760,000 during that period. The expansion of employment was barely enough to absorb the increase in the population seeking work, and furnished little, if any, relief to the mass of unemployed.

Retail distribution for some years offered the largest increase in employment, 31 per cent between 1923 and 1928. It is probable that some of the expansion in this field was due to displacement of small shopkeepers and that therefore the net gain in employment was not so large as the figures indicate. Data produced by the Balfour Committee suggest that retail distributing costs rose more than prices in general between 1914 and 1925, and that since that period there has been a decided rise in the number of insured persons employed in retail distribution. This relatively increased cost of competitive selling has rendered ineffective much of the writing-off of capital, reduction of wages, and business reorganization undertaken to reduce the cost of production. Moreover, by keeping up the cost of living during a decline in wholesale prices, it has made wage reductions difficult. In short, the additional employment afforded by the expansion of retail distribution probably does not compensate for the diminishing of industrial employment by "the high cost of selling."

There has been an increase in employment in building, building material, and furnishing industries during the post-war years which is partly accounted for by the large subsidies furnished by the government to aid in meeting the housing shortage. Further material expansion in these industries is not probable without the aid of additional subsidies, and population increase will be a determining factor.

Motor manufacture, artificial silk, and other industries in which expansion has been stimulated by protection would have grown in any case under the stimulus of technical invention; but the growth of these two most important of the "sheltered"¹ industries, does not compensate for half the contraction in the coal industry alone.² The expanding employments, in fact, offer little hope of absorbing the unemployed from the older, contracting industries, and it is doubtful whether they will furnish continued employment to numbers of those now engaged in them.

Even in exceptional "boom times" before the war, general unemployment amounting to 2 per cent was not abnormal in spite of the fact that most industries were crying for labor. This fact furnishes striking proof that even in prosperous periods no method has been evolved to bring about the perfect adjustment of labor, nor has unemployment been confined to the over-crowded industries.³

When unemployment insurance was first established in 1911, trade was good and unemployment was at a minimum. During the war involuntary unemployment scarcely existed at all, that which was recorded covering chiefly the short periods involved in changing jobs. That any measurable amount persisted in war times is added evidence of an irreducible minimum of unemployment even when there is a large unsatisfied demand for labor.⁴ Demobilization brought about a heavy increase in unemployment, but the figures from December, 1918, to October, 1919 are of little comparative value, because of the temporary out-of-work donation scheme which was in effect during that time.

Owing to the temporary revival during the early part of 1920, the percentage of unemployment fell but the figures of unemployed insured workers mounted precipitously as the year progressed and, with the broad extension of unemployment insurance by the act which came into force in November, 1920, the covering of large numbers of workers in the industries with a high rate of unemployment created a difficult situation. The highest figure in the entire history of British unemployment insurance was reached in May, 1921, when unemployment registered 23 per cent (Chart 2, Table 45, page 445). On June 3, 1921, partly because of the depression but mainly on account of the coal dispute, the number of unemployed registered at the employment exchanges was 2,580,429, the highest number ever recorded until 1931. Even after the dispute was settled, the average percentage rate of unemployment among insured persons in Great Britain and Northern Ireland was around 16 per cent for the following twelve months. After that it fell as low as 8.7 per

¹ Protected by tariff.

² "Changes between July, 1923, and July, 1928, in the Estimated Numbers of Insured Workpeople . . ." *Ministry of Labour Gazette*, Vol. 36, November, 1928, pp. 390-391.

³ Coal, iron and steel, engineering, shipbuilding and cotton and wool are at present (1930) in this class.

⁴ W. H. Beveridge, "Unemployment Insurance in the War and After," in Norman Hill and Others, *War and Insurance*, London: Humphrey Milford, 1927, p. 231.

cent; the number of insured persons unemployed in May, 1927, was 1,058,791. This was the smallest number recorded since June, 1921.

From the middle of 1924 to the middle of 1925, due to a general recession in international trade, to the effect of "reparations coal" on the British coal industry, and to Great Britain's return to the gold standard, unemployment increased. In 1926, renewed difficulties in coal mining arose; the direct effects of the coal stoppage and its repercussion in other industries caused unemployment to rise in the summer of that year to almost 15 per cent, exclusive of persons who ceased work in the coal-mining industry because of the dispute (Chart 2, Table 45, page 445).

After the settlement of the coal dispute the encouraging drop in unemployment figures was adversely affected in 1927 by the permanent closing down of many mines. Nevertheless, the average percentage of unemployment in 1927 was lower than in any year since 1920, being only 9.7 per cent as against 10.8 in 1928 and 10.5 in 1929, while the average number of insured persons actually in employment was the highest yet recorded.¹ The average number of persons on the registers of the employment exchanges in 1927 was 1,111,771, and in 1928 it was 1,231,109, the increases in the latter year occurring largely in coal mining, shipbuilding and ship repairing, cotton, woollen and worsted, and boot and shoe industries. The increase of unemployment in 1928 suggests that the encouraging figures of 1927 were due partly to the temporary stimulus afforded by the postponement of work from 1926, the year of the coal stoppage.

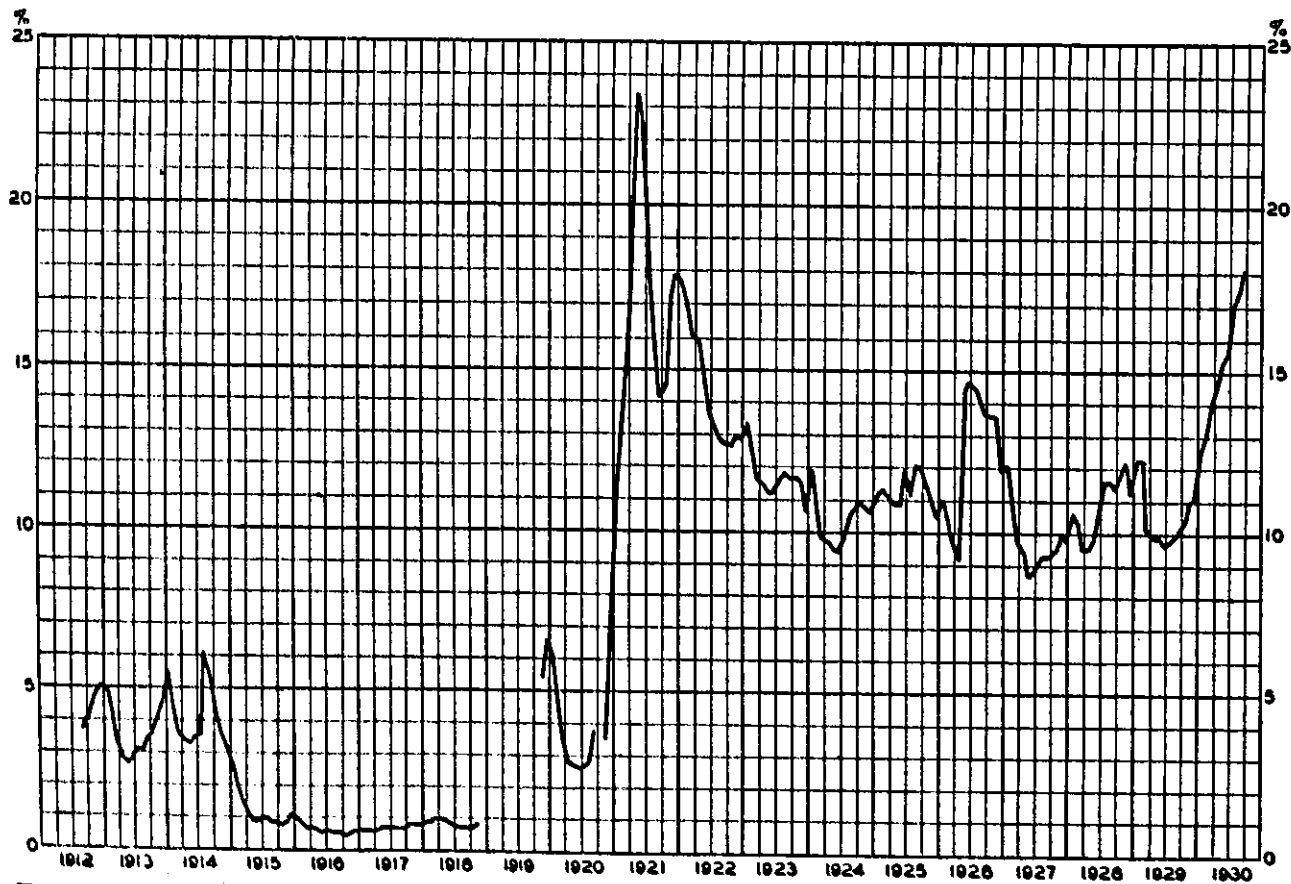
The figures of unemployment for the first three months of 1928 were lower than for the corresponding months in any other year since 1920, but this improvement was checked in April, and from that time there was an uninterrupted increase, except for a slight recovery for a short time in September, until the end of November (Chart 2, Table 45, page 445). The Ministry of Labour attributed some part of this increase to the introduction of the Blanesburgh Committee's recommendations relating to conditions for the receipt of benefit. No classes, according to the Act of 1927, which gave effect to the Blanesburgh recommendations, could be ruled out by discretionary power of the Minister of Labour, all benefit being drawn as a right. There seems no question that a considerable part of the increase in the percentages of unemployed claimants in 1928 was due to this greater leniency.

The record for 1929 was marred by a severe setback in textiles, which was due to industrial disputes and to the loss of markets for cotton goods in India and China as well as the increasing competition of French woollen goods. An encouraging expansion of coal, coke, and manufactured fuel shipments helped to compensate for the continued decline in the main textile trades. However, this improvement, as well as

¹ "Employment," *Ministry of Labour Gazette*, Vol. 37, January, 1929, p. 2.

Chart 2

PERCENTAGE OF INSURED PERSONS UNEMPLOYED, BY MONTHS, GREAT BRITAIN AND NORTHERN IRELAND, SEPTEMBER, 1912-SEPTEMBER, 1930



~~1918~~ Figures for 1918 and 1919 are omitted because of the payment of out-of-work donation

increased exports in the motor industry and satisfactory conditions in the chemical group, were not sufficient to make up for the decline of textiles and leather goods, so that the export of British articles wholly or mainly manufactured showed a decline of £5,000,000. Shipments of cotton textiles, wool textiles, silk and silk manufactures, artificial silk and mixtures, and apparel fell off materially. To add to the discouraging falling off of exports, there was in 1929 an increase of £16,500,000 over 1928 in imports of articles wholly or mainly manufactured.¹

The metal and construction groups made a better showing. During 1929 the largest tonnage since the boom year of 1913 was recorded. Shipbuilding provided an increase over 1928 in the export of merchant ships, but owing to the decline in the construction of warships the net export of new vessels was £500,000 less.²

All in all, employment in 1929 was slightly better than in 1928, the number of insured persons in employment reaching a larger estimated average (10,191,000) than in any previous year. The improvement in 1929 was mainly due to the coal-mining industry. The number of insured miners recorded as wholly unemployed fell steadily from 171,200 in January to 115,332 in December,³ while the number of those temporarily out of work was about the same, although it had fluctuated during the year. The rate of unemployment among insured persons in the coal industry was 14.6 per cent in December, 1929, as compared with 19.1 per cent in January of the same year.

When the Act of 1930 came into operation there was an immediate rise in the unemployment figures, due in part to an increase in the number registered and in part to an increase in unemployment. Many workers who had ceased to register returned to the exchanges and persons supported by poor relief rushed to apply for unemployment benefit.⁴ The unemployment figures for March 24, 1930, showed a total of 1,694,016, an enormous increase over the week before and 490,231 more than the year before.⁵ These were the highest figures in nine years. The Secretary of the Ministry of Labour announced that the relaxation of the qualifying conditions for benefit due to the new act accounted for almost the entire increase in the number of "wholly unemployed." J. H. Thomas, then unofficial Minister of Employment, announced in the House of Commons on April 4, 1930, "Hundreds and thousands of married women who had not worked in factories for eight or ten years made

¹ "Oversea Commerce," *Times* (London) *Annual Financial and Commercial Review*, No. 45,434, February 11, 1930, p. xxvi.

² *Ibid.*

³ The reason for this decline is due not only to expansion of the trade but also to the absorption of miners in other industries and to the fewer numbers entering the coal industry.

⁴ "Unemployment: the New Act: Rush to Register," *Manchester Guardian Weekly*, Vol. 22, March 28, 1930, p. 247.

⁵ "Numbers of Insured Persons Recorded as Unemployed," *Ministry of Labour Gazette*, Vol. 37, April, 1929, p. 137; *Ibid.*, Vol. 38, April, 1930, p. 139.

12 UNEMPLOYMENT INSURANCE IN GREAT BRITAIN

application but it did not follow that they received benefit. It meant that they had increased the figures temporarily."¹

The following figures indicate that, with the exception of the slump of 1921-1922, previous years showed no parallel:²

December	Number Unemployed
1921.....	2,037,501
1922.....	1,464,266
1923.....	1,229,302
1924.....	1,262,769
1925.....	1,243,087
1926.....	1,431,840
1927.....	1,194,305
1928.....	1,333,611 ^a
1929.....	1,344,220 ^a
1930.....	2,499,780 ^a

^a Figures do not include unemployed persons aged 65 and over who ceased to be insured as of January 2, 1929.

From the early part of 1930, throughout the entire year unemployment steadily increased until in December it reached nearly 2,500,000. The increase was to a certain extent due to anticipation of the new act and to the influx of new registrants because of the relaxing of benefit conditions. Yet it would not be correct to attribute the major increases in unemployment figures in 1930 to the new legislation, for it is evident Great Britain is passing through a depression worse than any since that of 1921. Indeed, it is estimated that there is as much real unemployment as in 1926, following the general strike and the coal dispute.

The deepening of depression in the cotton industry of Lancashire, partly due to the increase in Indian duties and to Japanese competition, is one of the most serious of Britain's present problems. On March 27, 1930, Sir Herbert Samuel, speaking in the House of Commons of the depression in the cotton industry, said there were 400,000 unemployed persons in the northwest division, 100,000 of whom had become unemployed during the preceding three months. This showed an increase of 160,000 over the year before. But besides these, many workers in the cotton industry who were not completely unemployed were allowed to work only two looms in place of four, which resulted in cutting their earnings in two.³ Although only 63.8 per cent of insured workers in this industry are women they constitute 90 per cent of the unemployed.⁴

¹ *Times* (London), April 5, 1930.

² Great Britain Ministry of Labour, *Nineteenth Abstract of Labour Statistics of the United Kingdom*, op. cit., pp. 46, 47; "Numbers of Insured Persons Recorded as Unemployed," *Ministry of Labour Gazette*, Vol. 37, January, 1929, p. 25; *ibid.*, Vol. 38, January, 1930, p. 25; *ibid.*, Vol. 39, January, 1931, p. 25.

³ *Times* (London), March 28, 1930.

⁴ "Numbers Insured and Percentages Unemployed," *Ministry of Labour Gazette*, Vol. 38, January, 1930, p. 26.

Furthermore, 70 per cent of all the unemployed women in Great Britain are in the cotton industry.¹ The shifting of the greatest sore spot from coal to textiles is a striking indication of the movement of unemployment percentages which is concealed by total percentages.²

Great Britain's unemployment figures during the past decade have reflected her loss of foreign markets and other devastating results of the war as well as the inevitable progress of world competition. The many alterations in the unemployment insurance scheme, to be described later, came largely in response to these changed conditions. The original unemployment insurance act of 1911, narrow in scope, was a pre-war experiment in a wholly different industrial situation.

Causes of Post-war Unemployment

Authoritative opinion attributes Great Britain's post-war unemployment not to any single cause but to a number of causes. For example, in speaking of the effect of wage levels on unemployment, regarded by many as the crucial factor, Henry Clay stated that the connection between wage levels and unemployment is complicated by a number of other factors which differentiate the post-war from the pre-war industrial situation, and render it a dangerous abstraction to isolate one factor and attribute to it the whole of the present abnormal unemployment.³

We may mention that there is a large and vocal body of opinion holding that birth control and population constitute the crux of the unemployment problem in countries with large numbers of unemployed. J. M. Keynes says, "The time has already come when each country needs a considered national policy about what size of population, whether larger or smaller than at present or the same, is most expedient. And having settled this policy, we must take steps to carry it into operation. The time may arrive a little later when the community as a whole must pay attention to the innate quality as well as to the mere numbers of its future members."⁴

Beveridge does not agree with those who maintain that the size of Great Britain's population is one of the basic causes of her present plight,⁵ but others hold that, in the existing state of world competition and with present knowledge and skill it does not seem possible to find economic employment for so many people.⁶ New economic conditions,

¹ Mary Agnes Hamilton in speech in Parliament on March 27, 1930.

² The shift of unemployment percentages in separate industries and industrial groups is ably described in Henry Clay, *Post-War Unemployment Problem*, op. cit., pp. 27-28.

³ Henry Clay, "Unemployment and Wage Rates," *Economic Journal*, Vol. 38, March, 1928, pp. 18-14.

⁴ J. M. Keynes, *Laisses-faire and Communism*, New York: New Republic, Inc., 1926, p. 70.

⁵ W. H. Beveridge, *Unemployment: A Problem of Industry (1909 and 1930)*, new ed., London: Longmans, Green and Co., 1930, Chapters I and XVII.

⁶ W. A. Appleton, *Unemployment; Its Cause and Cure*, London: Phillip Allan and Co., Ltd., pp. 184-152.

including high tariffs and the rapid advances of productive power in the United States and other countries, may have permanently injured Britain's export trades and reduced the number of workers that can be sustained in the British Isles at the present standard of living.¹

It is claimed in some quarters that while over-population is a relative term, it can be applied accurately to Great Britain today if to any country.² The United Kingdom has a greater density of population than any major nation. For every square mile she has 482 persons, compare with Japan's 405, Germany's 346, Italy's 341, France's 192, and 40 in the United States.³ The birth rate in England has fallen until it is below that of any country except Sweden, and the death rate has decreased by one-third in less than half a century.

In describing the peculiar characteristics of Great Britain which put her at a disadvantage, Beveridge stresses the highly specialized character of the country and its dependence on others for food supplies and raw materials. He maintains that no country is so "predominantly engaged in the advanced ranges of economic activity; in industry rather than agriculture; in finishing processes rather than the extraction of raw material in transport, commerce, and finance, rather than manufacture. No other country, therefore, is so completely dependent upon the restoration of peace and trade and economic co-operation. None is so destined to suffer so acutely from any general disorder."⁴

Without doubt the reduction of Great Britain's foreign trade during and since the war has been responsible for much of her unemployment. During the nineteenth century, British industry was solidly erected on a foundation of export trade and it is still dependent upon foreign markets to a marked degree. Before the war her export trade absorbed one-third of the total labor force. Since the war export trade has fallen off by 24 per cent. In March, 1929, the Minister of Labour stated in Parliament that the decline in emigration and in the British share of world export trade meant the necessity of finding work for about 1,100,000 citizens, a figure practically equal to the number of unemployed.⁵ During the war, many countries learned to manufacture products formerly received from Great Britain. High tariff walls have been erected to protect these new industries; war impoverishment has affected the purchasing power of many potential and acquired markets; modernizing and re-equipping British industries to insure successful competition in foreign trade has

¹ J. A. Hobson, "Unemployment in England," *Nation* (New York), Vol. 130, January 22, 1930, p. 96.

² Ludwell Denny, *America Conquers Britain*, New York: Alfred A. Knopf, 1930, pp. 49-50.

³ United States Bureau of Foreign and Domestic Commerce, *Commerce Yearbook*, Washington: Government Printing Office, 1928, Vol. 2, pp. 678-679.

⁴ W. H. Beveridge, "Population and Unemployment," in *British Association for the Advancement of Science, Report of the Ninety-first Meeting*, London, 1923, pp. 156-157.

⁵ *Times* (London), March 28, 1929.

been financially impossible,¹ or impeded by individualism and other obstacles. Amalgamation has not proceeded so rapidly as in some countries, and many factors have made it difficult for Great Britain to regain and hold her foreign trade. In 1913, 73,400,000 tons of coal were exported as against 50,817,000 in 1925.² Coal, so long the nation's basic industry, becomes, in the face of rapid development of other power sources, a liability, retarding the modernization of industry. Petroleum and hydroelectric power are making countries formerly dependent upon British coal completely independent of outside sources of fuel. Despite all this, both coal and shipbuilding are beginning to show signs of approaching more nearly their former proportion of world trade, indicating some promise in the export industries, notwithstanding the general pessimism.

Although the war multiplied national boundaries and increased tariff walls, it merely accelerated a movement already under way. While Great Britain was the first country to become industrialized, other nations were following her lead. Consequently, Britain is hit from two sides. Her former customers are buying less from her, and they are becoming her competitors in other world markets³ because the rest of the world is catching up. The continued growth of manufacturing in other countries is probably the most important cause of Britain's unemployment. Total world trade is greater today than ever before but Britain's share has not increased in the same proportion as that of some of her competitors. In 1895, 48 per cent of the world export trade went to the United Kingdom.⁴ In 1913, this percentage had dropped to 16.1 and in 1926 to 13.5.⁵

The Liberal Industrial Inquiry⁶ enumerates Great Britain's advantages in geographical position; in the possession of ample coal resources, in convenient locations for development; in the running start she had to become industrialized before other nations, because of her "freedom from external aggression," her "political stability," and the trading connections gained "from being first in the field in almost every overseas market." But a warning follows that this long-established position may lead to lethargy and conservatism. In recent years Britain has had to fight against hostile tariffs, fluctuating exchanges, the effect of the coming of oil, and the general diffusion of industrial knowledge.⁷ Not all of these factors can be attributed to the war.

Coal, iron and steel, engineering, shipbuilding, cotton and wool,

¹ Contrast Britain's situation with that of France, for example, whose industrialists in many cases received large reparations for the destruction of plant and machinery and were thereby enabled to build and equip modern plants.

² United States Bureau of Foreign and Domestic Commerce, *Commerce Yearbook*, Washington: Government Printing Office, 1926, Vol. 2, p. 541.

³ Ludwell Denny, *America Conquers Britain*, *op. cit.*, p. 60.

⁴ *New International Encyclopedia*, 2nd ed., New York: Dodd, Mead and Co., 1926 Vol. 5, p. 661.

⁵ United States Bureau of Foreign and Domestic Commerce, *Commerce Yearbook*, *op. cit.*, 1926, Vol. 2, pp. 591, 593.

⁶ See pp. 483-484.

⁷ Liberal Industrial Inquiry, *Britain's Industrial Future*, *op. cit.*, p. 41.

furnish Great Britain's principal exporting industries, and it is to their decline and the consequent stagnation in these and related industries that post-war unemployment has been mainly due. These five industrial groups employing approximately a third of all the insured workers have a higher rate of unemployment than others (Table 19, page 171). Some authorities maintain that the causes of continued depression in the heavy export industries, especially iron and steel, are to be found in the lower capital charges, lower charges for rates, taxes and social services of continental producers, in the disparity between internal and external purchasing power of the French and Belgium currencies, but, above all, in the lower wages¹ paid and longer hours worked on the continent.² Consideration of British conditions of employment in comparison with those of her competitors was the subject of exhaustive examination by the Balfour Committee.³

This committee in its final report expressed great concern with the maintenance of exports, stating that although only a minority of Britain's industrial population is directly engaged on work for export, and probably only about a quarter of the total industrial production is exported overseas, nevertheless, all industries, whether producing for the home or the overseas market, are similarly dependent on the maintenance of export trade because only by successful exportation can necessary supplies of food and material be obtained.⁴ It is axiomatic, then, that since continuous employment and a satisfactory standard of living cannot be maintained in Great Britain without the adequate exporting of goods and services, the cost of producing goods in Great Britain is a crucial question in competing in world markets. In contrast with the view of the Liberal Industrial Inquiry⁵ and others that the depression in the export or "heavy" industries should not monopolize attention, in view of the "remarkable expansion" of new industries, Clay maintains that hope lies only in the restoration of the former, as their idle workers will in all probability fail to be absorbed by the newer and expanding fields of employment.⁶ He discounts the encouraging growth of certain "new" industries on the ground that their expansion is due, in part, to protection and subsidies.⁷ But J. M. Keynes strikes a despondent note in relation to the export trades. He says, "Personally, I very much doubt, whatever we do, if we can revive our export industries to their old

¹The subject of wages in relation to unemployment is discussed in Chapter XVII. See also Josiah Stamp, and J. M. Keynes, "Unemployment; a Discussion," *The Listener*, Vol. 3, February 26, 1930, pp. 361-362.

²"Iron and Steel in 1928," *Economist*, Vol. 108, February 16, 1929, p. 231.

³Great Britain Board of Trade—Committee on Industry and Trade (Arthur Balfour, Chairman), *Final Report*, *op. cit.*, pp. 85-152.

⁴*Ibid.*, p. 11.

⁵Liberal Industrial Inquiry, *Britain's Industrial Future*, *op. cit.*, p. 13.

⁶See p. 220.

⁷Henry Clay, "Dr. Cannan's Views on Unemployment," *Economic Journal*, Vol. 40, June, 1930, p. 334.

relative importance. Low wages and high tariffs abroad, keenness of international competition are too much for us."¹ In view of the acceptance of this idea by many persons, there is a growing body of opinion that export trade has been too much stressed and that home trade should receive greater attention, especially by increasing investments at home.²

British industry is often charged with being "inefficient." For example, an article in *The Economist* cites the inbred conservatism of British employers, who adhere to methods which have served them well in the past and insufficient knowledge of overseas methods and markets, as the greatest obstacles to rapid change. The obstinate individualism of many coal owners is unfortunately not an isolated phenomenon, but is a handicap that has to be overcome in every branch of trade. Labor conditions, technique and personnel must be adjusted to new needs—a task which requires the co-operation of labor and a long period of freedom from industrial strife.³ However, it is one thing to make a general charge of unprogressiveness, and quite another to produce data to prove that, considering the handicaps, British industries are more inefficient than those of competing countries. *The Economist* recently said that "the isolation and secrecy which have become a second nature to many British firms . . . are now serious hindrances to efficiency."⁴ This same journal is continually carrying notices in its columns about the "consolidation," "amalgamation," "rationalization," and "combination" of such industries as chemicals, steel, rayon silk, certain branches of cotton textiles, flour-milling, and tin. Both sides of the question are pushed to the fore by parties interested in proving their point and the conflict of opinion is sharp.⁵ It would seem that the more fundamental reasons already mentioned underlie Britain's apparent hesitancy to engage upon the necessary scrapping and replacement of plant and machinery. Clay maintains that the country is finding excuses for not demanding government intervention to push consolidation and other forms of rationalization while, if by state action selling prices have been brought down and costs are being kept up, state action may be necessary to compel a reorganization of the industries that are unable in their present form to meet these handicaps.⁶ There is already a trend in this direction as is indicated by a clause in the Coal Mines Bill (1930) authorizing the establishment of a board of commissioners empowered to enforce amalgamation of mines wherever it considers such action justifiable.⁷

¹ Josiah Stamp, and J. M. Keynes, "Unemployment; a Discussion," *The Listener*, Vol. 8, February 26, 1930, p. 362.

² *Ibid.*

³ "Banks and Business," *Economist*, Vol. 110, January 18, 1930, pp. 103, 104.

⁴ "Rationalization," *Economist*, Vol. 109, December 7, 1929, p. 1074.

⁵ "Re-equipment of British Industry," *Economist*, Vol. 110, January 25, 1930, pp. 163-164.

⁶ Henry Clay, *Post-War Unemployment Problem*, *op. cit.*, p. 204.

⁷ Great Britain House of Commons, *Coal Mines; a Bill Entitled an Act to Provide for Regulating and Facilitating the Production, Supply and Sale of Coal by Owners of Coal Mines*, 1930, (No. 108) pp. 18-19.

The authors of the report of the Liberal Industrial Inquiry, while protesting against sweeping and wholesale charges that business management in Great Britain is inefficient and maintaining that Great Britain possesses some of the most enterprising and efficient industrial leaders in the world, admit that there is much remediable inefficiency in British industry; and that the tendency is frequently toward individualism instead of co-operation, secretiveness instead of publicity, neglect of marketing, indifference or hostility to research, also that the science of dealing with personnel is still in a primitive condition for the most part.¹ They stress the need for more scientific management of industries *as industries*² and an adequate development of marketing methods, especially the machinery for marketing goods abroad which requires a considerable amount of modernization, particularly in the old-established industries.³ They maintain the need of closer organization and well-defined policy, asserting that an industry which can do well enough in ordinary times as an unintegrated mass of independent atoms must proceed quite differently in a period of prolonged depression.⁴

The Balfour Committee insisted that Great Britain's sales organization needs overhauling even more than her manufacturing system, since too many exporters show a lack of intelligent and sympathetic study of the markets, and of energetic salesmanship, although a number of British firms in all industries are as well represented in the consuming markets as any exporters in the world. The satisfaction of the individual consumer must be the governing factor in the whole manufacturer's organization, or British trade cannot hope to hold its own, still less to advance.⁵

The shrinkage in the proportion of people engaged in agriculture during the past couple of decades has some bearing on the extent of urban unemployment.⁶ The character of Great Britain's population is prepon-

¹ Liberal Industrial Inquiry, *Britain's Industrial Future*, op. cit., pp. 127, 131.

² They claim that "in no country is an obstinate prejudice to what is called 'rationalization' stronger than in Great Britain." *Ibid.*, p. 128.

³ *Ibid.*, p. 134.

⁴ *Ibid.*, p. 135.

⁵ Great Britain Board of Trade—Committee on Industry and Trade (Arthur Balfour, Chairman), *Final Report*, op. cit., p. 168.

⁶ The following table shows the post-war decrease in the percentages of Great Britain's home supply of food in comparison with pre-war years:

Sources of British Food Supply*

Source	Pre-War		Post-War	
	£(Millions)	%	£(Millions)	%
Home supply.....	136.2	43.3	250.9	39.3
Imported from				
British sources.....	55.6	17.7	138.1	21.6
Foreign sources.....	122.6	39.0	250.0	39.1
Total.....	314.4	100.0	639.0	100.0

* "The New Party and Its Policy," *Economist*, Vol. 110, February 22, 1930, p. 395. The figures tabulated in this article are taken from Great Britain Ministry of Agriculture and Fisheries, *Agricultural Output and the Food Supplies of Great Britain, 1929*, 55 pp.

derantly industrial, about 80 per cent of the population of England and Wales being urban, as compared with 52 per cent in the United States.¹

J. A. Hobson concedes that in theory Great Britain could use her land to far better advantage in producing food supplies but thinks that, while the decline of agriculture may have touched bottom, it is a quixotic notion to suppose that any large return to the land or any great diminution of dependence upon overseas supplies can take place. He does not believe that any of the proposed reforms of tenure, credit, improved cultivation, or better marketing will go far toward removing the preference for town life with industrial and trading occupations as the means of livelihood.² How much the shrinkage in agricultural employment is due to improved methods and how much to a migration from country to city cannot be determined. It must be kept in mind that a corresponding situation exists in many other countries.

There has been an increasing dependence on overseas supplies of food and raw materials during the past century. It is not probable that any measures of agricultural policy will be undertaken in the near future which will radically affect Great Britain's position in relation to her dependence on importations for essential supplies.³ The maintenance of a vigorous export trade seems essential, since the only way to secure imports of foods and raw materials is to offer products and services in payment.

Discussion concerning the effect of Britain's post-war monetary policy on unemployment has frequently taken on a political complexion and there is no scarcity of opinion based on party prejudice rather than on economic facts. Certain economists hold that deflation through designedly reducing the price level by controlling the supply of money or the means of payment, has been an important cause of unemployment. They point to the time lag between the movement of costs and that of selling prices caused by the deflation policy and the ensuing decline in British industry, especially export trade.⁴ Whatever opinion may be held concerning Britain's return to the gold standard, the fluctuations in the exchange of various countries after the war prove the international aspects of unemployment. The divergence between the internal and external power of currencies during post-war years unquestionably dealt a blow to British markets, and the competitive position of the British exporter, because of differences in exchange rates during 1924-1925, was decidedly disadvan-

¹ Ludwell Denny, *America Conquers Britain*, op. cit., p. 50. See also Appendix VI, p. 489.

² J. A. Hobson, "Britain's Vanishing Farmer," *Nation* (New York), Vol. 180, June 18, 1930, p. 715.

³ Coal is the only important raw material in which Great Britain is self-supporting. Great Britain Board of Trade—Committee on Industry and Trade (Arthur Balfour, Chairman), *Final Report*, op. cit., p. 8.

⁴ Henry Clay, *Post-War Unemployment Problem*, op. cit., pp. 58-80. See also Josiah Stamp, and J. M. Keynes, "Unemployment; a Discussion," *The Listener*, Vol. 3, February 26, 1930, p. 862; H. W. Macrosty, "Trade and the Gold Standard," *Journal of the Royal Statistical Society*, Vol. 91, Part III, 1928, pp. 308-336.

tageous. Exporters were forced to accept fewer pounds for their goods but they could not reduce costs proportionately. Before the middle of 1924 Great Britain probably had an advantage in export trade, due to the exchanges undervaluing her currency, enabling her to put goods on the world's markets at prices that not only covered costs but successfully met competition. The return to the gold standard while raising the value of British currency in the exchanges, did not increase its purchasing power proportionately over labor and other manufacturing costs, and the earlier advantage was eliminated.¹

As far back as 1923, J. M. Keynes, in his *Monetary Reform*, advocated a financial policy aimed at stability of prices rather than stability of exchange as a method of keeping commercial and industrial conditions in Great Britain from being depressed. Instead, sterling was deflated and industrial depression followed. The Liberal Industrial Inquiry of 1928, of which Keynes was a member, though it considered a reversal of this policy impracticable, regarded stabilization of prices as absolutely indispensable to a normal working of the economic system. Their report suggested that one of the recognized duties of the Bank of England should be the regulation of the volume of credit with a view to the maintenance of steady trade conditions.² The monetary policy of the government and the Bank of England in co-operation is attracting much attention.³

There is no doubt that British export trade after the spring of 1925 felt the renewed inflation of the currency in France, Belgium and Italy, which preserved for the industrialists of those countries the advantage they had gained from inflation in lowered real wages, a reduction of the true burden of loan and other fixed charges. Far from enjoying such an advantageous position, the industrialists of Great Britain had to maintain their wage rates and the full burden of interest charges in the face of a reduction of 14 per cent in export prices. A strong case can be made for the claim that the stabilization at a high price level of the currencies of Great Britain's chief continental competitors has been largely responsible for handicapping her in the markets of the world.⁴ It was shown by the method used by Keynes and Gregory for measuring the effects of changes in the price level upon costs and competitive advantages, that in 1924-1925, when England returned to the gold standard, British export industries were placed at a 10 per cent disadvantage in

¹ Henry Clay, *Post-War Unemployment Problem*, *op. cit.*, pp. 72-73.

² Liberal Industrial Inquiry, *Britain's Industrial Future*, *op. cit.*, p. 414. See also p. 334 for a brief résumé of P. W. Martin's "Special Financing of Public Works" scheme as related to this problem.

³ Henry Clay, *Post-War Unemployment Problem*, *op. cit.*, pp. 58-59; Trades Union Congress General Council, and Representative Group of Employers—Conference on Industrial Reorganization and Industrial Relations, *Interim Joint Report Adopted by the Full Joint Conference on 4th July, 1928*, London, 1928, p. 14; Great Britain Board of Trade—Committee on Industry and Trade (Arthur Balfour, Chairman), *Final Report*, *op. cit.*, pp. 54-58.

⁴ Henry Clay, *Post-War Unemployment Problem*, *op. cit.*, pp. 76-80, 165-166, 203.

competition with American industry and at a 40 per cent disadvantage in competition with French industry.¹

After examining the effect of Ruhr competition, the resumption of German competition in the heavy industries, the great increase in the world production of the staples of world commerce, and other factors affecting prices, it seems conclusive that the return to the gold standard merely aggravated an unemployment problem that was inevitable, and that it cannot be regarded as a sufficient explanation of the extent of unemployment which followed its introduction. It may be urged in justification of the government's policy, that the elimination of the uncertainty of fluctuating exchanges cost British industry less in the long run than any sacrifices made in getting the exchanges back on a gold basis. But although the influence of deflation still persists and still serves to handicap Great Britain in the world's markets, authoritative opinion in general condemns a reversal of policy at this stage, regarding inflation as a "cure" worse than the disease itself.²

Another opinion as to the chief cause of unemployment in Great Britain is succinctly stated in P. W. Martin's *Unemployment and Purchasing Power*.³ His thesis is that Britain has been suffering from a "deficiency of purchasing power," for the last eight years, i.e., the purchasing power of the British people has been insufficient to provide a market at remunerative prices for the total volume of finished goods actually being offered for sale, resulting in a decline of output and consequent unemployment. His remedy consists in special financing of public works⁴ which would involve an increase of purchasing power by means of government loans financed by banks, and if necessary, by an increase of the fiduciary issue as provided in the Currency and Banknote Act of 1928.

That the influence of financial policy on industry and trade and consequently on employment is considered of growing importance is evidenced by the Labour Government's recent appointment of a committee to investigate and make recommendations on this subject.⁵

In relation to taxation, Lord Melchett, in his speech at the annual meeting of Imperial Chemical Industries, in May, 1930, made a plea for reduction of the burden of direct taxation on industry, holding it fundamental to the restoration of agricultural and industrial prosperity. He said, "When out of every pound you put by in your reserve fund from

¹ Henry Clay, *Post-War Unemployment Problem*, op. cit., pp. 100-101.

² In answer to the recurring appeals for some form of inflation, Clay says, "Inflation is not a practicable policy. It was rejected when the decision to return to the Gold Standard was made in 1919 and 1925." Henry Clay, *Post-War Unemployment Problem*, op. cit., p. 168.

³ P. W. Martin, *Unemployment and Purchasing Power*, London: P. S. King and Son. Ltd., 1929, 85 pp.

⁴ See p. 834.

⁵ "The Committee on Finance and Industry," whose task it is to inquire into banking finance and credit, having regard to the factors which govern their operation, and to make recommendations calculated to enable these agencies to promote the development of trade and commerce and the employment of labor. The chairman is the Rt. Hon. H. F. Macmillan, K.C.

your profits year by year for the building up of your business, 4s.6d. is taken by the State—often for by no means so useful a purpose—how can anyone say that taxation does not impair the strength of industry?"¹

The charge is often made that the cost of unemployment insurance and other social services makes it difficult for British industry to compete in the world's markets. But these costs are far less than the cost of war and moreover the expenditures on the social services have a constructive purpose. The Liberal Industrial Inquiry asserted that for the most part taxation has been imposed to finance not social expenditure but war, preparation for war, and the debt entailed by war.² They urged "the closest scrutiny of all properly reducible national expenditure," adding, "this does not include judicious outlay upon social betterment, since wise social expenditure contributes to industrial efficiency."³

Since healthy relations between employers and workers are essential for industrial efficiency, the Conference on Industrial Reorganization and Industrial Relations (Melchett-Turner Conference), organized by Lord Melchett and other employers, together with representatives of the Trades Union Congress⁴ was one of the encouraging moves in this direction. In contrast with the spirit of this group may be cited the refusal of the British Engineers' Association to co-operate in such discussions. Their reasons included fear of publicity of industrial facts and the belief that the policies of employers and labor are so diametrically opposed as to make any effort to co-operate merely a gesture. *The Economist* characterizes this attitude as an "antediluvian mentality" and asserts that it cannot be regarded as representative of the viewpoint of the modern British employer.⁵ An increasing number of Britishers realize that it is only by the employers' abandonment of obsolete notions of industrial autocracy and the workers' discarding of equally out-of-date economics that industrial good-will and real partnership of the two groups can be secured. Progressive labor leaders believe that in the present condition of British industry they are faced with the alternative of lowering labor costs either by reducing the wage rates or by increasing the efficiency of labor. Since they are opposed to any further reduction in wages,⁶ they must demand intelligent management from employers, and active responsibility for efficiency as well as the elimination of practices restrictive of output from union members.

Orthodox socialists, even of the milder type of G. D. H. Cole, object

¹ "Industry and Taxation," *Economist*, Vol. 110, May 3, 1930, p. 1018.

² Liberal Industrial Inquiry, *Britain's Industrial Future*, op. cit., p. 431.

³ *Ibid.*, p. 407. England, it must be remembered, in addition to her own huge expenses incurred during the war, lent vast sums to her allies. She cancelled these sums to the extent of one thousand million pounds and at the same time is paying interest on her debt to America at the rate of thirty million pounds a year.

⁴ See pp. 479-482.

⁵ "Engineers and the Melchett-Turner Conference," *Economist*, Vol. 108, February 2, 1929, p. 215.

⁶ See p. 321.

to such co-operation based on a nonsocialist structure of industry on the ground that it would delay the Labour Party's avowed aim of "socialism in our time."¹ These opposing viewpoints are indicative of the conflict between "practical" trade unionism interested chiefly in securing a higher status for labor, and the intellectual labor movement bent on realizing the socialist aspirations to a program of "drastic economic and industrial reform."²

The time lost from industrial disputes is some measure of the degree of co-operative spirit in industry. The total loss in working days through unemployment during the eight years 1921 to 1928 was approximately 3,377,000,000; the loss through industrial disputes was approximately 296,700,000,³ about one-twelfth of the days lost through unemployment.⁴ The number of days lost in 1928 through stoppages of work owing to disputes was 1,390,000, the lowest figure recorded in statistics reaching back to 1893, except in 1927, when it was 1,170,000. The total number of workpeople involved, either directly or indirectly, in all disputes in progress in 1929, was about 532,000 as compared with about 124,000 in the previous year. The aggregate time lost in 1929 was approximately 8,280,000 working days, a disturbing increase over the year before.⁵ The dispute in the cotton industry in Lancashire and adjoining counties in July and August of 1929 contributed largely to the higher figures of that year.

Summary

To sum up, the unemployment "problem" is not a general one affecting all industries, all areas, and all workpeople equally. It is concentrated in a few industries, and falls mainly upon one-third of the insured population. The industries most affected are the old, staple export industries.

The downward trend of employment since the war has been due to various economic changes which in part were already evident in 1914, but in large measure were accentuated if not occasioned by the dislocation and shifting of production and trade which the war caused. Unemployment ranging from 8 to 20 per cent of the total employable industrial population during the years 1920-1930, as against 3 to 8 per cent during the decade just before the war, suggests that forces other than the gen-

¹ "Trade Unions and Politics," *Economist*, Vol. 110, January 11, 1930, pp. 64-65.

² For an exposition of this conflict between the intellectual labor movement and practical trade unionism, see Selig Perlman, *Theory of the Labor Movement*, New York: Macmillan Co., 1928, 321 pp.

³ Difficulties in the coal industry have been responsible for some three-fifths of all the time lost through strikes and lockouts since the war as well as during the twenty years preceding. B. M. Selekman, "Recent Trends in Industrial Relations in Great Britain and Germany," *Bulletin of the Taylor Society*, Vol. 13, October, 1928, p. 179.

⁴ Great Britain House of Commons, *Parliamentary Debates: Official Report, Fifth Session of the Thirty-Fourth Parliament, 1929* (Vol. 226, H. C. Deb. 5 s.) Col. 1113-1114.

⁵ "Employment, Wages, Cost of Living, and Trade Disputes," *Ministry of Labour Gazette*, Vol. 38, January, 1930, p. 6.

erally recognized factors of the trade cycle have been at work. Britain's 80 per cent urbanized population is so largely dependent on foreign trade that her industry is especially vulnerable to disturbances in world markets; the decline in her exports, which in 1926 amounted to 13.5 per cent of total world export trade as against 16.5 per cent in 1913 and 48 per cent in 1895, combined with lowered emigration, has resulted in the release of thousands of employees since the war. Industrial expansion in other countries, aided to a large extent by their currency inflation after Britain had resumed the gold standard, and her slower pace in the amalgamation of plants and "rationalization" of industry, are considered additional factors contributing to the post-war industrial decline and the protracted period of severe unemployment.

Expansion of employment in such new and "sheltered" industries as the manufacture of motors and artificial silk has been barely sufficient to absorb the normal increase in the number of persons seeking work and certainly has not sufficed to overcome the shrinkage in the coal, iron, steel, engineering, shipbuilding, cotton, wool and related industries. What economic gain there may have been in increased employment in the field of distribution is believed by some authorities to have been wholly offset by an increase in retail prices due to higher costs of selling and the consequent added handicaps to industrial production and employment.

In reply to the charge that the strength of industry is impaired by taxation due to the wide extension of social services, including unemployment insurance, it is maintained that "wise social expenditure contributes to industrial efficiency."

CHAPTER II

PUBLIC RELIEF AND SELF-HELP BEFORE UNEMPLOYMENT INSURANCE

It may be helpful to preface the discussion of Britain's unemployment insurance system with a brief review of methods such as poor relief, relief work, trade union out-of-work benefits, and private charity, used in relieving unemployment before the insurance method was adopted and which, to a certain extent, supplement unemployment insurance today.

Poor Relief Before the Law of 1834

The first national provision for the able-bodied unemployed appeared in the Elizabethan statute of 1572, which provided that the justices might "place and settle to work the rogues and vagabonds . . . there to be holden to work to get their livings and to live and be sustained only upon their labour and travail." In the amending Act of 1576 (18 Elizabeth c.3) the justices were directed to arrange that "a competent stock of wool, hemp, flax, iron, and other stuff" should be purchased from the rates and that the authorities were to direct the use of this stock, reimbursing the laborers and selling their products in order to replenish the capital stock "to the intent every such poor and needy person, old or young, able to do any work, standing in necessity of relief, shall not, for want of work go abroad, either begging, or committing pilferings or other misdemeanors living in idleness."¹

For the first time, then, there was in 1572-1576 a comprehensive poor law, "nominally extending to every part of the Kingdom, aiming at a complete and systematic maintenance . . . of the indigent needing relief, including . . . (apart from mere penal repression) a definite provision for the unemployed able-bodied, whose labour . . . was to be effectively organized by the public officers, with a penal institution in the background for those only who refused to work or otherwise misbehaved."² Indeed, from very early times two classes had constituted the "poor," one class being those unable through physical or mental defects to earn a liv-

¹Sidney Webb, and Beatrice Webb, *English Local Government: English Poor Law History; Part I: The Old Poor Law*, New York: Longmans, Green and Co., 1927, pp. 52-53. The quoted sections are phrases of the Act as given in the foregoing volume.

²*Ibid.*, p. 54.

ing, and the other being the able bodied, the work-shy, and "sturdy rogues." Under the Elizabethan poor law and for some years afterward, parish officers were required to find work or maintenance for the able bodied residing within their parish. Under the criminal law all vagrants were dealt with by the parish constables and their maintenance was accompanied by punishment such as the stocks, the whipping post and the house of correction.

But in general, sixteenth century methods of dealing with the unemployed were lax and kindly compared with those of a later time. The Puritans, more grim and rigid than their predecessors, were sorely troubled by the bands of roving vagabonds and were inclined to consider them responsible for their own wretched condition. They thought the prime cause of a man's failure to succeed materially was original sin.

The writings of William Temple, who advanced severe schemes for keeping the poor where he judged they belonged, express a viewpoint frequently voiced during the eighteenth century. Temple wrote about 1770, at which time poor rates were computed at two and one-half million pounds annually and any tendency on the part of the poor to ease their wretched lives by accepting relief was regarded by the tax payers as evidence of morally tainted character, "a proneness to evil which became pronounced in the presence of conditions in the least degree favorable to an indulgence of their congenital habits of indolence and debauchery."¹ The theory underlying relief was that only the aged, weak or incapacitated had a "right" to aid, and that an able-bodied man who was out of work had himself to blame and should not be a burden on the community.

The Elizabethan poor law had provided for a work test, but administration had grown lax and the test had been applied less and less, until in the middle of the seventeenth century proposals were made for more rigid enforcement by the provision of places where the task should be performed. Local bodies succeeded, by the end of the century, in obtaining acts empowering them to build "workhouses" or "houses of industry" and in 1723 the building of such institutions and their use as a test were authorized for either individual parishes or parishes combined in a group.

It has been estimated that in 1760 there were 20,000 beggars in the city of London alone, "where there are few or no parishes without a workhouse."² The principle of the mercantilist school of the eighteenth century was to turn the labor of the people to account for the good of the state. Harsh methods were evolved to counteract the natural depravity and consequent idleness of human beings, because it was thought that only in this way could the state prosper. Workhouses, work tests and various other means were used to penalize the unemployed, although the

¹ See abstract of Temple's writings in E. S. Furniss, *Position of the Laborer in a System of Nationalism*, Boston: Houghton, Mifflin Co., 1920, p. 107.

² *Ibid.*, p. 98.

decentralization of administration of the various deterrents and penalties resulted in great variety of practice and different degrees of harshness in application. The Webbs speak of the "callous inhumanity, the brutal demoralization, and the heedless cruelty of the workhouses," as well as the other equally abominable methods of "The Old Poor Law," which the Royal Commission of 1832-1834 was appointed to correct.¹

To meet the distress due to the low wages of agricultural laborers, justices in the various counties often admonished farmers to give adequate wages and attempts were made to establish a minimum wage. Finally, there was a meeting in the district of Speenhamland, near Newbury, in May, 1795, for the purpose of considering a proposal to fix agricultural wages by law. The meeting was attended by seven clergymen and thirteen squires who, though acknowledging that further assistance was needed by the laborers, concluded that fixing wages by law would be undesirable. They decided to recommend a systematic "rate in aid of wages." The Berkshire magistrates present resolved to adopt in their districts a doubly graduated scale, varying according to the price of bread and to the size of the family; this resolution is often called the "Speenhamland Act." The procedure was widely followed in rural parishes and "the arithmetical precision with which it seemed to regulate the relief gave almost the glamour of science to its policy of making up wages out of the rates."² Parliament finally legalized the policy by repealing the prohibition of relief to those who refused to accept it in a workhouse.³

The principle of supplementing wages by poor relief spread, between 1795 and 1833, to nearly every county of England and Wales. Indeed, it was not only agricultural laborers who were thus subsidized, for information was given to the Poor Law Commission of 1834 proving that there were operatives in Lancashire, Cheshire and in the Midland Counties who were regularly provided with money doles even though they were working full time.⁴

Unrest and rumblings of disorder during the Napoleonic wars created the fear of possible revolution, and, accordingly, to insure a greater measure of internal peace, distribution of out-relief in the homes of recipients was provided for by an act which resulted in an annual expenditure of over seven million pounds for thirty years.⁵ Nassau Senior, in introducing the Poor Law of 1834, said that one of its objects was "to diminish the amount of pressure on the owner of lands and houses." But the wholesale dole-giving of that period was no worse than the strenuous

¹ Sidney Webb, and Beatrice Webb, *English Local Government: English Poor Law History; Part I: The Old Poor Law*, op. cit., pp. 424, 427.

² *Ibid.*, pp. 178-179.

³ Henry Higgs, ed., *Palgrave's Dictionary of Political Economy*, London: Macmillan and Co., Ltd., 1926, p. 33.

⁴ Sidney Webb, and Beatrice Webb, *English Local Government: English Poor Law History; Part I: The Old Poor Law*, op. cit., pp. 188-189.

⁵ Leo Wolman, "English Experience with Unemployment Insurance," *American Labor Legislation Review*, Vol. 16, March, 1926, p. 44.

but ineffectual methods of requiring the unemployed to do some task, however futile and however degrading.

The minority report of the Royal Commission on the Poor Laws and Relief of Distress, issued in 1909, pointed to the fact that in the attempt to eradicate the "demoralization of the character and waste of wealth produced in the agricultural districts by an hypertrophied Poor Law," the Poor Law Inquiry Commission of 1834 had failed to distinguish between able-bodied destitution and able-bodied pauperism. The report further stated,

We know from contemporary evidence that between 1815 and 1834 there were whole sections of the population who . . . were Unemployed or Underemployed, Sweated or Vagrant, existing in a state of chronic destitution, and dragging on some sort of a living on intermittent small earnings of their own, or of other people's or on the alms of the charitable:—handloom-weavers and framework-knitters displaced by machinery; mill-wrights and shipwrights thrown out by the violent fluctuations in the volume of machine-making and ship-building; "frozen out" gardeners and riverside workers rendered idle every winter, and masses of labourers stagnating at the ports or wandering aimlessly up and down the roads in search of work. With all this Able-bodied Destitution, not only spasmodically subsidized by public subscriptions, but also perpetually importuning both the town Overseer and the rural Constable for assistance from the rates, the Royal Commission of 1832-34 chose not to concern itself.¹

It did, however, distinguish the able-bodied unemployed from the "deserving poor," who were left to churches, guilds and private charity.²

Poor Relief and Relief Work after 1834

The suffering and distress caused by unemployment during the first half of the nineteenth century is recorded in sources such as those provided by the Webbs and C. R. Fay.³ Dr. Cook Taylor wrote to the *Morning Chronicle*, June 20, 1842, saying that the weavers of Burnley "were haggard with famine, their eyes rolling with that fierce and uneasy expression common to maniacs. 'We do not want charity,' they said, 'but employment.'" He then described the hardships suffered by the inhabitants of Accrington, a town of 9,000, not more than 100 of whom were fully employed.

¹ Sidney Webb, and Beatrice Webb, *Public Organisation of the Labour Market: Being Part Two of the Minority Report of the Poor Law Commission*, New York: Longmans, Green and Co., 1909, pp. 3-4.

² F. C. Mills, *Contemporary Theories of Unemployment and of Unemployment Relief*, New York: Columbia University Press, 1917 (Studies in History, Economics, and Public Law, Vol. 79, No. 1), pp. 23-24.

³ Sidney Webb, and Beatrice Webb, *Prevention of Destitution*, New York: Longmans, Green and Co., 1911, 346 pp.; Sidney Webb, and Beatrice Webb, *English Local Government: English Poor Law History; Part I: The Old Poor Law*, *op. cit.*, 447 pp.; C. R. Fay, *Life and Labour in the Nineteenth Century*, Cambridge, England: Cambridge University Press, 1920, 324 pp.

It was in 1834 that the Poor Law Inquiry Commissioners urged the necessity for the systematization of the administration of the poor law, for they believed that many of the prevailing evils were due to the existence of some fifteen thousand practically autonomous local authorities, each providing relief according to its own discretion to the paupers within its jurisdiction. The report of the commission also urged that a sharp distinction be drawn between wage-earning and relief. Cheap parish labor had resulted in both under-payment and under-employment, proving, as has been said, that "poor relief and wages cannot be mingled."

The investigation of the first Poor Law Inquiry Commission resulted in the Poor Law of 1834 which created a central supervisory authority, known as the Poor Law Commissioners,¹ and gave them unusually wide scope. It empowered them to group the existing parishes into districts, or "unions" as they were called, for the conduct of poor relief; to provide for the election of boards of guardians for the administration of poor relief within the unions, and finally to make rules, orders and regulations for the relief of the poor by the local authorities, with a view to some measure of administrative uniformity. For the first time in the country's history, a central department of government undertook the supervision of locally elected bodies, each carrying out at its own discretion the powers entrusted to it and each collecting and dispensing its own funds. The act implied but did not state directly that the new commissioners were to be guided in their policy by the principles of the report of the Poor Law Inquiry Commissioners. The commissioners put into effect these recommendations as rapidly as circumstances permitted. As soon as the workhouse facilities made it practicable, they provided that only in a workhouse could relief be given to able-bodied unemployed and their families, and they urged that no relief should render the lot of an able-bodied unemployed man or woman as desirable as that of the lowest class of independent wage earners.

The workhouse was to serve as a deterrent, no one being expected to enter it unless forced to do so by sheer destitution. Indeed, a member of the Poor Law Inquiry Commission had said that the workhouse system meant "having all relief through the workhouse, making this workhouse an uninviting place of wholesome restraint, preventing any of its inmates from going out or receiving visitors without a written order to that effect from one of the Overseers; disallowing them beer and tobacco, and finding them work according to their ability; thus making the parish fund the last resource of a pauper, and rendering the person who administers the relief the hardest taskmaster and the worst paymaster that the idle and

¹The central supervisory authority has been changed during a century of experience successively to the Poor Law Board (1847), the Local Government Board (1871), and the Ministry of Health (1919).

dissolute can apply to.”¹ These two principles—deterrent relief and making the position of the able-bodied pauper less inviting than the lowest grade of independent laborer—remained for seventy years the acknowledged government policies for the relief of destitution.

Both the law and public opinion have marked the receipt of poor relief, especially by the able bodied, as a disgrace. In the past and at the present time it carries the stigma of “pauper status.” Until the passage of the Representation of the People Act of 1918, which enlarged the scope of manhood suffrage, persons who had received poor relief, or whose dependents had, were disenfranchised. This pauper disqualification still holds, when relief has been received during the previous year, in the case of the right to be a member of a board of guardians, or a chairman or a member of an urban district council, and, under the Local Government Act of 1929, with respect to membership in a county or county borough council. Even the receipt of medical care through the poor law, although disqualification for public office for this cause was abolished in 1929, carries with it degradation to the pauper status. This status, once acquired, persists throughout life. It denies to the pauper certain rights and remedies in invoking the protection of the courts. For instance, a pauper injured in the course of his work in the labor yard or workhouse has no claim for damages under the workmen’s compensation acts, the employers’ liability acts, or at common law; his child may be taken from him permanently if the poor law authority considers him an unfit guardian, subject only to his application to the justices. Under specified conditions, a pauper may be deported to his legal “place of settlement.” He is denied the benefits of many charities and is subject, with no legal protection, to punishments within the workhouse not practiced in other public institutions. But today, because so many have been forced to accept poor relief on account of long-continued unemployment, there is not the same hesitancy, born of the foregoing disadvantages, to accept it as formerly.

Repressive measures following the Poor Law of 1834 originally had a cleansing effect in agricultural districts and reduced the cost of rural pauperism. This fact has led certain modern critics of unemployment insurance to esteem them wholesome, but an examination of records relating to industrial districts gives an entirely different impression. London and other towns had to obtain special permission to resume the payment of out-relief, with the idea, of course, that it would not be given unless a man proved himself willing to work. The test of work was provided in labor yard or stone yard, but enforcement of this form of penal labor was necessarily and increasingly a farce. Throughout the nineteenth century,

¹ Quoted in Sidney Webb, and Beatrice Webb, *English Local Government: English Poor Law History; Part II: The Last Hundred Years*, New York: Longmans, Green and Co., 1929, Vol. 1, p. 67.

able-bodied men had to submit to this test of work either in the workhouse, or, when they were relieved outside the workhouse, in the labor yard. Self-respecting men would not patronize what were in effect penal institutions and the resort of the completely down and out. Despite evasions on the part of workers, and the high cost to the boards of guardians (the local bodies created after the Poor Law of 1834) of making men pretend to work, the evil effects of the labor yards were not revealed until the Poor Law Commission Report of 1909. In spite of its proven inadequacy, not only has test work never been completely abandoned but periodically it is advocated as a cure for the demoralization caused by idleness.

While the Poor Law of 1834 was apparently supported by public opinion, its deterrent measures were more and more distrusted during the recurring industrial depressions following its introduction. Increasing attention was directed to the fact that often people were out of work as a result of the organization of industry and not through any fault of their own. It became evident that workers unemployed for this reason had not been provided for by the exacting measures of the poor law. But, in spite of dissatisfaction with the existing methods of caring for the able-bodied unemployed, nearly a century passed before better instruments were designed. The failure of the Poor Law of 1834 was so evident by 1905 that the Conservative Government came to the conclusion that it was time for a full inquiry into the whole question. A Royal Commission was appointed that year to inquire into the working of the laws relating to poor relief, and also into various means which had been adopted, outside of the poor laws, for relieving distress due to unemployment. The commission was further to suggest any modifications of the poor laws, or any new legislation it thought advisable.¹

Statements of the members of the Royal Commission on the Poor Laws and Relief of Distress, which reported in 1909, bear witness to the dissatisfaction with the methods of relieving the unemployed before unemployment insurance was inaugurated. They said that out-relief, as administered in many parts of Great Britain, served to "perpetuate social and moral conditions of the worst type"² and that "With significant exceptions, Boards of Guardians give these doles and allowances without requiring in return for them even the most elementary conditions. . . . We have seen homes thus maintained out of the public funds in a state of indescribable filth and neglect, the abodes of habitual intemperance and disorderly living."³

¹ Sidney Webb, and Beatrice Webb, *English Local Government: English Poor Law History: Part II: The Last Hundred Years*, op. cit., pp. 469-473.

² Great Britain Royal Commission on the Poor Laws and Relief of Distress, *Report*, 1909, (Cd. 4499) p. 102.

³ *Ibid.*, p. 750.

Until 1886, when Joseph Chamberlain, then president of the Local Government Board, issued a circular encouraging municipal authorities to undertake relief work for the unemployed, it had been assumed that an able-bodied man could be out of work only by his own fault. A new approach was inspired by this circular and, when the severe depression of 1904 occurred, public opinion was aroused to the necessity of aiding the unemployed in a way which would not involve the humiliation and demoralization often attendant upon poor law relief. In 1905, the Unemployed Workmen Act was passed. This act aimed to systematize municipal relief works and remedy the evils attendant upon that method of relief.¹ Committees composed of representatives of the poor law, of the municipalities and of charity organizations, known as "distress committees," were administrators of the act for local authorities.

Since one of the chief functions of these committees was to find work for the unemployed, an outstanding development was the establishment of a number of labor bureaus, controlled by local authorities, to serve as registration places. The committees, though they were intended to provide only for the unemployed who had been full-time workers, obtained sporadic employment for many under-employed also and, in some cases, for so-called "unemployables." But the labor bureaus failed to accomplish their purpose to any satisfactory degree.² Rate-aided emigration and farm colonies also were made possible by the 1905 act.

Trade Union Out-of-Work Benefits

During the last century, friendly societies and trade unions provided out-of-work benefits for their members. Under the Friendly Societies Act of 1854, some of the societies had served as placing agencies for their members and had paid them out-of-work benefits. But the societies doing this were neither numerous nor important and, in 1905, there were no more than 122 such organizations with a membership of 75,000 which followed this procedure.

There is to be found almost throughout the entire history of British trade unionism, an intimate fusion between the pure trade organization of workers, that is, "a continuous association of wage earners for the purpose of maintaining or improving the conditions of their working lives,"³ and the functions of a benevolent society. It had been an ancient custom in Great Britain for artisans to unite in societies "to promote amity and true Christian charity" and to establish sick and funeral clubs. The common interest of the members invariably led to discussions of

¹ See pp. 325-327.

² An excellent account of these early voluntary experiments in employment exchanges may be found in Sidney Webb, and Beatrice Webb, *English Local Government: English Poor Law History; Part II: The Last Hundred Years, op. cit.*, Vol. 2, pp. 660-663.

³ Sidney Webb, and Beatrice Webb, *History of Trade Unionism*, rev. ed., New York: Longmans, Green and Co., 1926, p. 1.

trade conditions and almost imperceptibly the friendly society passed into a trade union with friendly benefits. Some trade societies of this type can trace their existence back nearly two centuries. The Glasgow coopers, for instance, have had a local friendly society confined to journeymen coopers, ever since 1752. The London Sailmakers Burial Society dates from 1740. The Newcastle shoemakers established a similar organization as early as 1719.¹

The trade associations of workers which appeared when the effects of the industrial revolution became apparent, often followed the reverse process and, in answer to the needs of their members and in the interest of greater stability, took on the function of friendly societies. While, to the trade union member, the association's charter was only some slight connecting link with the other men in the union, to his family it assumed the character of a charter of rights in case of sickness, lack of work, or death, and so gave the organization a stronger hold on its members.

This type of development was strengthened about the middle of the nineteenth century when trade unionism abandoned the unskilled and renounced the "universalism" of the Owenites and the Chartists, replacing it by the principle of the craftsman's vested interest in his occupation. The aim of this "new model" was to retain and reconstruct an aristocracy of skilled workmen. Its principal appeal to the workers was not so much its trade policy as the well-thought-out financial and administrative system which enabled the union to combine the functions of a trade protection society with those of an insurance company, and to attain a financial stability hitherto undreamed of among workers' associations. The skilled workman's farsightedness played an important rôle in the development of this new form of trade unionism.²

The Journeymen Steam-Engine Makers' Society, organized in 1824, from its inception provided its members with out-of-work pay, a traveling allowance, a funeral benefit, and a lump sum in case of accidental disablement. In 1846 it added to these benefits a small sick allowance, and shortly afterwards an old age pension to superannuated members.³ It was this society that, in 1850-1852, combined with a number of smaller organizations to form the Amalgamated Society of Engineers, Machinists, Smiths, Millwrights and Patternmakers—the first of the large, amalgamated, new national unions. With its weekly contribution of about one shilling, this society could count on a regular income of about £500 a week—an amount without precedent among trade organizations. During the trade dispute of 1852 in which the new organization was involved, over £43,000 was dispensed in out-of-work pay during six months. In the ten years following the strike the Amalgamated Society of Engineers

¹ Sidney Webb, and Beatrice Webb, *History of Trade Unionism*, op. cit., p. 24.

² Selig Perlman, *Theory of the Labor Movement*, op. cit., pp. 124-153.

³ Sidney Webb, and Beatrice Webb, *History of Trade Unionism*, op. cit., p. 219.

doubled its numbers and by 1861 had accumulated the unprecedented balance of £73,398.¹ The contributions to the organization were described by sympathizers as "a general voluntary rate in aid of the Poor's Rate." The officials of the unions in general came to believe that the employers would in time understand that the organizations were elevating the character of the workers and proportionately lessening the employers' responsibilities—a hope which might have been realized had not the unions also supported their members with strike benefits.

The elaborate constitution of the Amalgamated Society of Engineers provided for close supervision of the funds of the various branches while at the same time leaving them with a semblance of local autonomy. As a friendly society the association consists of a number of self-governing branches acting according to the provisions of a minutely detailed code, and amenable, in respect of interpretation, to a central executive. From 1852 on, this constitution served as a model for all new national trade societies, while old organizations found themselves gradually incorporating its leading features. Its most important imitator was the Amalgamated Society of Carpenters (1860). The tailors, in 1866, combined into an amalgamated society, which adopted, without alteration, the whole code of the engineers. Scarcely a trade organization exists which did not either attempt to imitate the entire constitution of the Amalgamated Society of Engineers, or incorporate several of its characteristic features.

In spite of obstacles, the great majority of these organizations for a long time found themselves able to meet their accumulating liabilities. Critics failed to take into consideration that, unlike insurance companies and purely friendly societies, trade unions possess and constantly exercise power to raise funds by special levies, or by increased contributions, whenever it may seem good for the majority of the members.

It was the trade unions which really furnished the experience from which the principle of unemployment insurance was derived. Yet, even though they covered far more workers than did the friendly societies, only one-twelfth of the wage earners were protected by out-of-work benefits in 1890.² In 1904, eighty-one out of the one hundred most important unions (with a membership of 950,000) paid allowances in case of unemployment, although some of these gave only a traveling allowance to members seeking work. From 1896 to 1905, nearly £3,750,000,³ or 22 per cent of their total expenditures were for unemployment benefits (Table 2). Some of the smaller unions doubtless protected their workers in similar fashion and certain of the large unions not included in these eighty-one paid benefits occasionally, when there was exceptional unem-

¹ Sidney Webb, and Beatrice Webb, *History of Trade Unionism*, *op. cit.*, pp. 212-226.

² R. C. Davison, *The Unemployed*, New York; Longmans, Green and Co., 1929, pp. 15-16.

³ Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report*, *op. cit.*, p. 8.

Table 2

MEMBERSHIP, AND EXPENDITURE ON UNEMPLOYMENT, TRAVELING AND EMIGRATION BENEFIT, REGISTERED TRADE UNIONS, CLASSIFIED BY INDUSTRIES, GREAT BRITAIN, 1892-1907

Year	Membership of Unions	Unemployment, Traveling and Emigration Benefit Paid by Unions in—								
		Building	Mining and Quarrying	Metal, Engineering and Ship-building	Textile	Clothing	Transport	Printing, Paper, Etc.	Other Trades	Total
		£	£	£	£	£	£	£	£	£
1892	895,487	31,729	7,638	187,885	41,635	2,605	6,997	"	47,606	325,195
1893	899,791	40,030	62,435	250,381	44,106	3,544	5,907	"	54,081	460,484
1894	914,588	53,794	26,638	258,620	37,916	4,226	3,272	"	67,112	461,578
1895	906,308	52,345	68,046	190,241	47,997	2,901	3,505	"	57,392	422,427
1896	953,204	25,099	42,896	112,180	33,953	2,400	3,091	"	46,336	265,955
1897	1,055,951	24,216	24,877	193,791	38,609	1,995	3,357	"	45,373	332,218
1898	1,090,872	22,249	13,942	104,510	34,206	775	17,779	25,668	14,484	233,613
1899	1,169,972	24,277	10,409	80,512	26,457	564	3,017	28,310	11,018	194,564
1900	1,213,287	46,353	4,540	94,227	60,782	500	3,612	35,410	15,871	261,295
1901	1,220,257	67,100	18,475	132,932	43,999	583	3,480	36,469	22,246	325,264
1902	1,218,466	73,804	19,387	203,965	55,748	993	3,385	37,495	34,747	429,524
1903	1,205,949	80,774	18,468	224,950	113,745	1,982	3,590	38,690	34,059	516,258
1904	1,199,571	137,381	48,403	303,749	71,024	3,184	4,400	40,897	45,955	654,993
1905	1,213,789	142,987	35,564	227,747	24,428	4,092	4,735	43,937	39,477	522,987
1906	1,298,226	125,560	30,585	157,137	24,049	4,205	4,398	41,387	36,709	424,030
1907	1,457,856	115,951	14,263	199,421	49,594	6,357	4,999	39,132	35,951	465,668

* Separate figures are not available for the printing group.

Source: Great Britain Board of Trade (Labour Department), *Report by the Chief Labour Correspondent on Trade Unions in 1901, 1902*, (Cd. 1348) 178 pp.; *Ibid.*, *Report on Trade Unions in 1905-1907, 1909*, (Cd. 4651) 144 pp.

ployment or when the funds permitted. But the whole body of trade union members (numbering about 1,900,000) was far from being covered. From 1905 to 1910, the number of trade unionists entitled to benefit was estimated to have risen from about 950,000 to 1,500,000, but trade unions provided for only a fraction of the wage-earning population inasmuch as the majority of workers protected belonged to the skilled trades. Accordingly, most of the unskilled, poorly paid workers who faced the greatest risks of unemployment, were left unprotected. Therefore, valuable and worthy as the activities of trade unions in this direction were, it was recognized that they touched only the fringe of the problem. The Poor Law Commission of 1909 pointed out that even if all trade unionists were covered, it would mean that only a small proportion of wage earners would have protection.

There was a wide range of fluctuation in the amount of unemployed benefits distributed, with a steady growth in the total from 1899 to 1905. The industrial depression of the years 1902 to 1905 resulted in marked increases in the sums paid, and they fell off in the next two years. These

benefit totals more closely reflect industrial conditions than any other available data for the same period. The group of societies included under the head "metal, engineering and shipbuilding" trades is responsible for the largest amount chargeable to any single group (Table 2).

The weekly benefit was sometimes as high as 20s., though 10s. and 12s. were the more usual rates and some unions paid less. As a general rule, the unions fixed a maximum number of weeks during which benefit was paid either continuously or at specified periods in the year. Usually a waiting period was also required and conditions were laid down as to the interval which must elapse before a second period of benefit could begin. Weekly rates were seldom large enough to provide family subsistence, though members of long standing sometimes had more generous allowances. All of these policies and procedures furnished valuable foundations for a state insurance scheme and it is to be expected that the trade unions claim credit for providing the only experience available (Table 2).

Charitable Relief

As has been seen, charity has been intermittently resorted to as a means of relieving distress due to unemployment since time immemorial. From 1860 to the present time, moreover, Mansion House or Lord Mayor's Funds have been collected by popular appeals to the public. The Webbs speak of emergency funds, varying in amount from a few hundred pounds to nearly a quarter of a million, records of which are to be found for the nineteenth century "literally by the hundred." At various times newspapers also raised funds for the unemployed.¹

Besides these sporadic appeals in times of trade depression, there were permanent shelters, labor homes, and working colonies of bodies like the Church Army and the Salvation Army. Because voluntary organizations were inexperienced and proper supervision was impossible, "a very great amount of imposition was practised by thoroughly unworthy persons, in many instances the same persons over and over again, and the worthy and deserving generally kept themselves in the background and were overlooked."²

Mention should be made of the Charity Organization Society which earned the reputation of making a real attempt to determine the worthiness of applicants for help when no national government agencies dealing with the unemployed were in existence. The Webbs say that it is not easy

¹ Charitable funds have supplemented unemployment insurance of late years. During 1928 and 1929, a Lord Mayor's Fund of over £1,700,000 was raised to which the government added an equal sum. The total amount paid out in charity to relieve able-bodied unemployed in one way or another during the past ten years is undoubtedly enormous and largely because of the war shows a great increase over preceding years.

² Sidney Webb, and Beatrice Webb, *Public Organization of the Labour Market: Being Part Two of the Minority Report of the Poor Law Commission, op. cit., p. 101.*

to realize today the great contribution of the Charity Organization Society in educating English public opinion in the conditions of effective philanthropy. As against the conception of the Christian church and Eastern religions which "emphasized the virtue of almsgiving as a religious rite, necessary to the soul of the giver," the C.O.S. "made the English-speaking world . . . aware of the social obligation of regarding primarily the effect of philanthropy upon the recipient, and particularly upon his character," and insisted upon the application of the scientific method to each individual case. "What was wrong," they add, "about the C.O.S., as may now be seen, was its deep-rooted censoriousness; its strange assumption that the rich were, as such, intellectually and morally the 'superiors' of the poor, entitled to couple pecuniary assistance with a virtual dictatorship over their lives."¹

Attention to individual needs has proved itself, in spite of all objections, a constructive method of dealing with some of the more knotty problems connected with cases of prolonged unemployment and the "case method" has much in its favor. But much charity at all times has been dispensed without thoughtful analysis and constructive results, and certainly with little regard for the co-ordination of relief measures.

Summary

Before the passage of the first unemployment insurance act in 1911 the able-bodied poor were cared for by the government through poor relief, by trade unions, or by charitable organizations.

The history of poor relief has been one in which lax and repressive measures alternate. From early times the destitute had been thought of as falling into two groups—those unable to work and the able bodied but work-shy. The care of both classes was left to the varying procedure of the parishes until the passage of the Elizabethan statutes of 1572 and 1576 which made the first national provision for the able-bodied unemployed. These poor laws sought to provide maintenance and employment for the able bodied, with disciplinary treatment for those who refused work. Administration of these laws during the period of Puritan control was severe, but a period of laxity in applying the work test followed. To correct this condition the parishes individually or in groups began to build "workhouses" as a new form of work test. Such institutions varied in their practices but on the whole were cruel and demoralizing.

Fear of revolution during and after the Napoleonic wars stimulated legislation for the distribution of relief in the homes of recipients and wholesale dole-giving developed. A Poor Law Commission was appointed

¹ Sidney Webb, and Beatrice Webb, *English Local Government: English Poor Law History; Part II: The Last Hundred Years*, op. cit., p. 456.

in 1834 to correct the entire system. The Poor Law of 1834 incorporated its recommendations. A central authority was set up to make rules for the local authorities and to systematize the granting of poor relief. The law provided that the able bodied and their families were to receive relief only in the workhouses and relief was not to make their lot so desirable as that of the independent wage earner of the lowest class.

Repressive measures under the law of 1834 decreased rural pauperism but in the industrial centers out-relief continued of necessity during depression periods and the workhouse and labor yard tests fell into disuse. The depression that began in 1883 forced an effort to provide relief works. The depression of the early years of the twentieth century prompted reform legislation in 1905 in the form of the Unemployed Workmen Act and in the appointment of a Royal Commission on the Poor Laws.

It was the experience of the trade unions in their not unsuccessful attempts to pay substantial unemployment benefits to their members which really supplied the basis for the British national scheme of unemployment insurance. The unions began to pay out-of-work benefits during the nineteenth century, but even if their funds would have permitted adequate benefits such schemes could never have met the needs. Trade union membership constituted only a fraction of the working population and the unemployment benefit plans operated by the unions fell far short of covering all union members. Until national unemployment insurance was adopted, most of the unskilled workers in the lower wage groups who usually faced the greatest risk of unemployment were unprotected. For the most part they had to rely on poor relief or charity when unemployment exhausted their savings.

For centuries private charity has been extended to the destitute, whether able bodied or incapacitated. In times of depression, special agencies were formed to collect and distribute funds without much concern about duplication of effort. Such permanent bodies as the Salvation Army and the Charity Organization Society, however, attempted to organize their relief methods in such a way as to avoid the demoralization of recipients of aid.

All of the above programs for relieving the unemployed were inadequate and unsatisfactory, and a small number of public spirited persons sought for a better way of relieving the able bodied who were involuntarily unemployed, as well as other classes of destitute poor.

CHAPTER III

THE ACTS—PRINCIPAL FEATURES OF THE STATE SCHEME

About the beginning of the twentieth century the problem of poverty in Great Britain began to take on certain new phases. While the mean aggregate pauperism per 1,000 of the population in successive cycles of eight or ten years had continued to decline steadily, the ratio of pauperism to population had, taking single years, started to rise while the total number of paupers was increasing rapidly. The number of adult men claiming poor relief was mounting, the Labour Party was agitating for relief works, and the officials were disturbed by what seemed a drift away from the deterrent "Principles of 1834."¹

Probably in the official mind at least, the principal function of the Royal Commission on the Poor Laws and Relief of Distress (1905-1909) was to bring about a reversion to the earlier deterrent principles. The members of the commission submitted majority and minority reports in 1909. Both recommended the abolition of the boards of guardians, of the union areas and of the general mixed workhouses, and other administrative reforms. Both reports favored abandonment of the conception of a deterrent poor law and of the "principle of less eligibility" at least so far as the poor who were not able bodied were concerned, and both desired emphasis on prevention rather than relief. With regard to treatment of the able-bodied unemployed, the reports concurred in recommending, among other measures, employment exchanges, the use of government orders to regularize the demand for labor, and efforts to reduce the number of "blind-alley" jobs. Both looked to the establishment of some form of financial protection against involuntary idleness.²

The government began to implement the new program of prevention without delay. Legislation was enacted in 1909 for the establishment of a national system of labor exchanges, the importance of which the reports of the commission had stressed.

Under the Unemployed Workmen Act, power to establish labor exchanges had been granted. These exchanges, twenty-five in number, which were purely local in their jurisdiction, were transferred to the Board of Trade when the Labour Exchanges Act was passed in 1909. The

¹ Sidney Webb, and Beatrice Webb, *English Local Government: English Poor Law History: Part II: The Last Hundred Years, op. cit.*, Vol. 2, pp. 471-472.

² *Ibid.*, pp. 529-581.

first national employment exchange was opened in February, 1910, more than a year before the first unemployment insurance act was passed. The administration of the labor exchanges, as they were then called, was under the direct control of the Board of Trade, the work being done almost wholly by officers of the board.¹ In January, 1917, the Ministry of Labour was formed and the administration was transferred to that department.

In the two years after the Labour Exchanges Act was passed, a network of exchanges was spread over the United Kingdom. The country was divided into ten administrative divisions, each under a divisional controller. Executive control of the system was vested in the general manager at the central headquarters in London. In 1910 there were 214 labor exchanges, and in 1912 nearly 900 branch employment offices in small towns or rural areas were added to the system. By 1914 the exchanges were filling 1,116,909 vacancies a year.

The Poor Law Commission had examined plans of unemployment insurance in existence and particularly the foreign schemes of voluntary insurance subsidized by local public funds. It concluded that none of these schemes would be suitable for Great Britain and accordingly recommended that the task of formulating a scheme be referred to a small committee of experts. The majority report of the commission, in making this recommendation, stated that the granting of unemployment benefits, especially to unskilled and unorganized labor, was of such great national importance as to justify some form of assistance from public funds.

The report of the minority reflected the opinion of the Webbs,² definitely opposing compulsory unemployment insurance on the ground that it might prove injurious to the interests of trade unions, many of which distributed out-of-work benefits. The unions advocated the Ghent system, then widely used on the continent, which provided for a public subsidy to trade union and other out-of-work funds, when administered under approved conditions.

Opposition to a state system of compulsory unemployment insurance was voiced both by the majority and minority reports of the Poor Law Commission. On this occasion, as on most other proposals which involved any extension of public action, the Charity Organization Society took a negative attitude and the trade unions were also opposed to a state scheme.

Winston Churchill, then president of the Board of Trade, was deeply concerned with the problem of the involuntarily unemployed and wanted

¹ A comprehensive account of the organization and administration of employment exchanges is in J. B. Seymour, *British Employment Exchange*, New York: Coward-McCann, Inc., 1928, 292 pp.

² Mrs. Sidney Webb was a member of the Poor Law Commission of 1905-1909.

to do something about it. In July, 1908, he asked Hubert Llewellyn, Smith,¹ who was at that time Permanent Secretary of the Board of Trade, and William Beveridge,² then a member of the Central Unemployed Body for London, to work out a scheme which would systematically care for the involuntarily unemployed without the taint of charity. Contrary to many conflicting stories, this seems to be the immediate origin of Great Britain's scheme, the first system of compulsory unemployment insurance established by any country. Churchill outlined the scheme when the Labour Exchanges Bill was introduced in the House of Commons in 1909. There was no attempt to do anything further with insurance at the time, because it was thought best to have employment exchanges well established before undertaking unemployment insurance.

Smith and Beveridge worked out the details of the unemployment insurance scheme before the publication of either the Report of the Poor Law Commission in 1909 or Beveridge's famous book on unemployment, published the same year, although the plan was not formally announced until after these publications were issued.

The measure was introduced as Part II of the National Insurance Act of 1911. It aroused little comment in Parliament in comparison with the heated discussion in relation to Part I which covered health insurance. The act became effective in July, 1912, but unemployment benefits were not paid till January, 1913.

Every attempt was made to gather actuarial material on which to base the scheme, but very scanty data were obtainable. As the government actuary stated, "no data are available which would enable a rate of unemployment to be deduced on what might be considered an actuarial basis." The only figures at hand related solely to unemployment among trade union members and covered but a small proportion of the workmen who would be insured by the scheme. They did not include certain classes of workmen in the building trades, among whom unemployment was very high. But the government was fully satisfied that the estimate of claims on the funds would allow a large margin of safety. Churchill stated in the House of Commons on May 25, 1911, that the government could not be responsible for a universal scheme of unemployment insurance in view of the paucity of figures, but that unless a beginning was made they would not acquire the materials on which to base such a scheme.

Act of 1911 *

The unemployment insurance plan established by the Act of 1911 was a tri-partite contributory one and provided insurance of two kinds:

¹ Now Sir Hubert Llewellyn Smith.

² Now Sir William Beveridge.

* See Table A, p. 471, for contributions, benefits and some other provisions of the various acts from 1911 to 1930.

compulsory state insurance, and voluntary insurance in the 'form of assistance to trade unions and other associations of workers which disbursed out-of-work benefits to their members. It was compulsory for all manual workers over sixteen years of age in the following "trades" which had a heavy unemployment risk: mechanical engineering, ironfounding, shipbuilding, building, construction of vehicles, sawmilling and machine woodwork when carried on in connection with an insured trade or of a kind commonly conducted in connection with such a trade, and construction of works, such as railroads, docks, harbors, etc. These "trades" included about 2,500,000 workers.

The act undertook to provide a limited benefit for involuntary unemployment among regularly employed workers in these trades. It established a benefit of 7s. a week for both men and women, payable after a waiting period of one week, for not more than fifteen weeks out of any twelve months, but not to exceed the ratio of one week's benefit to each five weeks' paid-up contributions.¹ In order to qualify, the insured worker had to prove that he had been employed in an insured trade not less than twenty-six weeks in each of the five preceding years;² that his application had been made in the prescribed manner; that he was "capable of work, but unable to obtain suitable employment," and that he had not exhausted his right to benefit. An insured worker was not considered to have refused "suitable employment" if he had refused (1) a job which was vacant as the result of a trade dispute; (2) employment in the district in which he was usually employed which offered wages or other conditions less favorable than those "he habitually obtained in his usual employment"; and (3) employment in any other district which offered wages or other conditions less favorable than those generally observed in that district by agreement between associations of employers and employees, or, in the absence of any agreement, those observed by "good employers."³ On the other hand, the worker was disqualified for benefit if his unemployment was due to certain specified causes within his control. Workers who lost their employment as the result of "misconduct" or who voluntarily left employment without "just cause" were disqualified for six weeks from the date of leaving.⁴ A worker who lost his employment as the result of a "trade dispute" at the premises at which he was employed was disqualified for the duration of the dispute. These conditions have become known as the "statutory" conditions and disqualifications for benefit.

¹"National Insurance Act, 1911" (1 & 2 Geo. 5, Ch. 55) in Great Britain Parliament, *Public General Acts*, 1911, p. 450.

²This was found impracticable; in 1914 the requirement of ten paid-up contributions was substituted. "National Insurance (Part II Amendment) Act, 1914" (4 & 5 Geo. 5, Ch. 57) in Great Britain Parliament, *Public General Acts*, 1914, p. 251.

³"National Insurance Act, 1911" (1 & 2 Geo. 5, Ch. 55) in Great Britain Parliament, *Public General Acts*, 1911, p. 424.

⁴*Ibid.*

Obviously, what constituted "misconduct" and what might be considered a "just cause" for leaving, left room for differences of opinion.¹ The act authorized the appointment of certain officers and bodies to pass judgment upon such questions. Insurance officers were appointed to decide in the first instance whether all the statutory conditions were fulfilled and whether the applicant was free from all disqualifications. The act also provided for the creation of local courts of referees, with equal representation of employers and workers under the chairmanship of a person appointed by the Board of Trade. The umpire, a central authority appointed by the Crown, was given the power to render a final and conclusive decision. This machinery was utilized as follows: if benefit was refused by the insurance officer, the worker might appeal to a local court of referees who made a recommendation to the chief insurance officer; if the chief insurance officer disagreed with this recommendation, upon the request of the court of referees, a further appeal might be carried to the umpire.²

In addition to unemployment benefit, the 1911 act provided that an insured contributor who had paid contributions for not less than five hundred weeks and had reached the age of sixty was entitled to receive a refund of the amount by which the sum of the contributions paid by him exceeded the total amount of benefit received, together with compound interest at 2½ per cent.³ This act also provided that an employer might have a refund of one-third of his contributions, amounting to about 3s. 6d. a year, for each workman he had kept in steady employment throughout the year. This provision was abandoned in 1920 because it was thought cumbersome from an administrative point of view and the refund was not large enough to constitute an effective incentive toward stabilization. It is regarded in many quarters as one of the "trimmings" adorning the Act of 1911. J. F. G. Price, chief of the Unemployment Insurance Department of the Ministry of Labour, stated, "it did not have the effect hoped for of steadying and regularizing employment."⁴

Contributions to the general unemployment insurance fund consisted of a joint weekly contribution of 5d., half from employers and half from employed, the state adding one-third of that sum, or 1⅓d.

The second form of insurance established by the act was the subsidizing of voluntary unemployment insurance after the principle of the Ghent system. Many trade unions and friendly societies having for some time

¹ See Chapter IX for further details on appeal procedure as affected by later acts.

² "National Insurance Act, 1911" (1 & 2 Geo. 5, Ch. 55), in Great Britain Parliament, *Public General Acts*, 1911, p. 425.

³ *Ibid.*, p. 430. This was continued by later acts but repealed by the Act of 1924, except that any person who prior to July 7, 1924, was eligible for a refund might make an application for a refund up to July 6, 1925. If the minister was satisfied there was good cause for failure in making such application, the date could be extended to July 6, 1929. Great Britain Parliament, *Unemployment Insurance (No. 2) Act, 1924*, 1924 (14 & 15 Geo. 5, Ch. 30), pp. 9-11.

⁴ Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report, op. cit.*, p. 86.

paid benefits, it was considered advisable to encourage the continuance of this voluntary form of unemployment insurance. The act provided, therefore, that if an association of workers conformed to certain requirements, including the payment out of its own funds of a certain amount of benefits, it could pay the full amount of state unemployment benefits to members insured under the governmental system and be reimbursed by the state for the amounts due such members under the state scheme. It was provided that the refund could not be more than three-fourths of the total amount disbursed by the association. Moreover, the state undertook to repay to approved associations of workers, whether their members were in insured trades or not, one-sixth of any unemployment benefit paid out by such organizations in voluntary benefits, exclusive of the sum repaid by the state.¹

Act of 1916

Some pressure was brought to bear on the government to extend the coverage of the 1911 act but, in view of the experimental nature of the plan, many persons still felt, as Winston Churchill had said, that "it would be foolhardy to launch out at once, with a compulsory universal scheme." After the war had been in progress for two years, it became apparent that provision must be made for the large number of workers who would no longer be required in the munitions trades when the war was over. In 1916, therefore, the scheme was extended to cover all munitions workers in trades not already insured and also the workers of certain other industries, mainly metals, chemicals, leather, rubber and ammunition. This insured 1,250,000 more persons, the total number of insured being about 4,000,000 by 1919. Over one-fourth were women, of whom one-third were in munitions plants and other war service.²

Many industries with a low rate of unemployment vigorously objected to being included under the Act of 1916, but they made no serious attempts to establish schemes of their own. Both employers and workers in the boot and shoe trade which was part of the leather industry under the act, adopted passive resistance, refusing to pay contributions or to observe the conditions of the law. They were retroactively excluded by an amending act of 1917. Employers and workers in the woolen industry demanded exclusion in 1916 and the cotton trade followed their example.³

Out-of-Work Donation

On November 25, 1918, immediately following the armistice, the out-of-work donation scheme was launched to cover ex-service men unable to

¹ W. H. Beveridge, *Past and Present of Unemployment Insurance*, London: Oxford University Press, 1930. (Barnett House Papers, No. 13) p. 11.

² Great Britain Ministry of Labour, *Report on National Unemployment Insurance to July, 1923*, 1923, p. 25.

³ W. H. Beveridge, "Unemployment Insurance in the War and After," in Norman Hill and Others, *War and Insurance*, *op. cit.*, p. 233.

find jobs' during the first year after demobilization and all civilian workers, even agricultural workers and private domestic servants, over fifteen years of age. Civilian workers were included in the scheme because many of them who were not insured under the earlier acts would be thrown out of work with the shift from war to peace production. The first benefits were payable on December 5. Men were given 29s. a week and women 25s.; in addition 6s. was allowed for the first child and 3s. for each additional child. Later the basic rates were lowered to 20s. for a man and 15s. for a woman.

Unemployment insurance has often been confused with this emergency out-of-work donation from the Exchequer. In the emergency the plan was hurriedly drawn up, with a minimum of administrative checks, in order that a new and hastily recruited staff might more easily administer it.¹ The general public soon gained the impression that many thousands of men and women with no real title to donation were receiving it without challenge. The Ministry of Labour appointed an investigating committee which reached the general conclusion that "there was no ground for supposing that there had been extensive fraudulent abuse of the scheme."² The committee attributed the widespread impression of misuse to the intentional absence of administrative checks at the outset, which made it comparatively easy to claim donation, even by those who were no longer genuinely seeking employment.³ But more elaborate administrative checks were adopted and these, the committee pointed out, had been introduced on the whole as rapidly as the difficult circumstances permitted.⁴

Since the out-of-work donations were more generous than the unemployment insurance benefits, the latter were largely in abeyance for a time. The out-of-work donations were termed "doles," and the term was, and is, often incorrectly applied to *bona fide* unemployment benefits based on contributions. The out-of-work donation was discontinued for civilians in November, 1919, and for ex-service men in March, 1921.

If the government had anticipated the depression of trade some time before, it might have extended the unemployment insurance scheme much sooner and so have forestalled the necessity of granting out-of-work donations. Contributions from greater numbers of workers could have been collected during the period of prosperity and a more adequate fund accumulated before the collapse.

¹ Great Britain Ministry of Labour, *Minutes of Evidence Taken Before the Committee of Inquiry into the Scheme of Out-of-Work Donation*, 1918, (Cmd. 407) p. 1.

² Great Britain Ministry of Labour, *Report on National Unemployment Insurance to July, 1923*, *op. cit.*, p. 48.

³ Professor Pigou says, "It must be admitted that in the exceptional period of free insurance granted by the British Government after the Armistice of November, 1918, a number of persons obtained unemployment donation, who might, had they wished, have been employed." A. C. Pigou, *Economics of Welfare*, 3rd ed. rev., London: Macmillan and Co., Ltd., 1929, p. 731.

⁴ Great Britain Ministry of Labour, *Final Report of the Committee of Inquiry into the Scheme of Out-of-Work Donation*, 1919, (Cmd. 305) p. 6.

Act of 1920

By 1919 public opinion was more favorable toward a wide extension of unemployment insurance and the National Industrial Conference held in that year recommended a practically universal compulsory insurance scheme for workers sixteen years of age and over. As a result, the Unemployment Insurance Act of 1920 was passed, which brought in industries with small as well as great fluctuations of employment. It "excepted" agriculture, horticulture, private domestic service, employment in other than manual labor at a rate of remuneration exceeding £250 a year, employment as a teacher under stated conditions, and numerous specified employments of a miscellaneous character, such as casual work not for the purpose of the employer's business. It also excepted certain classes of permanent employment (as defined in the act, as amended in 1921), such as employment by a public authority, by a public utility or by a railway, employment in the police force, or any employment carrying rights to a superannuation fund established by an act of Parliament.¹ In addition to these "excepted employments," certain individuals were "exempted" for reasons of a personal nature, such as an independent income in excess of £26 a year; dependence upon another for livelihood, and insured employment subsidiary to the chief employment.² The distinction between "exception" and "exemption" is that in the case of the former neither the employer nor the worker pays a contribution, while in the case of an exempt person the employer contributes to the unemployment insurance fund and the worker does not. "Excepted" workers are outside the insurance acts while "exempted" workers are within the scope of the acts but can obtain a personal certificate of exemption on the grounds stipulated.³

The scheme as extended in 1920 covered about 11,100,000 persons in Great Britain—the vast majority of workers employed in manual labor and nonmanual workers earning less than £250 a year.

Benefits were increased from the seven shilling level under the Act of 1911 to 15s. for men, 12s. for women and half these rates for insured contributors under eighteen.⁴ In addition the waiting period was reduced from six days to three. Benefit might still be drawn for a maximum of fifteen weeks in a year, but in the ratio of one week of benefit to each six

¹ Great Britain Parliament, *Unemployment Insurance Act, 1920, 1920*, (10 & 11 Geo. 5, Ch. 30) pp. 41-42.

² *Ibid.*, p. 2. For a consideration of the administrative arrangements made for dealing with these excepted employments and exempt persons, see Chapter IV.

³ H. C. Emmerson, and E. C. P. Lascelles, *Guide to the Unemployment Insurance Acts*, rev. ed., London: Longmans, Green and Co., 1928, p. 14. For present exceptions and exemptions see *Ibid.*, pp. 7-15; pp. 153-159. It should be noted that persons employed in a seasonal occupation not normally extending over more than 18 weeks in the year, who are not ordinarily employed in any other occupation which would entitle them to be called "employed persons" may, at present, if they wish, claim a certificate of exemption. From January, 1928, when the Widows', Orphans' and Old Age Contributory Pensions Act went into effect, all insurable persons 65 years of age and over are placed in the same position as regards contributions as "exempt" persons, the employer being required to pay into the unemployment insurance fund. They are outside the scope of the insurance scheme and are not counted as insured workers.

⁴ Great Britain Parliament, *Unemployment Insurance Act, 1920, op. cit.*, pp. 42-44.

weeks' contributions, instead of five, as under the Act of 1911. The statutory conditions for benefit and the disqualifications remained substantially the same as under the Act of 1911,¹ but the steps to be taken in appealing against the first decision of the insurance officer were more fully outlined.²

The Act of 1920, while it repealed all previous acts, retained the principles of the original scheme, the most important being the principle of limited liability, under which a definite relation was established between contributions and benefits. The three elements in this relationship in 1920 were: (1) a prerequisite of twelve contributions before eligibility for benefit was established; (2) a limit of fifteen weeks' (later twenty-six weeks') benefit in an insurance year; (3) the restriction of benefits to one week's benefit for every six contributions.

The extended act retained the provision of the earlier legislation that at the age of sixty, workers who had steadily contributed should receive a refund equal to the difference between their five hundred contributions and the benefits paid them, together with compound interest at the rate of 2½ per cent a year. This provision was withdrawn by the (No. 2) Act of 1924³ on account of the increasing expense involved and because, as depression continued, it was felt that the more prosperous should share their good fortune with others.

The Act of 1920 allowed an industry to contract out of the state plan and form a "special scheme," with the provision that benefits would not be less than state benefits. It was stipulated that in such cases no contribution should be made by the state. Only two industries, commercial insurance and banking, managed to make arrangements for "special schemes" before the privilege was suspended in 1921.⁴ "Supplementary" schemes were also permitted. Here it was contemplated that additional contributions might be levied, by joint agreement of employers and employees in any industry, in order to pay supplementary benefits. No supplementary scheme has ever been put into effect.

Emergency Amendments, 1921-1926

By the fall of 1920 unemployment had become acute. At this time most of the workers covered by the Act of 1911 had accumulated enough contributions to see them through long periods of unemployment, but they formed less than a third of the insured. A large proportion of the other two-thirds had been given no opportunity to build up the fund by their contributions because the post-war depression had thrown

¹ Great Britain Parliament, *Unemployment Insurance Act, 1920, op. cit.*, pp. 5-8.

² *Ibid.*, pp. 10-12.

³ For amounts refunded see Table 11, p. 138.

⁴ The privilege of contracting out was abolished altogether by the Act of 1927.

them out of work.¹ Only a minority of workers was entitled to benefit by the formal definition of eligibility, and rigid adherence to the requirements of the act was impossible if the unemployed were to be relieved. Apparently two courses were open to the government: to revive the out-of-work donation scheme which had been discontinued, or to abandon the actuarial basis of contributory insurance and extend benefit beyond the time justified by contributions. The promises made by the government to a generation of workers, many of whom had returned from the war, made it embarrassing to turn the unemployed over to poor relief. Moreover, no government would have dared to retract the decision to care for the able-bodied unemployed by a systematic method which provided relief as a matter of right rather than charity. The Coalition Government, therefore, in March, 1921, decided upon extending the unemployment scheme to meet the emergency. The only agencies with the means of testing genuine unemployment were the employment exchanges, and there were other reasons as well for using them as mediums for dispensing relief on such a large scale.

The government proceeded cautiously, granting at first in March, 1921, sixteen weeks of additional benefit, regardless of the number of qualifying contributions and also of the one-in-six rule, in each of two special periods, the first beginning March 3, 1921, and ending November 2, 1921, while the second began November 3, 1921, and expired July 2, 1922.² This further benefit was allowed only upon the condition that in addition to the usual statutory requirements and qualifications, the insured could prove that he had been employed twenty weeks in an insurable occupation since December 1, 1919; that he was normally in insured employment, and that he was "genuinely seeking whole-time employment but unable to obtain such employment." The recommendation as to whether these special conditions were satisfied might be made by local employment committees.³ In practice, subcommittees, known as rota committees, decided these questions. At the same time, the duration of statutory benefits was increased from fifteen weeks to twenty-six weeks within a year,⁴ and the rate of benefit for men was raised from 15s. to 20s. a week, and for women from 12s. to 16s. a week, while rates for those under eighteen were increased in proportion.⁵

The unemployment situation was so acute that a second amending act followed in July, 1921; it granted another six weeks of additional benefit in each of the two special periods, but on the condition that this further benefit period should be provided only when the Minister of Labour con-

¹ W. H. Beveridge, "Unemployment Insurance in the War and After," in Norman Hill and Others, *War and Insurance*, op. cit., p. 243.

² Great Britain Parliament, *Unemployment Insurance Act, 1921*, 1921, (11 Geo. 5, Ch. 1) pp. 2-4: 6-7.

³ *Ibid.*, pp. 3-4.

⁴ *Ibid.*, p. 4.

⁵ *Ibid.*, p. 1.

sidered it "expedient in the public interest."¹ In the same year, in the exercise of his discretion, the Minister of Labour excluded from benefit, unless undue hardship would result, single persons living with relatives to whom they could look for support, married women and men living with husbands or wives who had employment, and persons working part time, provided that the income in the last three cases was sufficient to justify withholding benefit.² Weekly rates of benefit were reduced to the 15s. and 12s. levels of the Act of 1920, and the waiting period increased from three to six days.³ Under the first amending Act of 1921 and again under the second act of that year, contributions were increased.

Both these acts contained an innovation, namely, permission to the Treasury to make loans to the unemployment fund on which, of course, the Treasury was to charge interest. Under the first Act of 1921, the Treasury was authorized to lend up to a maximum of £10,000,000.⁴ Since then it has been raised several times, until in December, 1930, it was set at £70,000,000.

The third amending Act of 1921 provided benefits to dependents,⁵ thus introducing another new principle, that of benefits in proportion to need rather than in proportion to paid-up contributions.

Subsequent amending acts created additional special periods and provided more and more weeks of additional benefits until the fourth special period of fifty weeks ending October 17, 1923, granted a maximum of forty-four weeks of benefit. The legislation also created "gaps" or weeks when no benefit might be drawn by persons who had already received a stipulated maximum number of weeks' benefit.⁶

During the latter part of 1924 the Labour Government raised the rate of benefit with the obvious intention of keeping able-bodied unemployed from falling back on poor relief to supplement their insufficient allowances, and "gaps" in benefit periods were abolished the same year. The (No. 2) Act of 1924 required for the first time as a condition for benefit the payment of thirty contributions in the two insurance years immediately preceding the benefit year in which the claim was made. As the sudden imposition of this provision would have caused hardship to many, the Minister of Labour was empowered to waive the condition up to October 1, 1925, in such cases as he thought best.⁷ This act also provided that between August 1, 1924, and June 30, 1926, those who fulfilled the

¹ Great Britain Parliament, *Unemployment Insurance (No. 2) Act, 1921*, 1921, (11 & 12 Geo. 5, Ch. 15), p. 2.

² Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report, op. cit.*, Vol. 1, p. 17.

³ Great Britain Parliament, *Unemployment Insurance (No. 2) Act, 1921, op. cit.*, pp. 1, 3.

⁴ Great Britain Parliament, *Unemployment Insurance Act, 1921, op. cit.*, p. 4.

⁵ Great Britain Parliament, *Unemployed Workers' Dependents (Temporary Provision) Act, 1921*, 1921, (11 & 12 Geo. 5, Ch. 62) 8 pp.

⁶ Great Britain Ministry of Labour, *Report on National Unemployment Insurance to July, 1923, op. cit.*, pp. 102-103.

⁷ Great Britain Parliament, *Unemployment Insurance (No. 2) Act, 1924*, 1924, (14 & 15 Geo. 5, Ch. 30) pp. 4-5. This provision has never been enforced.

statutory conditions and had accumulated twenty contributions in the insurance year preceding the benefit year¹ in which application was made, might draw benefit in the proportion of one week's benefit for each six weeks' contributions, but not to exceed twenty-six weeks in a benefit year. For those who fulfilled the statutory conditions, but lacked the necessary prerequisite contributions or had exhausted their right to benefit, this act entitled the applicant to extended benefit during the remainder of the benefit year as a right, and no longer subject to the discretion of the Minister of Labour.² In this way, single men and women residing with their parents (with the qualification of income limit), married women with husbands in employment, married men with wives in employment, persons working short time, and others who had previously been excluded from extended benefit by the Minister of Labour's exercise of discretionary power in 1921, were again made eligible for such benefit by the Labour Government in 1924. With a change in government, the succeeding Conservatives soon abolished this newly established statutory right to extended benefit and restored the discretionary power of the Minister of Labour.³ Accordingly, these classes of beneficiaries were once more denied the right to extended benefit. By a later amending act, the limited period during which restricted benefit was provided by (No. 2) Act of 1924 was extended to December 31, 1927.⁴

The (No. 2) Act of 1924, in looking ahead to the period when benefits would no longer be restricted in accordance with its provisions, made an innovation which anticipated the later development of benefit under the Act of 1927. It gave, after June 30, 1926, to those who qualified under the thirty contribution provision, an unlimited right to benefit, abolishing the former limitation of benefits in proportion to paid-up contributions and to a maximum of twenty-six weeks in a year.⁵ This provision never came into operation because the amending act, mentioned above, extended the period in which the restricted benefits were to be effective.

By the (No. 2) Act of 1924, applicants for standard benefit had to prove for the first time that they were "genuinely seeking work but unable to obtain suitable employment"⁶—a requirement which later proved difficult to determine and in practice resulted in flexible handling. It was finally repealed by the Act of 1930. Other acts modified the amounts of contributions and benefits, changed the classes of persons

¹An insurance year is from July to July. A benefit year under the 1924 (No. 2) Act was the period of twelve months from the date of making claim to benefit.

²Great Britain Parliament, *Unemployment Insurance (No. 2) Act, 1924*, *op. cit.*, pp. 1-2.

³Great Britain Parliament, *Unemployment Insurance Act, 1925*, 1925, (15 & 16 Geo. 5, Ch. 69), p. 1.

⁴Great Britain Parliament, *Unemployment Insurance Act, 1926*, 1926, (16 & 17 Geo. 5, Ch. 12), p. 2.

⁵Great Britain Parliament, *Unemployment Insurance (No. 2) Act, 1924*, *op. cit.*, pp. 1, 4, 16.

⁶*Ibid.*, p. 4. See p. 51 for difference between standard and extended benefit.

considered "dependents," and made various other alterations, but the plan was not thoroughly revised until 1927.

From 1920 to 1927 there were, then, two kinds of benefit, first, "standard," which was payable on the basis of contributions, and second, "uncovenanted" or "extended," which had little relation to contributions. The latter was paid usually to persons who, though insured, had not accumulated the stipulated preliminary payments to qualify for benefit or had exhausted their right to benefit through long-continued unemployment. Even though extended benefit was granted by discretionary power of the Minister of Labour and therefore not technically a statutory right, it came to be considered as much a right as was standard benefit.¹

The enactment between 1920 and 1927 of twelve amending acts, relating chiefly to extended benefit, indicates the pre-eminence given this question of handling a long-continued "emergency." An authority has stated, "Most of the claims [from 1920 to 1928] were to uncovenanted (extended) rather than to covenanted (standard) benefit, and although the actual amounts paid out in the two kinds of benefits have never been shown separately, it is safe to say that the largest drain on the fund was due to uncovenanted benefit."²

From 1924 until the present time, although extended benefit has been much criticized and urgent pleas have been entered to require any claimant to have paid at least thirty contributions in the two preceding insurance years (July to July), each act has established transitional periods before the thirty-contribution rule should come into operation and so has postponed radical revision. For all practical purposes, extended benefit continues under the new name of "transitional" provisions. In April, 1929, there was a further extension of the transitional period to April, 1930, and the Act of 1930 again extended these transitional provisions for still another year.³ Thousands of people who have exhausted their right to benefit on the basis of contributions paid in are benefiting by these successive postponements.⁴ The investigator carries away the impression that district administrators have used measuring sticks for gauging the time limit of benefit, which have varied with their philosophies and viewpoints, and with the seriousness of local unemployment.

As a result of abnormal conditions and the provision of extended benefit, the Act of 1920, providing for a definite relation between contributions and benefits, has never been given a chance to prove its workability.

¹ R. C. Davison, *The Unemployed*, *op. cit.*, p. 118.

² *Ibid.*, p. 106. See also Table 13, p. 142.

³ The transitional arrangement, which applies to people eighteen years of age and over, provides for the payment of eight contributions during the two years immediately preceding application for benefit or not less than thirty contributions in all, paid at any time. Applicants must also show that they have normally been engaged in insured employment and that they have had a reasonable amount of insurable employment within the previous two years. In 1931 the transitional period was extended six months.

⁴ Winston Churchill, in Parliament on April 4, 1930, spoke of these people as being "quartered" on the genuinely insured.

Blanesburgh Committee

The question of extended (before 1924 known as "uncovenanted") benefit has been one of the most confusing and controversial issues of British unemployment insurance. The Trades Union Congress expresses the view that benefit should be payable during the entire period of a person's unemployment, irrespective of the relation of this period to his contributions.¹ The Confederation of Employers' Organizations, on the other hand, holds that benefits should never exceed a fixed relation to the beneficiary's contributions.²

This was one of the questions considered by the Blanesburgh Committee appointed by the Minister of Labour in November, 1925, "to consider, in the light of experience gained in the working of the Unemployment Insurance Scheme, what changes in the scheme, if any, ought to be made." The committee included representatives of employers, trade unions, local employment committees, the general public, and a recognized authority on the poor law. During hearings extending from December 14, 1925, to October 4, 1926, it considered suggestions, viewpoints, and recommendations reflecting every shade of opinion throughout the country. Representatives of employers' organizations, trade unions, associations of poor law authorities, boards of guardians, charity organizations, parish councils, employment exchanges, courts of referees, local employment committees, and many other organizations testified. The committee's recommendations had great weight with the government.

On the question of extended benefit the unanimous recommendation of the committee was a middle course between the position of the Trades Union Congress and that of the Confederation of Employers' Organizations. The committee recommended that there should be but one kind of benefit and that extended benefit as such should disappear.³ This meant uniform conditions for receipt of all benefit, the abolition of the discretionary power of the Minister of Labour and of the rota committees which had previously passed upon the special qualifications for extended benefit. Moreover, they advised that in the future this one form of benefit should abandon the limitation of payments to twenty-six weeks and in the proportion of one week's benefit to each six weeks' contributions—a principle which had existed since the first Act of 1911.⁴ In recommending this radical change, the committee pointed out that the effect of these restrictions in years of bad trade had been to exclude from benefit many genuinely unemployed persons. Their aim was that the unemployment insurance act should cover the "great bulk of genuine unem-

¹ Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report, op. cit.*, Vol. 2, p. 171.

² *Ibid.*, p. 72.

³ Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report, op. cit.*, Vol. 1, p. 38.

⁴ *Ibid.*, pp. 49-51.

ployment." To prevent the insurance from degenerating into a dole, they considered that benefits might be limited to insured contributors by the existing requirement that beneficiaries must be genuinely seeking work.¹ Where the insured had drawn benefit for long periods, the committee recommended a periodic review by the courts of referees, particularly to inquire into the genuineness of their search for work.² In view of this extension of statutory benefit, the committee thought that there should no longer be an unlimited right on the part of the claimant to seek work in his own trade. Accordingly, they recommended that if after a "reasonable period of unemployment there is no prospect within a reasonable time of his obtaining re-employment in his own trade with sufficient regularity, he will be expected to seek suitable employment in some other trade."³

These and other recommendations were embodied in the Unemployment Insurance Act of 1927 which received the Royal Assent on December 22, 1927, and came into force, with certain exceptions, on April 19, 1928.

Act of 1927

Scope.—All workers between the ages of sixteen and sixty-four, covered by preceding acts, were included by this law; the Contributory Pensions Act of 1925 came into effect in January, 1928, and removed the group sixty-five years of age and over from unemployment insurance.

Eligibility.—The most important provision was that abolishing extended benefit; this provision made all benefit standard or payable as of right, based on paid contributions where requisite conditions are satisfied, and, as Beveridge protests, "practically without limit of time" in effect. In addition, it completely abandoned the condition of one week's benefit for every six contributions, which, as a matter of fact, had lost all significance when extended benefit was made a valid part of the scheme. The Act of 1927 provided that eligibility for benefit should depend on the payment of thirty contributions during the two years prior to the claim, fulfillment of this condition to be verified quarterly and no discretionary power to be permitted to the Minister of Labour. Relaxations were made in cases of sickness and certain ex-service men. The requirement of thirty contributions in the last two years works hardship on the man who, for example, has paid in contributions for years and then at the age of forty or fifty loses his job and on account of his age finds it difficult to get another. On the other hand, a man who works only one day a week "regularly" can always show his thirty weekly contributions and qualify indefinitely for benefit. In short, the formerly steady worker is penalized while benefit is made "easy pickings" for the casual. The

¹ Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report, op. cit.*, Vol. 1, p. 41.

² *Ibid.*, pp. 45-46.

³ *Ibid.*, p. 49.

1927 requirement actually encourages workers, such as dock laborers, to be content with one or two days of work a week and it removes from the employer a certain degree of pressure toward stabilization. Moreover, it is possible that some claimants are able to satisfy the rule concerning the payment of thirty contributions in two years, whose claims would have been rejected under the old conditions for extended benefit.

A transitional period was allowed for persons who could not satisfy the thirty-contribution requirement. But in lieu of the thirty contributions within two years, such persons had to prove that they had paid either eight contributions in the last two years or thirty contributions during any period; that they were normally in insured employment, and that during the two years preceding the claim they had been employed in an insurable employment "to such an extent as was reasonable." These transitional provisions allowed unusually easy conditions, as no classes were denied benefit by discretion of the Minister of Labour as before, and all benefit became a right. Originally applicable only to April, 1929, they were extended to April, 1930, and again to April, 1931.

Another important provision of the 1927 act introduced modification in the trade dispute disqualification, in addition to that made under the (No. 2) Act of 1924. The net effect of the two amendments was that persons not themselves "participating in, financing or directly interested in a trade dispute" and who did not belong to a grade or class of workers thus directly interested in the dispute at the premises, were not disqualified from benefit as the result of a dispute. The relief from disqualification, granted by the (No. 2) Act of 1924 where an employer had violated a trade agreement, was withdrawn.¹

Among the conditions for the receipt of benefit in the earlier acts which remained virtually unchanged were those requiring that an applicant should be "genuinely seeking work but unable to find suitable employment." As the Balfour Committee said, "'Suitability' is in the main determined by reference to the man's habitual employment, earnings and place of residence."² Previous to the passage of the Act of 1927 an insured man eligible for standard benefit in many instances refused employment in occupations other than his own and continued to draw unemployment benefit on the ground that he was unable to find work in other occupations which furnished comparable or better conditions than those under which he had worked. In practice an applicant for standard benefit had been allowed some time in which to try to obtain "suitable" employment, that is, broadly speaking, employment in his usual occupation. But those on extended benefit had to accept any work they were capable of

¹ Great Britain Parliament, *Unemployment Insurance (No. 2) Act, 1927*, *op. cit.*, p. 5; Great Britain Parliament, *Unemployment Insurance Act, 1927, 1927*, (17 & 18 Geo. 5, Ch. 30), p. 5.

² Great Britain Board of Trade—Committee on Industry and Trade (Arthur Balfour, Chairman), *Final Report*, *op. cit.*, p. 131.

performing, with reasonably fair terms and conditions, or else forfeit benefit. The Act of 1927 made it statutory that a claimant, after a reasonable lapse of time, should undertake employment other than in his accustomed occupation, provided the usual conditions were observed.¹

Continuity Rule.—Benefit was made payable only for cases of continuous unemployment. The insurance acts, however, have adopted an artificial definition of continuous unemployment in order to meet the case of those who normally are employed for only short periods at a time and who otherwise would seldom qualify for benefit because no benefit is paid for the first six days of unemployment which constitute the waiting period. Under the definition in the unemployment insurance acts a man is considered as continuously unemployed if he has been out of work three out of six consecutive days. Moreover, these three days may be linked up with any other such period of continuous unemployment which may have occurred within ten weeks and the two together be considered a spell of continuous unemployment.² The result is that in connection with the second period of unemployment the worker does not have to undergo the waiting period of six days.

Rates of Benefit.—The Blanesburgh Committee, after due examination of various points of view, concluded that it was necessary to adhere to the principle of flat rates of benefit for different age and sex groups, but recommended that a further breakdown in age groups be made to reflect in some degree variations in wage rates. The Act of 1927 followed their recommendation and created new classes of insured persons (between the ages of eighteen and twenty-one) with special rates of contribution and benefit. In this change there is evidence of a departure from the "flat rate" idea in the new schedule, although different rates are based on ages instead of on earnings. The fact that the former benefits of young men and women approximated too closely to their wages and were consequently regarded as a temptation to malingering was one reason for creating new classes of beneficiaries.

The Act of 1927 established the following rates of weekly benefits: ³

Men, 21 to 65 years	17s.
Women, 21 to 65 years	15s.
Young men, 20 years	14s.
Young women, 20 years	12s.
Young men, 19 years	12s.
Young women, 19 years	10s.
Young men, 18 years	10s.
Young women, 18 years	8s.
Boys, 16 to 17 years	6s.
Girls, 16 to 17 years	5s.

¹ Great Britain Ministry of Labour, *Summary of Unemployment Insurance Acts, 1920-1927, 1928*, (Cmd. 3035) p. 9. See Appendix IV, p. 453 ff.

² Great Britain Parliament, *Unemployment Insurance Act, 1923*, *op. cit.*, p. 4; amended by Great Britain Parliament, *Unemployment Insurance (No. 2) Act, 1924*, *op. cit.*, p. 19; and by Great Britain Parliament, *Unemployment Insurance Act, 1927*, *op. cit.*, p. 6.

³ Great Britain Parliament, *Unemployment Insurance Act, 1927*, *op. cit.*, p. 14.

In addition, a weekly benefit of 7s. was payable in respect of one adult dependent, for example, wife or husband, and 2s. in respect of each dependent child,¹ as defined in the acts. Young persons aged eighteen to twenty received full adult rates if they were entitled to dependent's benefit; but in case they were not so entitled their benefits were as stated in the above table. Benefit was not paid to persons of sixty-five and over, although if they remained at work, it was necessary for their employers to continue contributions.

Rates of Contribution.—Age groups were established, in the matter of weekly contributions, as follows:

Employed Persons	Contributions from—			
	Employers	Employed Persons	Exchequer	Total
Men, 21 to 65.....	8 d.	7 d.	6 d.	21 d.
Women, 21 to 65.....	7 d.	6 d.	4½d.	17½d.
Young men, 18, 19, 20.....	7 d.	6 d.	5¼d.	18¼d.
Young women, 18, 19, 20....	6 d.	5 d.	3¾d.	14¾d.
Boys, 16 and 17.....	4 d.	3½d.	3 d.	10½d.
Girls, 16 and 17.....	3½d.	3 d.	2¼d.	8¾d.

Dependents.—In April, 1928, by provision of the Act of 1927 additional classes of dependents became eligible: the applicant's widowed stepmother, the applicant's mother who had never married, and the applicant's mother whose husband had been permanently disabled.²

Other Provisions.—Other provisions were included in this act, such as those relating to training of young people, to beneficiaries engaged in subsidiary employment, to associations of workpeople, the abolition of rota committees and of the right to contract out to form special schemes for individual industries.³ Another change which carried an important principle was that requiring the courts of referees to review, as a matter of routine, all cases in which benefit had been drawn for thirteen weeks in a period of not more than six months.

Act of 1929

Soon after the return to office of the Labour Government in 1929, the Exchequer's share in the total contribution was raised from the level of the 1927 act—that is, from two-fifths of the combined contribution of employer and employee to one-half of the combined employer and employee contribution.⁴ In the case of adult male contributors, this increase

¹ Great Britain Parliament, *Unemployment Insurance Act, 1927, op. cit.*, p. 3.

² *Ibid.*, p. 3.

³ This right had been merely suspended in 1921. See p. 47.

⁴ Great Britain Parliament, *Unemployment Insurance Act, 1929, 1929*, (19 Geo. 5, Ch. 19), p. 1.

means that where the Exchequer had previously contributed 6*d.* for every combined contribution of 7*d.* from the employee and 8*d.* from the employer, in 1930 it contributed 7½*d.* for each such combined contribution.

Act of 1930

Dissatisfaction, particularly in labor circles, with the administration of unemployment insurance and with the steps taken to ascertain whether applicants were genuinely seeking work, prompted Margaret Bondfield, Minister of Labour, to appoint, in the summer of 1929, a committee to inquire into the procedure and the nature of the evidence required in the determination of claims for benefit.¹ The recommendations of this committee are embodied in some of the changes in the amending Act of 1930.

In line with the recommendation of the majority, that it was not possible to prescribe the nature of the evidence required to prove a genuine search for work and that the test should be the definite refusal of suitable employment, the Act of 1930 repealed the previous statutory condition of "genuinely seeking work."² In its stead, the act places the onus of proving that the worker is disqualified upon the officers of the Ministry of Labour. They must prove that after a suitable vacancy had been notified to the applicant he refused or failed to apply for it or refused to take it when offered, or that the applicant refused or failed to carry out the written instructions of officials of the Ministry of Labour, given to assist him in his search for employment. As in the case of the previous disqualification, the new act disqualifies for a limited period of six weeks.³ This repeal of the "genuinely seeking work" clause, while it aroused widespread opposition, is in fact but a return to the earlier conditions for statutory benefit which prevailed prior to 1921. The first Act of 1921 introduced this clause as a qualification for extended benefit and it was not until the (No. 2) Act of 1924 that it was applied to standard benefit also.

In line with the abolition of the genuinely seeking work clause is the change made by the 1930 act in the conditions for benefit of those who do not have the requisite thirty contributions. The applicants who come under these transitional provisions no longer have to prove that during the last two years they have been in insured employment a reasonable length of time.⁴ In order that the labor exchanges may have knowledge of a larger proportion of the vacancies, the act provides for special arrangements between the Minister of Labour, employers, and associations of employers and employees, with the purpose of arranging, so far as practicable, for notification of all vacancies by employers.⁵

¹The recommendations of this committee are discussed in connection with administration in Chapter IX and with benefits in Chapter X.

²Great Britain Parliament, *Unemployment Insurance Act, 1930*, 1930, (20 Geo. 5, Ch. 16), p. 5.

³*Ibid.*, p. 4.

⁴*Ibid.*, p. 12.

⁵*Ibid.*, p. 5.

Following the majority recommendation of the Committee on Procedure and Evidence (the so-called Morris Committee), the act also alters the procedure in the determination of claims for benefit. Under the terms of the 1930 act, the local insurance officer has authority to allow any claim of which he has no doubt, as in the past. He refers those cases in which there is some question as to the fulfillment of statutory conditions to the local court of referees, instead of to the chief insurance officer as formerly, except claims involving a disqualification due to a trade dispute. As before, the local insurance officer refers cases involving disqualification because of a trade dispute to the chief insurance officer, for the sake of obtaining uniform interpretation. When such claims are disallowed, the applicant may appeal, as before, to the local court of referees. Appeal from the decision of the court of referees to the umpire appointed by the Crown, may be made much as in the past, that is, by an insurance officer, by the association of which the applicant is a member, and—with the permission of the court—by the applicant himself. In addition the new act provides that an individual claimant may appeal if the decision of the court has not been unanimous. The decision of the umpire is final, as in previous legislation. The new act also provides that where the decision of the insurance officer or court of referees has been favorable, but where an appeal is pending, benefit shall be paid until the claim is definitely disallowed and that the money thus received in benefit shall not be recoverable.² An exception is made when the appeal is taken on the ground that benefit ought to be disallowed because of unemployment due to a trade dispute. These were changes in detail, all tending to give the applicant the benefit of the doubt.

At all times, eligibility has been subject to many conditions. The principal grounds for disallowing benefits to insured workers under the unemployment insurance acts, 1920-1930, may be summed up briefly as:

1. Disqualifications for benefit applicable to all workers:

Not continuously unemployed (including period covered by wages in lieu of notice);

In subsidiary employment earning more than an average of 3s. 4d. a day (i.e., at the rate of £1 per week);

Refused suitable employment;

Not available for work;

Not capable of work;

Employment lost through misconduct;

Employment left voluntarily without just cause;

Trade dispute;

An inmate of a public institution;

Other minor reasons.

² Great Britain Parliament, *Unemployment Insurance Act, 1930, op. cit.*, pp. 6, 7.

2. Additional disqualifications applicable to adult workers who have paid less than 30 contributions in previous two years under the "transitional provisions":

Has not paid 8 contributions in previous two years or 30 at any time;

Not normally in insurable employment.

Thus, the conditions "not genuinely seeking work" and "not a reasonable period of insurable employment during the past two years" vanished with the passing of the 1930 act.

It was originally estimated that the abolition of the genuinely seeking work requirement, of a reasonable period of employment in an insured trade in the case of those who did not have thirty previous contributions, and the change in the procedure in the determination of claims and the payment of benefit while an appeal was pending, would cost between £5,250,000 and £6,000,000 a year.¹ The extra cost to the Treasury of changed benefit conditions in relation to transitional cases was estimated at about £3,400,000.

Contributions of workers and employers, as established by the Act of 1927, and of the government as established by the Act of 1929, remained unchanged, but weekly rates of benefit for young men and women seventeen, eighteen and nineteen years of age were increased as follows:

Age	Males				Females			
	Former Rate		1930 Rate		Former Rate		1930 Rate	
	s.	d.	s.	d.	s.	d.	s.	d.
17	6	0	9	0	5	0	7	6
18	10	0	14	0	8	0	12	0
19	12	0	14	0	10	0	12	0

Other sections of the 1930 act affect minors. Under its provisions, the minimum age for entry into unemployment insurance is to be the same as the school-leaving age, dating from the time when the school-leaving age is raised to not less than fifteen years of age. Benefits for the fifteen-year-olds are to be at the rate applicable to the sixteen-year-old boys and girls.² The novel provision is also made that boys and girls who

¹ Great Britain Minister of Labour, *Unemployment Insurance Bill, 1929; Report by the Government Actuary on the Financial Provisions of the Bill, 1929*, (Cmd. 3437) p. 6; Great Britain Parliament, *Unemployment Insurance (No. 2) Bill, 1929; Memorandum on the Financial Effect of Certain Amendments, 1929*, (Cmd. 3453) p. 8.

² Great Britain Parliament, *Unemployment Insurance Act, 1930, op. cit.*, p. 15.

attend school after having reached the school-leaving age but who are under sixteen, shall be credited with insurance contributions, one week's contribution for each two weeks of school attendance, up to a maximum of twenty contributions. These contributions, which are to be paid by the state, may not be used in claiming benefit after the age of eighteen.¹ The provision makes it possible for young people to show only ten weeks' work and ten ordinary contributions in order to qualify for benefit after entering insured employment.

The inclusion of boys and girls of fifteen, it was estimated, would increase the resources of the fund by £500,000 a year, while the increase in the rates of benefits for those seventeen, eighteen and nineteen years of age would add another £370,000 to the annual expenditure for benefits.²

With regard to the rates for adults, the only changes were those in the benefits for dependents. The weekly amount allowed for an adult dependent was raised from 7s. to 9s., while under the terms of the act certain new classes of persons were included as dependents. As they stand today, the rates of benefits for adults are, for men 17s., and for women 15s. a week.

Those who have failed to satisfy the thirty contribution rule have benefit extended to them until April, 1931, and without having to prove that they have had a reasonable period of insured employment within the previous two years. The sums with which to defray this extension of the so-called transitional provisions are to come directly from the Exchequer,³ the amount involved being estimated at about £10,500,000 for the first year.⁴

The net financial effect of the changes made by the Act of 1930 is to increase by "some £8,000,000 odd"⁵ the permanent liabilities of the unemployment fund by reason of alterations in rates and conditions of benefit relating to workers who satisfy the thirty contribution rule but who, by previous acts, were disqualified on account of "not genuinely seeking work," "not in insurable employment" and for other reasons. The Unemployment Insurance Act of 1929, in July of that year, increased the Exchequer contribution to the proportion recommended by the Blanesburgh Committee, namely, one-half of the combined contributions of employers and employees. This, it was estimated, would increase the annual income of the unemployment fund by £3,500,000.⁶ For the year 1930, its income

¹ Great Britain Parliament, *Unemployment Insurance Act, 1930*, *op. cit.*, pp. 9-10.

² Great Britain Ministry of Labour, *Unemployment Insurance Bill, 1929; Report by the Government Actuary . . . op. cit.*, p. 4.

³ Great Britain Parliament, *Unemployment Insurance Act, 1930*, *op. cit.*, pp. 11-12.

⁴ Great Britain Ministry of Labour, *Unemployment Insurance Bill, 1929; Report by the Government Actuary . . . op. cit.*, p. 6; Great Britain Ministry of Labour, *Unemployment Insurance (No. 2) Bill, 1929; Memorandum on the Financial Effect of Certain Amendments*, *op. cit.*, pp. 3-4.

⁵ *Ibid.*

⁶ Great Britain Ministry of Labour, *Unemployment Insurance; Memorandum on Financial Resolutions, 1929*, (Cmd. 3354) p. 2.

was further increased by the Treasury appropriation of £10,500,000 which, as already noted, was to be used for paying benefits to those who did not satisfy the thirty contribution rule. The Minister of Labour stated in the House of Commons on December 12, 1929, that for the future, if this additional income from the Treasury should prove a workable method, she might come back another year to seek its extension.

The House of Lords, predominantly Conservative, objected strenuously to the Labour Government's Act of 1930, especially to the omission of the clause relating to "genuinely seeking work." They sent it back to the House of Commons demanding that the bill, if enacted, be in force for only a year. The government refused to agree, and a compromise was reached that the time limit of the act be three years, thus necessitating a review in June, 1933. The act came into force in March, 1930. Later, (No. 2) Act of 1930 was passed, increasing the borrowing power of the unemployment insurance fund to £50,000,000, and late in 1930 it was raised to £70,000,000.

Summary

There have been constant modifications of the unemployment insurance legislation with the purpose of making the instrument fit the need, from the passage of the first act in 1911 until the adoption of the most recent one in 1930. Over twenty acts have been passed, including the Act of 1930, not to mention numerous rules and regulations (Table A, page 471). Modifications have been due as a rule to budget exigencies and economic conditions, although political expediency has also played a part. One critic has said that the "vast accretions to the original scheme must be regarded, not as developments of a logical plan, but as arbitrary improvisations to meet the economic emergency with which the country was faced. The patchwork system was characteristic of English methods and escaped serious criticism mainly because no responsible persons had anything better to propose."¹

The unemployment insurance act passed in 1911 was a tri-partite contributory scheme. It was compulsory for all workers over sixteen years of age in a number of specified trades in which the unemployment risk was heavy. The original coverage of workers under this act included about 2,500,000 persons and allowed 7s. a week for both men and women for a maximum of fifteen weeks in any twelve month period, but not to exceed the ratio of one week's benefit to every five contributions. The fund was maintained by weekly contributions of 5d., made up in equal shares by employer and employee, and an additional 1½d. from the state. Provision was made that contributors who had paid contributions for not less than five hundred weeks and at the age of sixty had received

¹ R. C. Davison, *The Unemployed*, op. cit., p. 106.

less in benefits than they had contributed would be paid the difference with interest at $2\frac{1}{2}$ per cent. Annual refunds were also to be made to employers for each worker who was kept in steady employment throughout the year. Both these provisions were repealed in 1920. Trade unions and other associations already operating or contemplating out-of-work benefit plans were encouraged to maintain them, provided they paid benefits out of their own treasuries to those of their members insured under the state act, in addition to the full state benefits, for which payments they were reimbursed from the unemployment insurance fund up to three-fourths of the total amount paid.

The prospect of the release of large numbers of service men and civilians from war work caused the widening of the insurance plan in 1916 to include workers in the munitions and allied industries; another 1,250,000 persons were thus added to the number of insured. This extension proved insufficient after the armistice was declared, and an out-of-work donation fund was created as an emergency measure, but was discontinued for civilians in November, 1919, and for ex-service men in 1921. Because of the greater liberality of the provisions of this emergency measure, relief applicants preferred benefits from this fund to benefits obtainable under the insurance act.

In 1920, social pressure caused further amendment of the insurance plan to include the vast majority of workers employed in manual labor, except those in agriculture and domestic service, and nonmanual workers earning less than £250 a year; the total coverage under this act embraced about 11,100,000 persons. The new act increased the rates to 15s. for men, 12s. for women, and one-half those amounts for boys and girls under eighteen. The waiting period was cut to three days, and the ratio of payments to contributions was set at one week's benefit for each six weeks' contributions. Under this act, industries were authorized to "contract out" of the national insurance plan by establishing insurance plans of their own and paying benefits at no less a rate than the state.

Within a few months after the passage of the 1920 act, unemployment became acute and emergency amendments were passed which relaxed many of the previous requirements for the receipt of benefit. Benefits were payable for twenty-six instead of fifteen weeks and the rates were raised $33\frac{1}{3}$ per cent. Unemployment remained severe, and in the years from 1920 to 1927 twelve amending acts were passed. Most of them dealt with the problem of the workers who had exhausted their right to statutory benefits or had not made enough contributions to come under the scheme. Payments to this group were known as uncovenanted or extended benefit, now covered by "transitional" provisions. The insurance principle was abandoned with the adoption of these emergency regulations.

So great was the drain on the fund during this period that it was authorized, through several successive amendments, to borrow large sums from the Exchequer; the borrowing limit in December, 1930, was set at £70,000,000.

The Labour Government in 1924 enacted the restriction of putting the burden of proof that they were "genuinely seeking work" upon the applicants. This restriction proved unsatisfactory and was repealed in 1930, the onus of proof being put on the employment exchanges.

The Act of 1927 abolished "extended benefits," making all benefits standard "practically without limit of time." The rule of limitation in proportion to contributions paid was canceled and the new requirement of thirty contributions during the two years preceding unemployment was interpreted so as to make it ineffective in practice. Benefits were fixed at 17s. for adult men and 15s. for adult women, with smaller amounts, graded by age and sex, for those under twenty-one. Maximum contributions were raised to 8d. for employers, 7d. for employees, and to 6d. for the Exchequer.

With the return of the Labour Government to power in 1929, the government's weekly share of contribution was raised from two-fifths of the joint contribution of employer and employee to one-half, or 7½d. per week for every 15d. contributed by them.

The act passed in 1930 further liberalized the provisions of the plan; changes in procedure and proof of eligibility all gave the applicant for relief the benefit of the doubt. The former requirements of "genuinely seeking work" and "a reasonable period of insurable employment during the past two years" which, it was demonstrated, made it difficult for many entitled to relief to receive it, were swept away. Benefit rates for adult dependents were raised. The net financial effect of the changes made by this act was to raise the permanent liabilities of the insurance fund by some £8,000,000.

CHAPTER IV

WORKERS EXCEPTED OR EXEMPTED FROM THE STATE SCHEME

Some public utilities, including gas, water, tramway, and similar concerns, were permitted by the Act of 1920 to except specific groups of workers from the national scheme.¹ There were 524,161 exceptions, 415,834 of whom were railway workers, as of July, 1926, and since that time no statistics have been obtained. Excepting workers from the state scheme is obviously inconsistent with the idea of general spread of risk, but it was frankly a concession, a characteristic British gesture to indicate not too great rigidity.

Workers must have paid three years' contributions to the state unemployment insurance fund and be classed by their employers as "permanent" workers in order that they and their employers be "excepted" and therefore excused from paying contributions. The Ministry of Labour requires that a certain margin (about 20 per cent) of state insured persons shall be maintained in any organization asking for certificates of exception. The object of this margin is to provide for shrinkage in numbers, as it is taken for granted that the nonpermanents, protected by the state insurance scheme, will be laid off if a reduction of the working force becomes necessary. The right to except workers has been withdrawn in some cases when the Ministry had proof of carelessness in releasing so-called permanent workers. In a circular issued by the Ministry of Labour in April, 1928, it is pointed out that a certificate of exception is granted only "on the understanding that the employees covered by it will not become unemployed" and that if an employer does not wish to lose his right to a certificate it will be to his interest to make "adequate provision to meet all known risks of dismissal of excepted employees" as well as adequate provision to meet any reasonable reduction of staff which may become necessary. This amounts to a recommendation that employers of "excepted" workers should set aside a sum to provide for dismissal bonuses in case it is necessary to discharge employees unprotected by state insurance.

In another circular relating to excepted workers, issued by the Ministry of Labour in December, 1928, a significant statement is made relat-

¹This chapter discusses only classes "excepted" from compulsory unemployment insurance which require certificates from the Ministry of Labour. See p. 46.

ing to discharge or suspension without wages, which indicates the need of such warning. It urges that there be a "careful consideration of each individual case" and that employees have the right to appeal against dismissal before dismissal takes effect, where the power of dismissal is not vested solely in the employing body or an appropriate committee thereof.

The experience of the railway employees, the largest group of excepted workers, is worth noting. That there has been a gradual shrinkage in the total number of such workers during the past few years is evident from the following figures: ¹

Year	Number Employed on Railways
1925.....	702,062
1926.....	689,264
1927.....	683,077
1928.....	677,148

This decrease was due mainly to economies and reorganization following the amalgamation of the many companies into four railway systems.

In July, 1928, the estimated number of insured persons employed on railways was 140,350 and on December 17, 1928, the number wholly and temporarily unemployed was 11,099, or 7.9 per cent of the insured. The secretary of the National Union of Railwaymen a few months later stated that "the figure among noninsured employees would be slightly less," ² which would indicate that when shrinkage becomes necessary the noninsured as well as the insured have to go, though not to such a great extent. This furnishes an argument to those who object to the inconsistency of a powerful trade union's not adhering to the "general sharing of risk" idea supported by the Labour Party. The secretary of the union reports that members excepted from the state insurance are quite willing to remain outside it. "In fact," he says, "our difficulty has been to persuade our men to allow even the small number of men to be insured who are already included in the state scheme." The Ministry of Labour had to refuse the requests of large numbers of railway workers to be included in the excepted class when amalgamation of railways was proceeding. These workers thought they would not be "sacked," as they expressed it, if they could be regarded as "permanents."

The Blanesburgh Committee, acknowledging the inconsistency in excepting railway workers from the general scheme, said, "We acquiesce in the retention of the *status quo* for the present, but, should immunity from unemployment which is claimed become less obvious in the future, we think that this question should be reconsidered." ³

¹ Letter from secretary of National Union of Railwaymen to Industrial Relations Counselors, Inc., February 15, 1929. As these figures cover all classes of railway employees, including those who could not be insurable in any case, they show only roughly the possible shrinkage among the insurable workers.

² *Ibid.*

³ Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report, op. cit.*, Vol. 1, p. 57.

The certificates of exception granted as of December 31, 1929, and the number of employees covered by certificates as of July 5, 1926, were as follows: ¹

Class of Employment	Number of Authorities, 1929 ^a	Employees Covered, 1926 ^b
Government departments.....	54	..... ^c
Local authorities.....	1,221	89,089
Poor law authorities in England and Wales....	575	5,820
Asylum authorities.....	85	6,613
Railway companies.....	36	415,834 ^d
Other public utility companies.....	189	6,474
Employment with statutory superannuation rights (other than any cases included above)	14	331
Total.....	2,174	524,161

^a Great Britain Ministry of Labour, *Report for the Year, 1929, op. cit.*, p. 70.

^b Great Britain Ministry of Labour, *Report for the Year 1927, op. cit.*, p. 39.

^c No statistics readily available, as certificates have been issued to government departments only as from April 19, 1928.

^d On March 27, 1926.

Exemptions are quite different from exceptions. In the case of exemption, a person who is in insurable employment may claim exemption from contributing to the state fund, but the employer continues to pay in his behalf. This is to guard against the possible preferment of exempt workers in employment.² Exemptions may be granted to persons who have a pension or independent income of at least £26 a year; those who ordinarily depend for their livelihood on someone else; those who depend ordinarily and mainly on earnings issuing from a noninsurable occupation; and those not usually engaged in other insurable employment who are employed in a seasonal occupation which ordinarily does not last for more than eighteen weeks in a year. There were 28,295 persons exempt from unemployment insurance in December, 1929, as against 31,822 in December, 1927. This large reduction was due mainly to the operation of the Widows', Orphans' and Old Age Contributory Pensions Act of 1925, whereby, in January, 1928, persons who had reached sixty-five years of age were removed from the insurance scheme.

There were 7,819 applications for exemption from unemployment insurance acted upon in 1929, of which 7,105 were granted and 618 were refused.³

¹ No statistics have been obtained since July 5, 1926. They will not be required again until 1931.

² Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report, op. cit.*, p. 57.

³ Great Britain Ministry of Labour, *Report for the Year 1929, op. cit.*, pp. 69-70.

Summary

Mainly for the purpose of keeping the coverage of the unemployment insurance scheme within possible limits, workers in various public utility industries, principally on the railroads, are permitted by a provision in the Act of 1920 to remain outside of the governmental plan provided they have paid contributions for three years and are classed as "permanent" workers by their employers. Each such industry, however, must keep a margin of 20 per cent of their employees insured under the national plan, to provide against shrinkage of employment within the industry. Railroad workers especially have preferred to be excepted from the insurance plan, since they feel it safer to be classed as "permanent" workers, although their attitude in this respect has not always proved justified. In 1926, the latest date for which figures are available, about 524,000 workers were excepted.

Various individuals, chiefly those who are recipients of independent income, pensions, or deriving their living principally from noninsurable employment or depending for their livelihood upon others, may be exempted from inclusion under the insurance scheme, which, however, does not exempt their employers from paying their share of the contributions to the insurance fund. In December, 1929, 28,295 persons were exempt.

CHAPTER V

PARTICIPATION IN THE STATE SCHEME BY UNIONS AND APPROVED SOCIETIES

Although unemployment insurance is centrally administered by the government through the employment exchanges, the law allows trade unions and other associations which conform to certain regulations to act as administrative agents for the state. This is in contrast to the administration of health insurance which functions entirely through "approved societies."¹ Decentralization is also effected by the provision allowing two industries to conduct autonomous funds. These are discussed in Chapter VI.

Trade unions constitute the majority of the associations which administer the state unemployment scheme, but another important group is the employees' approved societies. These societies cover relatively few workers but are sponsored by an influential group of employers. While some of them administer health as well as unemployment insurance they should not be confused with the approved societies already referred to which administer only health insurance.

Trade Unions

Trade unions and friendly societies must be given credit for initiating compensation for unemployment in Great Britain.² As they were first in the field, it was natural that the government should seek their co-operation when unemployment insurance was inaugurated. Not only was this fair under the circumstances, but the unions were potential agents for winning the workers' approval of the state scheme, and their experience was too valuable to scrap. Accordingly, when the Unemployment Insurance Act of 1911 was passed, provision was made for the payment of state benefits to members of trade unions and friendly societies through these associations. Two methods of co-operation were established. The Act of 1911 authorized the Board of Trade to make arrangements "with any

¹ Groups of insured persons with a minimum of 5,000 members may apply for approval, and if granted they may administer the cash benefits provided by the health insurance act, subject to the supervision of the Ministry of Health, but otherwise entirely autonomous. Their forerunners were the "works sick clubs," similar to mutual benefit associations in the United States, some of which had existed on a voluntary basis for many years prior to the passage of the health insurance act.

² See Chapter II.

association of workmen the rules of which provide payments to its members, being workmen in an insured trade, or any class thereof, whilst unemployed," whereby the association might pay the state benefit in addition to the union unemployment benefit and be reimbursed out of the state unemployment insurance fund up to three-fourths of the total amount so paid out by the association.¹ Contributions owed the state fund from association members might be regarded as payments to the union and their union dues be reduced accordingly. In practice, it was only the trade unions which sought arrangements under this section at that time, and, in the first year, 105 associations with a total membership of 539,775 in the insured trades made such arrangements. This number included twenty-one trade unions with an insured membership of over 86,000 which had not previously paid benefit.² In drafting the section relating to disbursement of benefits by associations of workers, it had not been anticipated that the unions would regard the state benefit as quite distinct from and supplementary to their own funds. The board's first report states that,

The section was intended to allow associations to continue their existing systems of benefit to their members practically unchanged, that is to say, to allow members of associations, in lieu of claiming anything from the Unemployment Fund under the rules of the Fund, to draw benefit from their associations according to the rules of the associations and of the amounts and for the periods specified by those rules. It was contemplated, in other words, that the member of an association making an arrangement would be concerned in the future, as in the past, only with one set of rules. The rules of the Unemployment Fund would only apply as between the Association and the Board of Trade to govern the amount that the former would recover from the Unemployment Fund. The association would pay out according to its own rules, and would recover according to the rules of the Fund. It would stand, therefore, a risk of losing by any discrepancy between its own rules and those of the Fund.³

The second method of co-operation provided that to "any association of persons not trading for profit, the rules of which provide for payments to persons while unemployed, whether workmen in an insured trade or not"⁴ the state would repay not more than one-sixth of the association's unemployment benefit expenditure. This state subsidy was to be exclusive

¹ "National Insurance Act, 1911" (1 and 2 Geo. 5, Ch. 55) in Great Britain Parliament, *Public General Acts, op. cit.*, pp. 435-436.

² When the Unemployment Insurance Act of 1911 was passed the trade unions dispensing unemployment benefits covered at most one-fifth of the insured workmen and were largely confined to one group of insured trades covered by the Act,—engineering and shipbuilding. Great Britain Board of Trade, *Unemployment Insurance; First Report on the Proceedings of the Board of Trade under Part II of the National Insurance Act, 1911, with Appendices*, 1913, (Cd. 8965) p. 14.

³ Great Britain Board of Trade, *Unemployment Insurance; First Report on the Proceedings of the Board of Trade under Part II of the National Insurance Act, 1911, op. cit.*, p. 14.

⁴ "National Insurance Act, 1911" (1 and 2 Geo. 5, Ch. 55) in Great Britain Parliament, *Public General Acts, op. cit.*, p. 436.

of any sum repaid to the association under the first method described, and also of any benefit in excess of 12s. per week, later raised to 17s. During the first year, 275 associations with a membership of 1,104,223 were admitted to arrangements under this provision while a still larger number with a membership of 1,259,846 applied. Many of those who were allowed a refund because they administered the state benefits also received a subsidy under the provision just described. All associations authorized to administer state benefits had to satisfy the Board of Trade as to their methods of securing evidence of unemployment, and notifying vacancies.¹

The amount of the state subsidy was reduced in June, 1916, from one-sixth to one-twelfth and in November, 1918, when the out-of-work donation scheme came into effect, it was suspended. In November, 1919, it was resumed at the original rate of one-sixth until November, 1920, when the new unemployment insurance act did not re-enact the provisions relating to this subsidy because the wide coverage of the 1920 act rendered them unnecessary.

The Act of 1920 extended the refund privilege not only to the former "associations" but also to societies approved for the administration of national health insurance,² when their rules provided for the payment of unemployment benefits to their members, with the exception of those approved societies which had been organized by the collecting societies or by the industrial insurance companies. The act stipulated that any association or society paying state unemployment benefits to its members must have effective machinery for ascertaining wages and conditions in the occupations with which it was concerned, and for obtaining information concerning vacancies in order to find employment for its members,³ and that it must provide from its own funds benefits equal to one-third of the benefits paid out of the national unemployment insurance fund. For example, if a man drew 15s. from the unemployment insurance fund, his trade union, in order to be allowed to distribute state benefits, had to pay him 5s. from its private funds; his total benefits would then amount to 20s. In practice, the associations which had arrangements under the former acts were given much easier terms.

To cover the cost of administrative expenses incurred by organizations paying out state benefit to their members, an allowance was made, amounting to 1s. for each week's state benefit paid to an adult and 6d. for each week's benefit to a juvenile. During May and June, 1922, these allowances were reduced to 8d. and 4d. respectively and in July, 1922,

¹ Great Britain Board of Trade, *Unemployment Insurance; First Report on the Proceedings of the Board of Trade under Part II of the National Insurance Act, 1911*, op. cit., p. 16.

² Great Britain Parliament, *Unemployment Insurance Act, 1920*, op. cit., p. 16.

³ Great Britain Ministry of Labour—Employment and Insurance Department, *Unemployment Insurance; Arrangements with Associations under Section 17 of the Unemployment Insurance Act, 1920, 1921*, p. 5.

they were further reduced to 6*d.* and 3*d.*, the amounts allowed in 1930. These reductions followed a recommendation in the Second Interim Report of the Inter-Departmental Committee set up in pursuance of the recommendation of the Geddes Committee on National Expenditure. That report pointed out that 60 per cent of the trade union registers of unemployed were kept by the employment exchanges, that the trade union administration did not relieve the employment exchanges of all the work incidental to claims; and that the cost to the employment exchanges was not any less than it would have been if the trade union members had claimed their benefit at the employment exchanges.¹

The Blanesburgh Committee protested against the common and increasing practice of ignoring the requirement of paying additional benefits, calling attention to the number of instances in which trade unions continued to pay state benefits to members who had exhausted their rights to the union benefits. They therefore insisted that in every case a private, supplementary benefit be paid concurrently with every state benefit.² They also recommended that an association be compensated for expenditure incurred in administering state benefit only to the extent of that amount which was additional to the expenditure out of their own funds.

The committee found that about 77 per cent of workers claiming benefit through their associations did so by proving their unemployment at the employment exchanges; of the remaining 23 per cent, more than half proved their unemployment by signing vacant books under the supervision of a whole-time officer of the association, while the rest signed vacant books kept at "such places as the branch secretary's residence or a shop or a public house." In this last group, inspections of the Ministry's officers "not infrequently" revealed inadequate supervision. The Blanesburgh Committee accordingly recommended that unemployed members claiming state benefits through any association should be required to sign up at the local office of the Ministry or at the association's own offices under the supervision of a full-time officer of the association.³

In general, these and other recommendations of the Blanesburgh Committee concerning associations were put into effect by the Act of 1927. Section 10 of that act provides that, beginning January 1, 1929, every

¹ Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report, op. cit.*, Vol. 2, p. 91.

² *Ibid.*, Vol. 1, pp. 72-73.

³ Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report, op. cit.*, Vol. 1, p. 73. A number of unions have rules relating to the maintenance of an unemployment register, notification of vacancies, signing of "vacant books," etc. Other unions have rules for directing application to the Employment Exchanges and compliance with the Ministry of Labour regulations as to attendance and signing books at the exchanges. Great Britain Registry of Friendly Societies, *Extracts from the Rules of Registered Trade Unions in Respect of the Seeking of Work as a Condition for the Receipt of Unemployment Benefit*, 1930, (Cmd. 3468) p. 2.

association administering state unemployment benefit must pay benefit from its own funds (1) for at least ten weeks in the year, and (2) at a rate, for men, of at least 3s. a week, and (3) to an aggregate amount (for men) of at least 75s. a year. Lower rates are established for women and young persons. The section further provides that the association must pay its additional benefits, up to these limits, on each occasion on which a state benefit is paid, subject to exceptions prescribed by the Minister of Labour.¹

Unions often have requirements different from those of the state regarding waiting periods before paying union benefits, and they must now conform to state requirements if they pay state benefits. Some unions work systematic short time by agreement with employers. Trade unions do not usually pay out-of-work benefits for short time, but the government does. The government now requires unions wishing to pay state benefits to their members, to conform to the state scheme in this matter also.

During 1928 there were eighteen associations (covering about 80,000 insured persons) which terminated arrangements for paying state benefits. Fifteen of these failed to conform to the state requirements. About forty associations were complying with the conditions defined in the Act of 1927 and, therefore, did not need to alter their procedure, but the rules of all the others had to be amended in one or more of the requirements. The chief difficulty of the fifteen that failed to conform was due to a rule of many associations that a member should not be qualified for the union's out-of-work benefit until he had been unemployed at least six days. Many associations adopted a new rule providing for the payment of 6d. a day for each day of unemployment for which state benefits were payable. In 1930, the amending act repealed this provision requiring that the additional benefit paid by the association should be payable on each occasion on which state benefit was payable,² thus meeting the objection of the trade unions to the provision.

It was also found that during 1928 nearly one-half of the associations were not satisfying conditions recommended by the Blanesburgh Committee in relation to the signing of vacant books. In these cases, associations were requested to arrange for their members to furnish evidence of unemployment by signing the unemployed register associated with their claim forms at the local office of the Ministry of Labour for the area in which they lived. As a result, the number of branches of associations proving unemployment in vacant books for state benefit purposes fell by approximately 400. In 1928 the number was about 530.³

¹ Great Britain Ministry of Labour. *Report for the Year, 1928, op. cit.*, p. 70.

² Great Britain Parliament, *Unemployment Insurance Act, 1930, op. cit.*, p. 8.

³ Great Britain Ministry of Labour. *Report for the Year 1928, op. cit.*, p. 71. Corresponding figures are not given for 1929.

The cumulative effect of long-continued unemployment, of decrease in membership, and of requirements that rules of associations of workers conform to the law, is reflected in the fact that while in February, 1921, there were 183 associations with a membership of 4,108,000 persons administering state unemployment insurance, there were at the end of 1927 only 145 such associations covering a membership of 1,042,500. Since then, there has been a further reduction of the number of associations administering state unemployment insurance and, at the end of 1929, there were only 124 associations with about 847,600 members.¹ Of these members, about 53,000 belonged to nontrade union bodies.²

The acts of 1927 and 1930 merely added their quota to the repeated alterations in the various acts as to the required amounts and specific periods relating to out-of-work benefits from the private funds of trade unions and other associations administering state benefits. Modifications in state requirements resulted in continual changes in trade union rules, and, in some cases, an increase in union contributions which has proven difficult for many members in the face of abnormal unemployment. All this has entailed a certain amount of friction between the trade unions and the government.

Friction between the Ministry of Labour and the trade unions undertaking to pay state unemployment benefits to their members is probably inevitable. The Ministry of Labour wishes to be certain that the qualifying conditions are fulfilled and the unions resent criticism and close supervision of their administration. Moreover, the Ministry of Labour thinks the union should be willing to pay the applicant for state benefits a substantial additional benefit, as further evidence of the genuineness of the claim. On the other hand, the unions seem to think they have the right to pay out state benefits, even though their own benefits are reduced to little or nothing. The Ministry of Labour believes that it is the best guardian of its own funds and that it should determine the method of their disbursement.

Administration by trade unions and other associations has been criticized on the ground that it has limited the effectiveness of employment exchanges by diverting skilled men from them, and that the fund has been burdened with extra costs for separate administration by the associations. On the other hand, many favor the continuation of administration by these associations, in the belief that they furnish additional checks of actual unemployment and exceptional means for discovering and filling vacancies. In view of the recommendation of the Blanesburgh Committee that the associations should continue to administer

¹ Great Britain Ministry of Labour, *Report for the Year 1929, op. cit.*, p. 75.

² During 1928, only one new arrangement for administering state benefits by an association was made. This was with the Association of Engineering and Shipbuilding Draughtsmen, covering about 8,700 insured persons.

funds as in the past, it would seem that the weight of evidence was in their favor.¹

Trade union unemployment benefits amount to a considerable sum. During 1926, the registered trade unions² expended nearly £6,400,000, of which over £4,500,000 represented state benefits and, therefore, was repaid to them by the Ministry of Labour. During the same year, they expended over £5,600,000 in dispute benefit, of which £2,897,634 was paid by the mining unions. As a result of these abnormal demands, union general funds were reduced to the lowest figure recorded since 1914. The drain, however, was not so heavy as during the coal dispute of 1921, when unemployment benefit from the unions' own funds exceeded £7,000,000 and dispute benefit cost £3,400,000. During 1927, allowances from the Ministry of Labour for unemployment insurance amounted to £2,095,994, much less than in 1926. The expenditure for unemployment benefits during 1927 was £3,131,002, approximately three million pounds less than during 1926 (Table 3).³ Expenditure varies greatly among the unions. For instance, the Amalgamated Engineering Union and the United Society of Boilermakers and Iron and Steel Ship Builders each expended over £1,000,000 on unemployment benefits during 1926 while the National Union of Railwaymen paid out about £887,000 on this benefit.⁴

The majority of unions administering state unemployment insurance only pay sufficient to empower them to administer state benefit under the provisions of Section 10 of the unemployment insurance act, adding to the state benefits 3s. in the case of men twenty-one years of age and over, and 2s. 6d. in the case of women of the same age, a smaller amount being given to juveniles. Some exceptions are the Boilermakers' Union, the Amalgamated Engineering Union and the printing trade unions, which pay high rates of benefit. A member of the London Society of Compositors is entitled to 36s. per week for fifty-two weeks, in addition to state benefits.

The Amalgamated Engineering Union pays a weekly benefit to its unemployed members which, in respect to first grade members and members with ten years' membership and over, is 10s. per week for the first fourteen weeks, 8s. for the next thirty weeks, and thereafter 6s. a week for the period of unemployment; these sums are added to the state

¹ Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report, op. cit.*, Vol. 1, p. 71.

² The membership in 487 registered industrial trade unions in Great Britain at the end of 1927, was 3,903,048, as compared with the membership of 485 such unions in 1926, which was 4,147,653. Registered unions comprise about 80 per cent of total membership, although less than half the trade unions known to exist are registered. The year 1926, the year of the coal dispute and the general strike, which involved many industries, shows a decrease in the membership of registered unions of 300,000. Nearly half of this decrease occurred in the mining group.

³ Great Britain Registry of Friendly Societies, *Report of the Chief Registrar for the Year 1928, 1929, Part 4, pp. 32-33.*

⁴ *Ibid.*, p. 26.

Table 3

MEMBERSHIP, EXPENDITURE ON UNEMPLOYMENT, TRAVELING
AND EMIGRATION BENEFIT, AND FUNDS, REGISTERED TRADE
UNIONS,^a GREAT BRITAIN, 1911-1928

Year	Membership ^b	Unemployment, Traveling and Emigration Benefit ^c	Total Funds ^b
		£	£
1911	2,321,142	478,099	6,294,456
1912	2,546,681	630,452	5,589,492
1913	3,205,240	507,143	6,471,199
1914	3,199,346	881,400	6,969,093
1915	3,388,769	291,233	8,552,211
1916	3,649,009	116,541	10,472,120
1917	4,360,782	267,447	12,712,499
1918	5,259,410	282,569	14,948,094
1919	6,516,436	967,259	15,956,195
1920	6,928,666	1,717,761	15,860,804
1921	5,453,815	15,149,636	10,814,903
1922	4,505,941	8,359,447	9,861,317
1923	4,368,877	3,733,365	10,752,213
1924	4,458,147	3,139,055	11,434,414
1925	4,447,818	4,527,328	12,556,435
1926	4,147,653	6,376,730	8,478,371
1927	3,903,048	3,131,002	9,709,538
1928	3,764,865	3,233,645	10,602,403

^a The statistics relate only to trade unions of employees registered by the Chief Registrar of Friendly Societies under the Trade Union Acts, 1871-1917. Employers' associations registered as trade unions (of which there were 80 in 1928) are excluded. See also Table 7, p. 102.

^b At end of year.

^c These figures include state benefits paid by unions on behalf of the state and additional benefits paid out of funds of unions administering state benefits and out of funds of unions paying unemployment benefits but not administering state benefits.

Source: Great Britain Ministry of Labour, *Nineteenth Abstract of Labour Statistics of the United Kingdom*, 1928, (Cmd. 3140) p. 172; Great Britain Board of Trade, *Statistical Abstract for the United Kingdom for Each of the Fifteen Years from 1913 to 1927*, 1929, (Cmd. 3253) pp. 90-91; Great Britain Registry of Friendly Societies, *Report of the Chief Registrar for the Year 1929*, 1930, Part 4, pp. 24-27.

The figures in column showing "Total Funds" were supplied by the Statistics Division of the Ministry of Labour of Great Britain.

unemployment benefits. Benefits vary with the grade and period of membership. Some other unions also pay high benefit rates.

The proportion of total state benefits which have been paid since 1912 on the one hand by employment exchange offices direct and, on the other, by trade unions and other associations having arrangements with the Ministry of Labour for this purpose, is shown in Table 4. The state unemployment benefits paid through trade unions and other associations, which in 1920-1921 were 12 per cent of the total state benefits paid, and were 14 per cent of the total in 1921-1922, had fallen to 7 per cent of the total in 1922-1923. In 1928 they were only 5 per cent of the total benefits paid.

Table 4

NUMBER INSURED, AND STATE BENEFIT PAID BY EMPLOYMENT EXCHANGES AND BY TRADE UNIONS, GREAT BRITAIN,^a 1912-1928

Year ^b	Number Insured on June 30	State Benefit Paid By—		
		Employment Exchanges		Trade Unions, etc.
		Amount	Percentage of Total	
		£		£
1912-13	2,250,000	183,193	87.9	25,125
1913-14	2,250,000	364,555	68.7	166,038
1914-15	2,250,000	249,533	59.6	169,158
1915-16	2,250,000	39,973	50.6	38,998
1916-17	3,750,000	24,133	70.3	10,175
1917-18	3,750,000	75,128	87.2	11,025
1918-19	3,750,000	148,882	97.5	3,839
1919-20	3,750,000	869,424	86.2	139,702
1920-21	11,600,000	30,154,203	88.3	4,012,198
1921-22	11,100,000	45,174,415	85.5	7,673,799
1922-23	11,150,000	38,831,481	92.7	3,049,351
1923-24	11,280,000	33,658,586	93.6	2,312,825
1924	.....	19,325,503	94.7	1,075,065
1925	11,500,000	42,732,725	93.3	3,089,804
1926	11,650,000	45,683,986	91.0	4,517,772
1927	11,750,000	34,591,625	94.1	2,155,795
1928	11,500,000 ^c	42,123,315	95.2	2,137,291

^a For the years 1912-1913 to 1920-1921, inclusive, the figures relate to Great Britain and Ireland, but the Irish Free State and Northern Ireland are excluded after December 31, 1921, and March 31, 1922, respectively.

^b 1912-1924, fiscal year from July to June; 1924, June to December; 1925-1928, January to December.

^c Excluding persons over age 65 (approximately 319,000 men and 23,000 women).

Source: Supplied by the Statistics Division of the Ministry of Labour of Great Britain.

Employees' Approved Societies

The first unemployment insurance act was passed simultaneously with the health insurance act in 1911, but it covered comparatively few people and the interest in it was relatively slight. For these reasons and because requirements were so difficult to satisfy, none of the societies formed for the administration of health insurance chose to assume the administration of unemployment insurance as well.

Although the Unemployment Insurance Act of 1920 covered nearly all who were insured against sickness, and Section 17 of this act furnished a statutory privilege to trade unions and other associations to form their own schemes, post-war confusion and subsequent depression served to deter industrial organizations from extending their activities. Moreover, very few friendly societies and other approved societies were able to answer the requirement regarding the proper means of ascertaining wages

and conditions in all trades represented by their members and of discovering and notifying vacancies. With the exception of the public utilities' schemes, the small number of employees' approved societies administering state unemployment benefits today were launched in 1920.

The following firms were administering unemployment insurance in co-operation with the National Federation of Employees' Approved Societies in April, 1929: ¹

South Metropolitan Gas Company (London)
Gas Light and Coke Company (London)
Associated Optical Provident Society (London)
British Xylonite Company, Limited (London)
Debenham, Limited (London)
J., T. & J. Taylor, Limited (Batley)
Eccles Spinning & Manufacturing Company, Limited (Manchester)

These firms administer unemployment insurance by what is generally known as the "Lesser" scheme; taking its name from Henry Lesser, the president of the federation. Under this plan, when any member society has paid benefit for a week, it fills in a form supplied by the Ministry of Labour, setting out particulars of the cases in which benefit has been paid. This form is sent to the employment exchange and in a few days the state benefit is refunded to the society, together with an administration allowance for each week's benefit paid. In this way the association of workers in each company acts as the state's agent in paying out the state benefit, which is paid at the place of work concurrently with the additional benefit.

Any employee who is a contributor to the national unemployment insurance scheme and who works for a firm belonging to the federation is eligible for membership after he has paid twelve weeks' contributions into the fund of his society. Members pay into this fund contributions amounting to at least 2*d.* per week, generally deducted by the company from their wages, besides paying a special contribution of a penny a month toward the central unemployment administration fund of the National Federation of Employees' Approved Societies. In most cases, the firm also contributes to the fund, although in one or two instances the workers are the sole contributors.

The amount of an employee's additional benefit must be at least 3*s.* a week and 75*s.* a year if a society is to have the privilege of administering state benefits, the same requirement as in the case of trade unions. Duration of benefit may be for twelve months after leaving a firm. At the end of every five years, if there is a surplus of income over expenditure, it is refunded to the contributors.

¹ See Appendix I, p. 395 ff. for detailed descriptions of these schemes.

For purposes of notifying workers of available jobs, the societies cooperate with the nation-wide chambers of commerce and trade associations. Placement is usually done independently of employment exchanges, though not always. As in the case of trade unions, it is a step away from the policy of centralizing all placement in the national employment exchanges.

About twenty thousand workers are covered by the above schemes. The fact that so few have been established is largely accounted for by the continued industrial depression which has curtailed the individual enterprise of employers as well as of workers in undertaking industrial welfare activities. Moreover, the indifference of the Ministry of Labour possibly retards the growth of schemes which tend to limit the use of employment exchanges.

Employers affiliated with this scheme commonly give as one of the reasons for establishing their own administration of state unemployment benefits, the promotion of closer relationship between workers and employers. As one employer put it, "We can do it better without state interference and the workers are better off without state grannyng." This welding of the employer's and employee's interests accounts chiefly for the trade union opposition to employees' approved societies. There is no doubt, however, that trade unions as well as approved societies offer their own services in both placement and payment of benefits largely for the purpose of tethering their members in their own pastures.

British labor opposes the Lesser industrial scheme on the ground that it sets up privately operated employment exchanges and impairs the strength of the union in any company operating under it. Antagonism to the administration of unemployment insurance by any association of workpeople other than a trade union has much the same basis as opposition to works councils in America. Soon after the privilege was extended to associations, labor's position was embodied in the statement that administration of unemployment insurance by approved societies would "seriously interfere with the right of workers to leave their employers, with their right to move about freely, with their right to strike."¹

Summary

The Act of 1911 established two methods of co-operation with workers' associations which paid unemployment benefits to their members. First, trade unions and wage earners' friendly societies were authorized to participate in the administration of the state unemployment plan by paying out the full state benefit to such of their members as were insured under the law. They were reimbursed from the unemployment insurance fund up to three-fourths of the total amount paid out.

¹ Trades Union Congress, and Labour Party, *Social Insurance and Trade Union Membership*, London (1924), p. 18.

Practically, only trade unions availed themselves of this provision; 105 such associations with 539,775 insured members originally entered into the arrangement.

The second method provided that the state would repay to workers' associations, whether or not the members were in insured trades, not more than one-sixth of any such association's expenditure on unemployment benefits, exclusive of any sum repaid the association under the first method. During the first year 275 associations with 1,104,223 members made arrangements under this provision. This method was abandoned when the wide coverage of the 1920 act made it superfluous.

Under the 1911 act, societies approved for the administration of national health insurance were allowed to administer state unemployment benefits on the same terms as the trade unions. The cumulative effect of prolonged severe unemployment, decreasing membership, and difficulties in conforming with the provisions of the various unemployment insurance acts, resulted in decreasing the number of associations of workers participating in the administration of state unemployment insurance from 181 with a combined membership of 4,108,000 in 1921, to only 124 associations with a membership of 847,600 in 1929. The majority of unions still participating in the administration of the national insurance scheme pay only sufficient additional benefits out of their own treasury to comply with the law, 3s. a week to men and 2s.6d. to women.

Under the 1920 act, a number of individual firms, co-operating with the National Federation of Employees' Approved Societies, have assisted in administering state unemployment insurance under what is called the "Lesser plan" (named after the president of the federation). This scheme provides that the workers' society pay a minimum of 3s. a week up to 75s. a year in addition to the state benefit. Society members pay into the society's fund 2d. a week and one penny a month for administrative expenses, usually deducted from their pay, but contributions by the employer are optional. The Lesser scheme is favored by the employers participating in it because it affords opportunities for closer relationship with employees, but is opposed by the trade unions because, they feel, it tends to promote too great an identity of employer and employee interests.

CHAPTER VI

UNAIDED PROVISION OF UNEMPLOYMENT BENEFITS BY INDUSTRIES CONTRACTED OUT

Continued agitation in favor of the principle of industrial as against state insurance probably led to the inclusion of Section 18 of the Act of 1920, which specified conditions under which industries might contract out of the state scheme and organize their own plans. This section required that any industry wishing to contract out should provide unemployment insurance either for all the employed persons in the industry or for "all those persons other than any specified classes thereof" and should grant benefits at least as favorable as the state benefits. The scheme had to be acceptable either to the joint industrial council¹ of the industry or to an association of employers and employees representing a substantial majority of each party, and was subject to approval by the Minister of Labour.²

During the year 1920 and the early part of 1921, the question of forming special schemes was examined by many joint industrial councils, trade boards, and associations of employers and employed, but, although many industries made inquiries of the Ministry of Labour, in most cases they did not get beyond a preliminary examination of the question. The woolen textile, the hosiery, the boot and shoe, the printing and the wire-making industries reached the stage of drafting schemes for discussion.³

Early in 1921 the position of affairs was radically altered by the depression in trade, which weakened the desire of unprosperous industries to form special schemes and checked this development. The government, moreover, was impelled to place a temporary embargo on new special schemes that would enable the more prosperous industries to contract out, and leave the general scheme to withstand the strain of acute and prolonged unemployment without their aid.⁴

¹ A joint council of workers and employers in the industry.

² H. C. Emmerson, and E. C. P. Lascelles, *Guide to the Unemployment Insurance Acts*, *op. cit.*, 1928, p. 215.

³ Great Britain Ministry of Labour—Employment and Insurance Department, *Report on the Administration of Section 18 of the Unemployment Insurance Act, 1920 (Special Schemes of Unemployment Insurance by Industries) and on the Action Taken with a View to Investigating the Possibility of Developing Unemployment Insurance by Industries*, 1923. (Cmd. 1613) p. 11.

⁴ *Ibid.*, p. 14.

In the meantime the commercial insurance industry, and later the banking industry, prompted by their low rate of unemployment and by the desire to deal directly with their employees, independently of the government, had taken advantage of Section 18 of the Act of 1920 and installed their own schemes with the approval of the Ministry of Labour. In June, 1921, emergency legislation was rushed through, suspending the privilege of contracting out "during the deficiency period" into which the fund had been plunged, but the special schemes of the commercial insurance and banking industries were permitted to continue in operation.¹

Special Scheme of the Commercial Insurance Industry

The commercial insurance industry comprises the undertakings of all persons or groups of persons in Great Britain and Northern Ireland engaged in: (1) the granting of insurances under contract; (2) the administration of any system of insurance established by act of Parliament.²

The special scheme of this industry is administered by the Insurance Unemployment Board, a joint board of ten members, representing equally employers' organizations and employees' associations. The number of employers who contribute to the scheme is 1,700 and over 93,000 insured persons are covered. During the four quarters ended March 31, 1930, there were 28,726 persons who entered and 24,157 who left the scheme.³

The plan was instituted in the United Kingdom in July, 1921, and originally included Ireland. Subsequently separate schemes were set up for the Irish Free State and for Northern Ireland, the former administered by a new board in Dublin, but the latter still remaining under the Insurance Unemployment Board.

Originally (1920) the state made an annual grant of about £12,000, but this grant ceased at the end of July, 1924, as a result of the Unemployment Insurance (No. 2) Act of 1924. Employees do not contribute to the fund; the employers are the sole contributors. Contributions of 8s.8d. for each male employee and 7s.7d. for each female are made quarterly.

In general, the conditions determining eligibility to benefit are similar to those in the state plan but more favorable to insured persons. An employee is eligible for benefit if during the three years prior to his application he has had thirty weeks of insurable employment in the industry. Benefits are higher than the national rate for men with no dependents who draw 20s. a week; those with a dependent wife or housekeeper, 25s. a week. An adult woman draws 16s. weekly or, if she has an

¹ The arguments for and against special schemes are considered in Chapter XVIII.

² Insurance Unemployment Board, *Eighth Annual Report, Statement of Accounts, and Balance Sheet for the Year Ended 31st March, 1929*, London, 1929, p. 5.

³ Insurance Unemployment Board, *Ninth Annual Report, Statement of Accounts, and Balance Sheet for the Year Ended 31st March, 1930*. London, 1930, p. 12.

adult dependent, 23s. Allowance for each dependent child is 2s. a week. Boys under eighteen draw 10s. and girls 8s. a week. The income limit of £250 per annum as a condition of eligibility does not apply to manual workers.

An employment department of the industry meets with some success in placing unemployed persons but its utility would be enhanced if employers co-operated more closely in notifying vacancies. The activities of this department serve to supplement the facilities offered by the national system of employment exchanges. Originally there was a provision giving power to the board to require employers in the industry to notify vacancies, but the provision was not enforced.

The procedure for collecting contributions is simple. Each employer makes a quarterly return of the total number of persons he employs on the quarter day, together with the names of persons who have left and of those taken on during the preceding quarter. Contributions are forwarded quarterly with this return direct to headquarters, there being no agencies or local branches. The machinery for paying benefits is also simple: each person, on becoming unemployed, receives a certificate from his employer as to his length of service which he presents to the board either directly or through his trade union. A remittance covering four weeks in advance and including 5 per cent of the benefit paid, to cover incidental expense incurred by the local representative, is then sent from headquarters to a local representative who may be an official of the commercial insurance industry or a local trade union official. Payments to unemployed persons are supervised by commercial insurance officials acting in an honorary capacity in all parts of the country.

These honorary officials constitute independent courts of referees that have charge of local investigation of claims.¹ Such a court consists of two persons engaged in the industry and located in the district where the claimant resides, one of whom represents the employers' interests and the other the interests of insured persons. The Board of Management may be appealed to in case of dissatisfaction with the committee's decision, and still further appeal may be carried to the umpire or deputy-umpire appointed by the Crown under the state unemployment insurance act.

Border-line cases frequently arise where the health of the individual is an important factor. Cases in which applicants pass from national health benefit to unemployment insurance and possibly to poor relief, present knotty problems. Helpful advice concerning employment suitable to health, introductions to local employers, and supervision of the applications for employment, are some of the ways in which referees can be of service to claimants.

¹ Letter from Cyril Ellithorn to Industrial Relations Counselors, Inc., June 21, 1928.

Many questions arise in connection with insurability of certain occupations, such as caretakers and glazier's laborers employed by plate glass insurers. Insured persons, moreover, are often engaged partly outside the commercial insurance industry and the scope of the industry's scheme is involved. Transfer arrangements exist between other schemes and the board of the commercial insurance industry, under which cases of persons changing from one occupation to another inside and outside the schemes are considered in order to prevent loss of unemployment benefit. During the year ending March 31, 1930, 1,359 such cases were dealt with between the board of the insurance industry scheme and the national scheme in England.¹ The chairman of the board states, "In the past, one of the principal objections advanced against special schemes has been that the problem of transfer would prove insurmountable. Happily our experience proves the contrary, and in the event of future Parliaments allowing an increase of special schemes, we do not foresee any difficulty in applying our present methods to other bodies, now that working arrangements for transfer have once been devised."² Though these provisional arrangements are working satisfactorily, no formal regulations are as yet in force.³

Employers' contributions amounted to about £163,161 in the year ending March 31, 1930. The net income was £183,916, after deducting contributions refunded and adding interest on investments. During the nine years ending March 31, 1930, the board collected £1,460,000 in contributions. During this period it managed to accumulate and invest £456,294. Management expenses amounted to 11.98 per cent of the total income.

The rate of unemployment in the insurance industry is usually low, varying from 2.5 to 3 per cent. During the twelve months ending March 31, 1930, 6,100 persons became unemployed, and this number, together with renewed applications by claimants previously on benefit, brought the total number of new or renewed applications dealt with to 8,307. At the beginning of the year 2,461 claims were brought forward, making a total of 10,768 claims in action during the period, the largest number in any year since 1921. In addition to these claims applications were received concerning 3,086 dependent wives, 4,968 children and 44 invalid husbands and widowed mothers, making a total of 8,098 dependents, or a combined total of 18,866 claimants.

By the end of March, 1930, the amount of benefits paid out for the year was £132,350, a marked increase over the £87,754 disbursed during 1927-1928. The increase was due to greater leniency in eligibility

¹ Insurance Unemployment Board, *Ninth Annual Report, Statement of Accounts, and Balance Sheet, op. cit.*, p. 11.

² *Ibid.*, p. 29.

³ *Ibid.*, p. 11.

requirements as a result of the Unemployment Insurance Act of 1927, claimants being paid who would not have qualified under the earlier acts. It was found that the bulk of claimants became unemployed between the ages of twenty-one and forty.

In the year 1929-1930, 89 cases of benefit wrongly received were investigated; prosecutions were instituted in ten cases and penalties ranging from fines to varying terms of imprisonment were imposed; 3,825 claims were disallowed, including 1,032 misconduct and voluntary resignation cases, resulting in 1,249 appeals being lodged. Of these, 361 appeals were allowed in favor of applicants; the remaining 888 decisions were confirmed.

The work of the claims department absorbs the largest part of the cost of administration and necessitates the closest care and constant supervision. Trade unions in the industry have the right to take cases to the umpire but no claim went forward to him during the year mentioned. It would require first-hand investigation of workers' viewpoints to determine whether this indicates general satisfaction with the decisions or a feeling that appeals are useless.

The chairman of the board stated in 1929, "The key to the successful conduct of a Special Scheme lies in the organization for paying benefit, and we consider that we have good grounds for thinking that our system is an exceedingly good one."

The details of the scheme were redrafted and submitted to the Minister of Labour in the early part of 1930. Provisions were embodied for setting up a system of local committees, organizing machinery for placing unemployed persons in employment, arranging for suitable training and instruction of persons seeking employment, and for other alterations in procedure.

Special Scheme of the Banking Industry

A special scheme for the banking industry was submitted to the Ministry of Labour in June, 1921. There was justifiable doubt whether the group submitting the plan represented a majority of employees in the industry, a requisite condition of contracting out, and the matter was temporarily shelved. It was not until June, 1924, that the Minister of Labour approved the scheme and it became active in July.

The total number insured in the banking industry is over 41,000 and 145 employers contribute to a fund which, at the end of June, 1929, amounted to £103,097. The total benefits paid out to 358 persons during the year ending June 30, 1929, amounted to £6,019. The numbers of persons claiming benefit in the last week of each of the four quarters of 1928 were: March, 92; June, 90; September, 107; December, 117. On

June 30, 1929, the number of claims current was 106 or 0.26 per cent of the average number of insured persons.¹

The following figures ² indicate the average number of persons insured and the amounts expended on benefits from the year when the scheme was inaugurated, through 1929:

Year Ending June 30	Average Number Insured	Amount Expended on Benefits	Benefits as Percentage of Total Income
		£	
1925	40,787	3,704	12.5
1926	41,210	6,998	24.3
1927	40,747	6,362	22.1
1928	40,589	5,517	18.5
1929	41,366	6,019	19.5

The plan closely resembles that of the commercial insurance industry, except that it requires the payment of not less than thirty contributions during the two years immediately preceding application for benefit instead of during three years, and provides for a review of cases every three months instead of every six months, as in the commercial insurance industry.

Summary

Although Section 18 of the Unemployment Insurance Act of 1920 had allowed industries to "contract out" of the national plan by establishing their own insurance plans, emergency legislation passed in 1921 withdrew this privilege. Few industries, indeed, under the conditions existing then, were either able or willing to undertake private plans to relieve unemployment. The commercial insurance and banking industries, however, in which unemployment manifests itself on a relatively small scale, had already established private plans under the 1920 act, and were allowed to retain them.

The cost of the unemployment insurance plans in these two industries is borne by the employing firms. The plans are administered by boards equally representing employers' and employees' associations. In the insurance field, 1,700 employers contribute to the fund, covering a total of about 93,000 employees; 145 banks contribute to a fund insuring approximately 41,000 persons. Benefit rates in the insurance industry are higher for men with no dependents than the national scale, even though neither employees nor the state contribute to these funds. Employers' contributions are 8s. 8d. for male, and 7s. 7d. for female employees per

¹ Banking Unemployment Insurance Board, *Annual Report, Statement of Accounts, and Balance Sheet, for the Year Ended 30th June, 1929*, London, 1929, pp. 5, 6, 10.
² *Ibid.*, p. 8.

quarter. Benefits for men without dependents are 20s., for those with dependents 25s., for women 16s. or, if they have adult dependents, 23s. per week. An employee, to be eligible for benefits under the insurance plan, must have had not less than thirty weeks of insurable employment in the industry during the three years prior to the layoff; in the banking industry, thirty weeks during the preceding two years suffice to establish eligibility.

CHAPTER VII

UNAIDED PROVISION OF UNEMPLOYMENT BENEFITS BY INDIVIDUAL FIRMS AND THEIR EMPLOYEES¹

A number of firms have decided that benefits under the state scheme are inadequate, particularly for skilled workers, and that, in the interests of the firms themselves, it is desirable to make more generous provision for their employees through so-called additional schemes. In 1930, there were fifteen such plans operated by fourteen companies.² They owe their development to individual initiative and are in no way dependent on special provisions in the unemployment insurance acts as is the case in the trade union and employees' approved society plans which were discussed in Chapter V, nor are they like the "special schemes" just described.

Independent evolution and the varying needs and conditions of different industries have resulted in a considerable diversity of structure among plans. The motives which prompted their institution and the ends they are designed to serve are substantially the same, but the methods followed have varied as between industries and with the circumstances of origin.

Two of the plans are operated jointly by trade unions and companies; four of the other thirteen are of the employment guarantee type supported entirely by the companies. Part of the remaining plans are financed by employers alone and part by workers' contributions.

Financial Organization and Degree of Permanence

With regard to the financial resources of the various schemes, the employment guarantee plans (Imperial Chemical Industries, Morland and Impey, John Mackintosh and Sons, and Needler's) make no provision for the accumulation of special funds: in each case the cost of the scheme is charged as a payroll expense. The same is true of the Fry, Robinson, and Lever Brothers schemes, and of the informal arrangement between the Bradford Dyers' Association and the trade unions. In none of these cases is there any contractual obligation on the part of the employer, which could prevent discontinuing the plan without notice. In practice the absence of any such legal obligation would seem to be of

¹ The material for this chapter was taken from M. B. Gilson, and E. J. Riches, "Employers' Additional Unemployment Benefit Schemes in Great Britain," *International Labour Review*, Vol. 21, March, 1930, pp. 348-394 and some later data added.

² The details of each of the fifteen plans are given in Appendix II, p. 405 ff.; one company, Needler's, has two plans.

less importance than might at first appear, at any rate so long as the expense involved constitutes no great burden on the employer; schemes of this kind, once established, are not likely to be abruptly discontinued, if only for the reason that such action would arouse feelings of insecurity and intense dissatisfaction of the very kind they are designed to remove. From the point of view of the worker the presence or absence of any specially constituted fund or of any legal obligation to pay benefits is of less importance as a guarantee of security of a scheme than is the general attitude and dependability of the employer.

A substantial unemployment fund is, however, a tangible guarantee both of good faith on the part of the employer and of the financial soundness of a scheme.¹ It may even be of some value as an assurance that benefits would still be paid, at any rate for a short time, even if the employer should go out of business altogether. The existence of more or less substantial unemployment funds in the case of eight of the plans is, therefore, a matter of some importance. For the same reason it is important to note that in the case of three of the schemes (the match industry, Rowntree, and Redpath Brown) three months' notice must be given before they can be discontinued; in the case of one (Cadbury) six months' notice is necessary and in another (Needler's) the period specified is one year.

There is a considerable variety of practice in the method of sharing the cost of the schemes. In the case of the employment guarantee plans, the expense involved is borne entirely by the employer and is presumably included in the ordinary cost of production of the articles which he manufactures. The same is true of the additional benefit schemes maintained by the match industry, Rowntree and Company, Fry, Robinson, and Lever Brothers and the associated companies. In four of the other plans (Needler's, Jones, Redpath Brown, and Boots), and in the informal arrangement existing in the Bradford Dyers Association, the cost of providing additional benefits is partly borne by the workers concerned. In the case of one plan, that of John Dickinson and Co., Ltd., the entire cost is carried by the workers.

Methods of Administration

Methods of administration differ considerably. In the case of the employment guarantee schemes, and in the Fry, Robinson, and Lever

¹Of some interest as an indication of recent employer and trade union opinion is a passage in the report on unemployment adopted on March 12, 1929, by the Conference on Industrial Reorganisation and Industrial Relations (the Melchett-Turner Conference). The conference recommended that all firms, or, in appropriate cases, the industries to which such considerations are applicable, should set up a reserve fund, to be set aside from profits, for the purpose of assisting displaced workers, such funds to be invested outside the business and vested in independent trustees. Trades Union Congress General Council, and Representative Group of Employers—Conference on Industrial Reorganisation and Industrial Relations, *Interim Joint Report on Unemployment Adopted by the Full Joint Conference on 12th March, 1929*, London, 1929, p. 14.

schemes, the administration is entirely in the hands of the company, and no machinery exists for the regular consultation of the workers or their representatives on matters connected with the schemes. In seven plans (the match industry, Rowntree, Cadbury, Needler's, Redpath Brown, Boots, and Dickinson), the administration either rests wholly with joint committees of employers' and workers' representatives, or else provision is made for the reference to such committees of all matters in dispute, including questions relating to the dismissal of workers.

Membership and Eligibility for Benefits

The provisions governing the membership of the plans and the eligibility of unemployed workers for additional benefits show wide variation. As a rule, only manual workers are covered; clerical workers, paid on a salary basis, being presumably less liable to unemployment. In several cases membership is limited to workers of a certain age or length of service. Of the employment guarantee schemes, that of Morland and Impey, which provides for a guaranteed minimum wage, is the only one to include all the workers employed by the company. Imperial Chemical Industries and John Mackintosh and Sons require a minimum of five years' service, and Needler's a minimum of twelve years. In the other plans the minimum age for eligibility to benefits varies from sixteen and one-half years (Needler's) to twenty-one years (Redpath Brown), and the minimum length of service from six months (the match industry and Rowntree) to four years (Lever Brothers). Six of the schemes include all workers, irrespective of age or length of service (Cadbury, Fry, Robinson, Jones [apprentices excluded], Boots, and Dickinson). In two schemes (the match industry and Rowntree and Company) the applicant's regular payment of a stipulated sum to a trade union or an approved society of workers is a condition of membership and of the receipt of benefit. Several schemes in which the workers contribute to the unemployment fund require a minimum number of weekly contributions before benefit can be drawn.

Types and Rates of Benefit Paid

The payment of additional benefits is by no means confined, as might be expected, to those workers who, being only temporarily laid off, will return to the service of the company which pays the benefits. In all but one of the plans dismissal benefits are payable for a period varying from five weeks (Needler's) to thirty-nine weeks (Fry).¹ These benefits

¹The number of firms which pay lump sum dismissal allowances to workers is no doubt much greater than the number, listed above, of those which have established regular additional unemployment benefit schemes. Among firms paying dismissal allowances to workers who are laid off because of lack of work (due to rationalization or other causes beyond their control) are the Anglo-American Oil Company, Ltd., the English Margarine Works, Ltd., and J. Bibby and Sons, Ltd.

correspond to what are known in the United States as discharge or dismissal bonuses. An interesting variant of the dismissal benefit, developed to meet the needs of a particular situation, is the offer made by Cadbury in the latter part of 1928 to give workers discharged as a result of reorganization in their factory a lump sum in place of (and equal to) the total weekly dismissal benefits to which they would have been entitled under the unemployment scheme. The purpose was to enable workers to migrate either to another district or to another country, or to set up in business on their own account. Similar provision is made under the Rowntree plan, discharged workers being able to draw in a lump sum 75 per cent of the total unemployment benefit to which they would normally be entitled in the form of weekly payments, together with a "leaving gratuity" proportional to their length of service.¹

Short-time benefits are payable under almost all of the schemes. In the Cadbury, Fry, Needler's, and Rowntree schemes, standard minimum rates of wages are paid in the case of all stoppages, however short, which are due to heat or break-down of machinery. In addition, the unemployment scheme provides for the payment of short-time benefits whenever short time is worked to the extent of more than four hours per week. Under the Lever plan a worker who is on short time for four and one-half hours or more in any week is paid for the full week less four and one-half hours. The Redpath Brown scheme provides for the payment of benefit when short time over a period of not more than five weeks and not less than one week amounts to an average of at least 10 per cent of normal working hours.

The rates of additional benefit are in most cases generous. Care is taken, however, to insure that the total receipts of the unemployed worker from state benefits and additional benefits do not exceed his normal wage or a certain proportion of it. Cadbury, for example, pays an unemployed man over twenty-one a benefit of 25s. for himself and his wife in addition to the 26s. which he draws from the state unemployment insurance fund, making a total of 51s. per week, and other workers are paid on a corresponding scale. But it is stipulated that the combined receipts of the unemployed worker must not exceed 80 per cent of his average weekly earnings prior to short time, or the current standard rate for general labor at the factory or in the worker's department, whichever

¹During the latter part of 1928 Rowntree and Company found that because of the introduction of modern machinery it would be necessary to dispense with about 120 workers. The firm offered to subsidize the wages of those men to the extent of £2 per week for one year if they should be given reasonably permanent employment by other firms at a minimum wage of 55s. per week. It was recognized that it would be difficult for men between fifty-five and sixty-five years of age to secure other work. Those over sixty years of age who were members of the firm's pension fund were granted the pension they would have received had they remained with the firm until the normal retiring age of sixty-five. Those between the ages of fifty-five and sixty received a pension of 25s. per week in the case of married men and 20s. per week in the case of single men. This accounted for 40 per cent of the surplus labor. Of the remainder, twenty-four were transferred to other trades and thirty-three have been set up on their own account with a capital of at least £104 each.

is the higher. This rule, it may be noted, is in conformity with the general principle enunciated in a memorandum submitted to the Blanesburgh Committee in 1926 by the British chambers of commerce: "in the case of short-time workers, benefit should only be payable in proportion to the difference between normal and actual wages, and in no case should wages and unemployment benefit combined place the recipient in so favourable a position as the independent workman of the lowest class."¹ Rowntree, again, provides that the unemployed worker may not receive more than 75 per cent of his normal earnings, or £5 per week, whichever sum is the smaller. Similarly, the Boots scheme provides for a maximum of 75 per cent, and the Robinson scheme seven-eighths, of the worker's normal wage. The match industry and Redpath, Brown and Company merely stipulate that the worker's income from all sources when unemployed must not exceed his normal wage. In some cases a flat rate of benefit is paid, but in most of the schemes either the short-time or the dismissal benefits, or both, are proportional to the worker's normal earnings. In addition, special allowances are made to men with wives and children to support. The rates for women and minors are in most cases lower than those for men.

Length of Benefit Period

The rate of benefit and the length of the benefit period are to some extent dependent upon one another. In one firm (Needler's) the highly skilled workers, who are able in case of dismissal to find employment elsewhere with a minimum of delay, prefer a high rate of benefit for five weeks rather than a lower rate for a longer period. The rate of additional benefit paid is such as to give them a total weekly income (state insurance benefit included) almost equal to their normal time-rate wage. In most of the schemes, however, rates of benefit are lower, and the length of the benefit is from twelve to twenty-six weeks. In one case (Rowntree) the duration of benefit is proportional to length of service; in another (Fry) the period is thirty-nine weeks for men with dependents and twenty-six weeks for other employees; and in another (Jones) there is no limit to the period, benefits being payable so long as there is any money in the fund.

Relations with Trade Unions

Only two of the plans (those of the match industry and the Bradford Dyers' Association) involve direct co-operation with the trade unions to which the workers included in them belong. The Rowntree scheme implies a friendly relationship with the trade unions, though it cannot

¹ Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report, op. cit.*, Vol. 2, p. 129.

technically be called a collaborative scheme. In all but one of the others the workers are free to belong to trade unions if they so desire. The exception is the firm of John Dickinson and Co., Ltd., where a company union has been formed, no member of which may belong to a trade union. Orthodox trade union opinion does not regard with favor any but the schemes based on co-operation and collaboration with the unions; the other plans, weighed by this opinion, tend to weld too closely the interests of the worker with those of his particular firm or employer.

Summary

In 1930, fourteen firms with about 50,000 to 60,000 workers had plans providing for the payment of unemployment benefits in addition to those paid under the unemployment insurance acts. Two concerns operated the schemes jointly with trade unions, the others were entirely controlled by the individual companies. Four plans guaranteed employment.

Nine plans, including those which guaranteed employment, were funded by the employing companies; five others were financed by joint contributions, and one was maintained by the workers. While administration was chiefly a company concern, seven plans provided for some participation by employees, through employee representation or otherwise.

In most of the plans only the manual workers were included, but one of them covered all the workers of the company. Under all but one plan, dismissal benefits were payable for periods varying from five to thirty-nine weeks. The rates of short-time benefit varied, but the total of state and additional unemployment benefits did not exceed the normal wage and was usually one-fourth or one-fifth less. The duration of the benefit varied from twelve to twenty-six weeks.

Although a considerable variety of industries is represented by these additional benefit plans, the actual number of workers covered may seem insignificant by comparison with the twelve million covered by the national unemployment insurance scheme. Additional benefit plans are, however, a new development, and their significance is not to be measured, at this stage, by any such numerical ratio. Their chief importance lies in the solution they offer to one of the most difficult problems of unemployment insurance—the problem of raising the skilled worker's benefit to what more nearly approaches an efficiency level. By the very fact of their existence, moreover, they answer the objection that any national system of compulsory insurance must necessarily stifle initiative and deprive employers of all opportunity to experiment in a field where they are particularly qualified.

CHAPTER VIII

UNAIDED PROVISION OF UNEMPLOYMENT BENEFITS BY TRADE UNIONS

Collective self-help has played an important rôle in the economic opportunity of the British artisan ever since the second half of the nineteenth century. In July, 1913, W. H. Beveridge, then director of labor exchanges, said in his first report on unemployment insurance, "Compulsory state insurance can be introduced without destroying voluntary insurance. The amount of voluntary insurance has, indeed, been enlarged rather than reduced by the compulsory scheme."¹ By voluntary insurance he meant trade union out-of-work benefits.

Attention has already been given to the friendly society function of many of the unions before unemployment insurance became a state activity,² and also the arrangements made by trade unions with the Ministry of Labour for administering state benefits.³ Besides the latter schemes, by which certain trade unions add benefits from their own funds to the benefits they disburse on behalf of the state, there are many other trade unions which give out-of-work benefits to their members according to the condition of their funds. J. L. Smyth, secretary of the social insurance department of the Trades Union Congress General Council, informed the writer that he could not give particulars regarding trade unions which did not administer state unemployment benefits but did provide unemployment benefits out of their own funds because no provision had then been made for the assembling of such data in any central place. Arthur Pugh⁴ said that "an enormous amount" of money was expended by unions out of their own funds and regretted that the statistics had not been centralized. The chief registrar of friendly societies presents annually a report of trade unions registered under the trade union acts, showing details of membership, income, expenditures and funds of registered trade unions with 10,000 or more members. This report, however, does not include unions with a membership of less than 10,000 and it is impossible to get from it a statement of amounts expended by reporting

¹ Great Britain Board of Trade, *Unemployment Insurance, First Report on the Proceedings of the Board of Trade under Part II of the National Insurance Act, 1911, op. cit.*, p. 46.

² See pp. 32-36.

³ See pp. 68-76.

⁴ General Secretary of Iron and Steel Trades Confederation.

unions out of their own funds as distinct from those disbursed by the state. Moreover, strike benefits and traveling expenses are sometimes included under unemployment benefits. The number of *unregistered* trade unions paying unemployment benefit from their private funds cannot be determined, but it is believed to be comparatively small.

Mr. Hayday, in his testimony before the Blanesburgh Committee, said of unions which administer state benefits as well as of those which do not "from the commencement of the depression period in 1920 up to the present year [1927] £9,000,000 at least had been paid out in unemployment donation, but from the end of 1921 many unions went bankrupt owing to the payment of this amount and consequently quite a number have ceased paying now."¹

The registrar's reports for 1925 and 1926 showed that thirty unions which did not administer state benefits made provision for paying unemployment benefits to their members out of union funds. In 1927 the number increased to thirty-one (Table 5).

Of the trade unions reported by the registrar of friendly societies as having such schemes, twenty-seven actually paid unemployment benefit in 1925, twenty-four in 1926, and twenty-seven in 1927.² There are two ways of explaining why the unions with plans did not pay benefits: first, in periods of excessive drain on the union funds due to strike benefits, ordinary unemployment relief is withheld, and, second, the demands due to continuous depression deplete the funds.

Of the unions with schemes in 1926, ten were in the mining and quarrying group (eleven in 1927); four in the heavy industries (metal, machines, etc.); three in transport; two each in textiles, building and commerce; one each in brick and pottery, woodwork, printing, and clothing, and three in miscellaneous and general occupations.

Of the ten mining unions, six reported no unemployment benefits paid in 1926, a year when they distributed large sums in dispute benefits. One union each in 1925 and 1927 seems to have suspended the payment of out-of-work benefit for similar reasons. Among the unions in the heavy industries two paid no unemployment benefits in either 1925 or 1927 and their dispute benefits were almost nil in 1925 and nothing in 1927.

The total membership of these unions was 1,820,574 in 1925; 1,601,309 in 1926; and 1,509,178 in 1927. The amounts expended on what the registrar lists as "unemployment, etc. benefits" were, in 1925, 1926 and 1927, £875,833; £536,419; £436,307, respectively (Table 5).³

¹ Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report, op. cit.*, Vol. 2, p. 177.

² Great Britain Registry of Friendly Societies, *Report of the Chief Registrar for the Year 1928*, Part 4, *op. cit.*, pp. 24, 26.

³ Figures for 1928 became available after this manuscript was in galley. Twenty-five unions with a membership of 1,611,161 paid unemployment benefit amounting to £489,986 in 1928.

Table 5

MEMBERSHIP, AND UNEMPLOYMENT BENEFIT PAID BY REGISTERED TRADE UNIONS WHICH PROVIDED UNASSISTED BENEFIT, GREAT BRITAIN, 1925-1927

Union	1925		1926		1927	
	Members	Unem- ployment Benefit	Members	Unem- ployment Benefit	Members	Unem- ployment Benefit
		£		£		£
Mining and quarrying						
Yorks. mine workers..	164,196	108,252	84,246	a	116,257	6,306
Durham miners.....	155,773	425,356	149,740	6,280	137,853	136,150
Northumberland miners.....	43,482	29,497	40,081	a	34,850	1,606
Cumberland miners...	10,036	a	10,156	a	10,528	1,977
Notts. miners.....	34,767	2,333	10,055	2,086	16,624	4,810
Warwickshire miners..	11,500	249	10,000	a	5,000	830
Derbyshire miners....	43,000	14,929	32,914	2,292	25,072	21,431
North Wales miners..	14,224	185	14,131	a	8,338	109
South Wales miners..	129,155	92,829	136,250	a	72,981	8,244
Lancs. and Ches. miners.....	72,902	21,821	72,540	192	60,374	a
Notts. and District miners industrial...	b	b	b	b	12,853	1,883
Total.....	679,035	695,451	560,113	10,850	500,730	183,346
Bricks, pottery, etc.						
Pottery workers.....	21,837	9,407	20,667	40,591	18,361	9,526
Metal, machines, etc.						
Shipconstructors and shipwrights.....	29,857	a	26,314	4,144	24,379	.....
Electrical trades union	29,241	9,697	29,058	13,365	25,712	10,434
Engineering and ship- bid. draughtsmen..	11,000	8,042	11,000	9,671	11,000	4,389
Blastfurnacemen.....	15,633	a	14,948	14,271	14,605	.....
Total.....	85,731	17,739	81,320	41,451	75,696	14,823
Textile						
Oldham Card and blowing room, etc. operatives.....	30,907	15,294	30,669	56,879	27,621	37,712
Cotton spinners (Bol- ton).....	17,829	12,174	18,081	18,400	18,435	9,972
Total.....	48,736	27,468	48,750	75,279	46,056	47,684
Clothing						
Tailors and garment workers.....	45,149	2,034	43,175	2,329	42,215	1,284
Wood working						
Furnishing trades....	23,705	15,912	19,760	33,994	19,485	20,045

Table 5—Continued

Union	1925		1926		1927	
	Members	Unem- ployment Benefit	Members	Unem- ployment Benefit	Members	Unem- ployment Benefit
		£		£		£
Printing						
Printing, bookbind- ing, etc.....	91,312	27,613	70,277	43,134	66,092	41,845
Building						
Plumbers, etc.....	22,272	12,898	24,666	18,589	23,759	15,938
Woodworkers.....	114,521	31,393	114,989	75,987	116,651	66,693
Total.....	136,793	44,291	139,655	94,576	140,410	82,631
Transport						
Locomotive engineers.	60,892	4,085	46,928	53,448	48,771	332
Liverpool carters.....	11,817	1,562	11,447	1,469	10,937	804
Railway clerks.....	66,130	3,792	54,795	101,993	50,208	15,006
Total.....	138,839	9,439	113,170	156,910	109,916	16,142
Commerce						
Shop assistants.....	37,019	13,627	34,899	12,680	34,955	8,825
Distributive, etc. workers.....	93,468	7,617	91,488	15,643	95,356	7,461
Total.....	130,487	21,244	126,387	28,323	130,311	16,286
Miscellaneous and general						
Musicians.....	20,330	8	20,772	8	20,295	•
Enginemmen, firemen, etc.....	22,369	5,192	21,472	8,854	20,078	2,594
Transport and general workers.....	376,251	35	335,791	120	319,533	101
Total.....	418,950	5,235	378,035	8,982	359,906	2,695
Grand Total.....	1,820,574	875,833	1,601,309	536,419	1,509,178	436,307

* Dispute benefits paid.

^b Registered in 1927.

Source: 1925 data obtained from Great Britain Registry of Friendly Societies, *Returns Showing Details of Membership, Income, Expenditure and Funds of Registered Trade Unions with 10,000 or More Members in the Years 1925 and 1926, 1928*. (Cmd. 2056) pp. 4-9. Data for 1926 and 1927 from Great Britain Registry of Friendly Societies, *Report of the Chief Registrar for the Year 1928, 1929, Part 4*, pp. 24-27.

A number of unions give their members what may be in effect unemployment relief though it is not so listed by the registrar since the union does not actually pay anything to the unemployed member but credits him with contributions instead.¹ This form of relief is often practiced when the trade union member is known to be entitled to unemployment benefit under the national insurance scheme. The requirements for the receipt of unemployment benefit under the voluntary plans of the unions are usually only that the applicant must be a *bona fide* member of the union entitled to its benefits, actually unemployed and available for work.

Early in 1930, the Registry of Friendly Societies issued a pamphlet² containing extracts from the rules of registered trade unions in respect to the seeking of work as a condition for the receipt of unemployment benefit. It deals with unions which administer state benefit in addition to their own unemployment insurance and unions paying out-of-work benefit from their own funds. The data refer only to unions which in 1928 paid £1,000 or more in unemployment, traveling, and emigration benefit; the amounts disbursed including benefits paid out of union funds as well as those paid out of the state unemployment insurance fund by the unions.³

In twenty-six of the 108 unions included in the study, there is a definite condition that the member in receipt of unemployment benefit must himself seek for employment; in fifty-two there is a condition that the member may not refuse work if offered; in the remaining thirty unions no similar conditions as to seeking or refusal of work were found. The survey states that a number of unions have rules relating to the maintenance of an employment register, notification of vacancies, signing a "vacant book" while unemployed, rotation of applicants for jobs, notice to the union before traveling in search of employment or accepting work in a distant locality, etc. Other unions require application to the employment exchanges and compliance with Ministry of Labour regulations in such matters as attendance and signing books. Many of the unions require their members to make every endeavor to obtain work, though some provide that "under no condition shall any member apply for a situation where there is no vacancy."⁴

In other details, such as size of contribution, or benefit, length of waiting period, and duration of relief, the rules of the organizations show great diversity. Usually the regulations vary in stringency with the

¹ An example of such a union is the Iron and Steel Trades Confederation.

² Great Britain Registry of Friendly Societies, *Extracts from the Rules of Registered Trade Unions in Respect of the Seeking of Work as a Condition for the Receipt of Unemployment Benefit*, op. cit., 20 pp.

³ The document states, "the words 'unemployment benefit' have been interpreted as not covering benefit paid in respect of disputes or victimization." *Ibid.*, p. 2.

⁴ *Ibid.*, p. 17.

affluence of the union and the amount of unemployment prevalent in the trade. In accordance with these conditions, the trade union establishes maximum amounts to be paid out to unemployed members, the length of the waiting period, and other qualifications for benefit. The British unions, as a rule, do not maintain separate unemployment funds, but pay the unemployment benefit out of the union's general funds, as a form of emergency relief.

Typical Union Benefit Plans

Yorkshire Miners' Association.—The Yorkshire Miners' Association is an example of a trade union which did not administer state unemployment benefits but paid unemployment benefits from its own funds. This union had been paying 10s. a week, with 2s. in addition for each child, up to a maximum of eleven weeks, to any member involuntarily out of work. During 1928 the total expenditure in unemployment benefits was £90,000 and because of the drain on the funds the association found it necessary to discontinue such payments.¹

Electrical Trades Union.—The Electrical Trades Union, established in 1889, has paid unemployment benefit ever since 1891. Its 282 branches with over 26,000 members distributed about £6,000 in unemployment benefit during 1928. Their statistics go back to 1891 but the figures do not always include the same type of benefit and are therefore not comparable. From 1891 to 1912 some £10,000 was expended on "unemployment and traveling." From 1913 to 1921 the amounts listed under the same heading totaling over £150,000² include "state unemployment, sickness, disablement, and maternity benefits," and from 1922 on they include only "state sickness, disablement, and maternity benefits," aggregating almost £90,000. In 1928, out of about £9,500 listed under "Unemployment and Travelling" in the union's annual report to the membership or under "Unemployment, Voluntary, Travelling and Emigration Pay" in the annual report to the registrar of friendly societies, some £3,500 were expended on "state sickness, disablement, and maternity benefits."³

The members of the Electrical Trades Union do not become entitled to any of the union's benefits until after they have paid contributions for twelve months, enabling the union to accumulate a kind of reserve fund for each member.⁴ Conversely, members less than one year in the union are exempt from paying contributions when unemployed.⁵ Each branch of the union is provided with a "vacant book" wherein each unemployed

¹ *Times* (London), January 2, 1929.

² In the single year 1921, this item amounted to over £118,000.

³ Electrical Trades Union, *Thirty-eighth Annual Report for the Year Ended December 31st, 1928*, Manchester, England, 1928, pp. 23, 54, 61, 62.

⁴ This is true of almost all unions.

⁵ Electrical Trades Union, *Rules*, Manchester, England, 1925, p. 18.

member in receipt of benefit must sign his name every day he remains unemployed, subject to certain provisions with reference to the member's proximity to the branch office. To facilitate placement work any member, unemployed or otherwise, is obliged, subject to heavy fine, to notify the branch of any vacancy known to him.¹ After a waiting period of six days, providing he has complied with the union's rules and regulations, every member of one year's standing becomes "entitled to the sum of 10s. per week of not less than six working days and 1s. 8d. per day afterwards, for a period of twelve weeks while out of employment."²

Before any member of this union can receive benefit he must be discharged or suspended for slackness of work and produce a certificate stating the cause of his discharge or suspension; should he be discharged or suspended for any misconduct or neglect of work he loses his right to benefit. No member may receive more than the stipulated benefit in any one year, and, if unemployed for more than four weeks, must accept work "offered him in any district at the district rate" or forfeit any claim to unemployment benefit "unless a satisfactory explanation be given."³

The National Amalgamated Union of Shop Assistants, Warehousemen and Clerks.—The National Amalgamated Union of Shop Assistants, Warehousemen and Clerks, with a membership of 37,097 in June, 1929, has been paying unemployment benefit since 1894. Up to the end of 1928 the union had paid out over £200,000⁴ (Table 6).

The shop assistants provide for two types of membership:

Trade Members: These, in addition to enjoying full privileges that go with membership, are entitled to dispute pay, victimization pay,⁵ legal advice, and financial assistance in cases of distress or incapacity to follow employment. The weekly contribution of such members is 6d. for men; 4d. for women, and 3d. for juniors.⁶

Provident Members: In addition to being a trade member, each contributor is eligible to make additional contributions according to established "provident tables" entitling him to additional benefits. The contributions of members enrolled on this basis are at a rate of 1d. for each unit of benefit for which the member wishes to insure.⁷ One such unit entitles a member to weekly unemployment benefit of 4s. 6d. if he insured between the ages of sixteen and twenty-one; to 5s. if he insured between twenty-one and forty-one; and to 4s. 6d. if between forty-one and fifty.

A provident member becomes entitled to half unemployment benefit

¹ Electrical Trades Union, *Rules, op. cit.*, pp. 102-103.

² *Ibid.*, pp. 116-117.

³ *Ibid.*, pp. 117, 119.

⁴ Supplied by the Finance Department of the National Amalgamated Union of Shop Assistants, Warehousemen and Clerks.

⁵ Assistance given to a member who is in distress as a result of his trade union activities.

⁶ National Amalgamated Union of Shop Assistants, Warehousemen and Clerks, *Rules*, London, 1927, pp. 7-8.

⁷ *Ibid.*, p. 27.

Table 6

UNEMPLOYMENT BENEFIT PAID FROM UNION FUNDS, NATIONAL AMALGAMATED UNION OF SHOP ASSISTANTS, WAREHOUSEMEN AND CLERKS, 1894-1928

Year	Amount			Year	Amount		
	£	s.	d.		£	s.	d.
1894	161	0	9	1912	7,675	12	4
1895	215	7	0	1913	11,006	12	5
1896	263	2	4	1914	11,339	13	6
1897	337	7	8	1915	2,940	3	9
1898	459	4	0	1916	1,120	7	3
1899	522	8	0	1917	384	14	6
1900	943	18	2	1918	320	8	4
1901	1,954	4	6	1919	788	16	8
1902	2,597	14	11	1920	5,078	11	3
1903	3,645	8	6	1921	14,131	2	5
1904	5,248	10	9	1922	11,633	14	9
1905	6,129	13	4	1923	11,717	8	5
1906	7,108	2	1	1924	11,951	4	5
1907	6,754	17	7	1925	13,627	5	9
1908	8,358	6	7	1926	12,679	10	6
1909	8,081	14	7	1927	8,825	2	9
1910	7,832	13	4	1928	9,505	8	11
1911	6,946	15	11				
Total	.....				202,286	7	11

[Source: Supplied by J. R. Lealia, General Secretary of National Amalgamated Union of Shop Assistants, Warehousemen and Clerks.

on the completion of six months' continuous membership, and to full benefit on the completion of twelve months. Any member, having received thirteen weeks' benefit during any benefit year, must wait one year before he again becomes entitled to draw payments.¹

Any member joining between the ages of sixteen and twenty-one is entitled to a maximum number of four units of benefit; thereafter he may have six. Those members earning more than £250 per year, not covered by the state insurance scheme, therefore, are allowed to insure for four additional units.²

The income of the union is allocated to four separate funds besides the general fund. Out of one of these, the central provident fund, "ordinary" unemployment benefits, sick and death benefits of provident members are financed. This fund consists of the balance of the provident members' contributions after the branch allocations have been deducted.³

¹ National Amalgamated Union of Shop Assistants, Warehousemen and Clerks, *Rules*, London, 1927, pp. 7-8.

² *Ibid.*, pp. 27-28.

³ *Ibid.*, p. 12.

Other Union Plans.—Other trade unions have conducted their benefit work in an essentially similar manner. The Amalgamated Society of Woodworkers, established in 1860, with an average membership for sixty-nine years of 52,496 and a membership of over 115,000 at the close of 1928, has paid out a total of £2,152,000 in unemployment benefits since the formation of the society, equivalent to over £40 per member since 1860.¹

The trade unions have faced a serious problem because of the extent to which short time is being worked in the cotton textile industry. The Bolton and District Operative Cotton Spinners' Provincial Association may serve as an example in this field. The union collects a contribution of 1s. per week from each member, but, if a member is employed at a mill where short time is being worked, he is entitled to have 2d. per day deducted from his contribution for each day he may have been out of work. "Short time" is defined as existing where "a notice has been put up announcing a system of stoppage in any mill, or where no such notice has been posted, but the men, or any portion of them, have been stopped systematically on the same days for three successive weeks."² The unemployment benefit of the Cotton Spinners is relatively high, being 2s.6d. per day for 240 days, should the worker remain out of employment for that period. The members out of work receive their pay according to rule until the funds of their branch are reduced to £100. Should a member get temporary or permanent employment at his own trade and work more than four hours in any one day, he forfeits his right to out-of-work pay for such day.³ The union forces its members, on penalty of losing the right to benefit, to accept temporary situations.⁴ The membership was over 18,000 in 1927.

In addition to these unemployment benefits the union provides its members with financial assistance should they wish to emigrate. Out of a total of almost £10,000 listed by the registrar as having been paid out for "unemployment, etc., benefits" in 1927, about £2,700 was out-of-work pay; over £7,000, temporary layoff benefit; and £13, emigration benefit. Since 1881 the union has expended over £404,000 on these benefits; £123,000 out-of-work pay; £280,000 temporary layoff benefit; £2,000 emigration benefit.⁵ Almost throughout the entire period, the temporary layoff benefits are larger than the out-of-work payments.

The various rules and regulations with respect to the payment of unemployment benefits, some of which have been described, must be

¹ Amalgamated Society of Woodworkers, *Sixty-ninth Annual Report*, Manchester, England, 1929, pp. xiv-xv.

² Operative Cotton Spinners and Turners Provincial Association of Bolton, *Rules*, Bolton, England, 1927, pp. 21, 25.

³ *Ibid.*, p. 24.

⁴ *Ibid.*, p. 27.

⁵ Bolton and District Operative Cotton Spinners' Provincial Association, *Forty-ninth Annual Report for the Year Ending December 31st, 1928*, Bolton, England, 1929, pp. 124-125.

102 UNEMPLOYMENT INSURANCE IN GREAT BRITAIN

regarded as the more or less haphazard growth of many years. Every union tries to meet its own requirements as best it can but the foregoing examples can be regarded as fairly representative. As for trade union statistics, the figures quoted in the registrar's reports for individual years, though they furnish the only readily available data concerning unemployment benefits, are confusing because of the overlapping which results from the union practice of keeping records on a "cash basis"; often items appearing in one year actually belong to a previous or even ensuing year.

Table 7, which includes benefits paid by unions administering state benefits as well as those of nonadministering unions, represents the most authentic information available.

Table 7

MEMBERSHIP, AND EXPENDITURE ON UNEMPLOYMENT BENEFIT, REGISTERED TRADE UNIONS,* GREAT BRITAIN, 1910-1928

Year	Membership	Gross Unemployment, Traveling and Emigration Benefit	Allowances From Ministry of Labour			Net Unemployment, Traveling and Emigration Benefit Paid by Unions
			Total	Administration Expenses	Unemployment Benefit	
		£	£	£	£	£
1910	1,981,543	676,900	b	b	b	b
1911	2,321,142	478,099	b	b	b	b
1912	2,546,681	630,452	b	b	b	b
1913	3,205,240	507,143	•	•	102,303	404,840
1914	3,199,346	881,400	•	•	168,986	712,414
1915	3,388,769	291,233	•	•	121,630	169,603
1916	3,649,009	116,541	•	•	21,850	94,691
1917	4,360,782	267,447	•	•	52,665	214,782
1918	5,259,410	282,569	•	•	90,633	191,936
1919	6,516,436	967,259	•	•	33,497	933,762
1920	6,928,666	1,717,761	•	•	312,024 ^d	1,405,737
1921	5,453,815	15,149,636	•	•	7,831,797 ^d	7,317,839
1922	4,505,941	8,359,447	5,448,721	166,329	5,282,392	3,077,055
1923	4,368,877	3,733,365	2,649,364	71,841	2,577,523	1,155,842
1924	4,458,147	3,139,055	2,069,737	51,054	2,018,683	1,120,372
1925	4,447,818	4,527,328	3,121,816	69,533	3,052,283	1,475,045
1926	4,147,653	6,376,730	4,542,155	87,298	4,454,857	1,921,873
1927	3,903,048	3,131,002	2,095,994	48,696	2,047,298	1,083,704
1928	3,764,865	3,233,645	2,062,571	47,626	2,014,945	1,218,700

* The majority of all unions pay unemployment benefit. The majority of registered unions, constituting approximately 80 per cent of all trade unions, pay unemployment benefit. See also Table 3, p. 76.

^b No records are available for total allowances, administration expenses, etc.

^c From 1913 to 1921 administration allowances were not abstracted.

^d Includes expenses not separated.

Source: Great Britain Ministry of Labour, *Eighteenth Abstract of Labour Statistics of the United Kingdom, 1926*, (Cmd. 2740) pp. 180-181; Great Britain Ministry of Labour, *Nineteenth Abstract of Labour Statistics of the United Kingdom, op. cit.*, pp. 172-173. Great Britain Registry of Friendly Societies, *Report of the Chief Registrar, Annual, 1922-1929*.

Summary

Since unemployment relief had been one of the traditional functions of British trade unions, it was entirely natural that when state unemployment insurance was introduced they should have looked upon themselves as having earned the right to be consulted concerning the administration of the state system. In fact, when the first unemployment insurance bill was under discussion and even as late as 1924, a large section of the labor movement held that "the ultimate aim . . . of labour is to place the burden of unemployment insurance entirely on the trade union movement."¹ They maintained that insurance against unemployment was a purely industrial function, that it implied a certain control of the supply of labor and that this control should be in the hands of labor. Whether regarded as a protective measure against unemployment or an integral part of organization, the trade union movement insisted in 1924 that unemployment insurance should remain essentially a function of the unions.²

The annual reports of the Registry of Friendly Societies, which cover unions with a membership of 10,000 or more, supply the only available information on the expenditures of trade unions for unemployment benefit out of their own funds. The number of unregistered trade unions paying unemployment benefit from private funds is undoubtedly comparatively small. In 1928, the registrar reported that twenty-five unions with a membership of 1,611,161 paid unemployment benefit out of their own funds amounting to £489,986. The chief qualification for these benefits is that the individual be a *bona fide* member of the union, actually unemployed and available for work.

The Yorkshire Miners Association is one of the unions which has not administered state unemployment benefits but has paid unemployment benefits out of its own funds. In 1928, expenditures amounted to £90,000 and the payments had to be discontinued. The Electrical Trades Union has paid unemployment benefit since 1891 and distributed £6,000 in unemployment benefit to its 26,000 members in 1928. The National Amalgamated Union of Shop Assistants, Warehousemen and Clerks with a membership of 37,097 in June, 1929, paid £200,000 in benefits in the period 1894-1928. The diversity in the rules for the payment of benefit is largely an outgrowth of the needs of the particular union, and the evolutionary nature of the plans.

¹ Trades Union Congress, and Labour Party, *Social Insurance and Trade Union Membership*, op. cit., p. 18.

² *Ibid.*, p. 19

CHAPTER IX

ADMINISTRATION OF THE STATE SCHEME

Administrative Machinery

Unemployment insurance is administered by the Unemployment Insurance Department¹ of the Ministry of Labour. In 1929, the Labour Government appointed the Lord Privy Seal (J. H. Thomas) unofficial Minister of Employment to deal with employment as distinct from the administration of employment exchanges and unemployment insurance. The function of the Minister of Employment was to co-ordinate the work of the various government departments concerned with employment schemes and to study the possibilities of increasing employment. In June, 1930, the Prime Minister appointed a Cabinet committee to deal with unemployment, he himself presiding over it. At the same time he appointed a civil service committee "general staff," representing all departments concerned with unemployment, under the chairmanship of Sir John Anderson of the Home Office. The purpose of the latter committee is to co-ordinate the work of various government departments, in order to facilitate the progress of local public works projects.

The work of the Unemployment Insurance Department of the Ministry of Labour is administered mainly through the employment exchanges. Certain workers' organizations pay state unemployment benefit to their own members; their procedure was treated in Chapter V.

Employment Exchanges.—The employment exchanges, with their function of testing willingness to work by the proffer of a job, are an integral part of the machinery of unemployment insurance and their efficiency directly affects the administration of insurance itself. For administrative purposes and to facilitate the transfer of workers, Great Britain is divided into seven areas termed "divisions," with a divisional controller in charge of each, who is responsible to headquarters at the Ministry of Labour in London. In these divisions there are 417 employment exchanges and 752 branch employment offices.²

Each exchange has a special department that deals with boys and

¹ Formerly called the Employment and Insurance Department. The employment exchanges are administered by the Employment and Training Department of the Ministry of Labour; matters concerning their organization, appointment and control of the staff are in the hands of the Services and Establishments Department. An outline of the complete organization of the Ministry of Labour and the activities of each department will be found on pp. 473-474.

² Great Britain Ministry of Labour, *Report for the Year 1929, op. cit.*, p. 110.

girls under eighteen years of age. In 1910 under authority of the Labour Exchanges Act arrangements were made to organize juvenile employment committees in association with employment exchanges, for the purpose of advising boys and girls in the choice of employment and placing them in positions. There are 171 of these committees. Employment subcommittees of the education authority were set up under the Education (Choice of Employment) Act, 1910. Committees of this kind are associated with the 111 local education authorities in England and Wales.¹ Nine new committees were set up in 1928.² In most areas juvenile committees arrange to keep in touch with boys and girls during their early years at work. Unemployment insurance and placement of juveniles are administered in some cases by the juvenile employment bureaus of the local education authorities which are exercising powers under section 107 of the Education Act of 1921 and section 6 of the Unemployment Insurance Act of 1923, and in other cases by the Ministry of Labour working through the juvenile departments of employment exchanges.³

For some years there was conflict between the two administrations in charge of the juvenile employment subcommittees which were set up by local education authorities and the juvenile advisory committees established by the Ministry of Labour and, as Davison says, "no one has ever been able to determine which type ought to oust the other." He adds, "The full story of the Juvenile Employment Committees . . . would require a book to itself and would include the history of an administrative civil war which has hampered their growth for seventeen years."⁴ But difficulties are rapidly being ironed out and the Act of 1927 made provision for the supervision of both types of committee by the Ministry of Labour instead of permitting the continuance of an administration divided between this Ministry and the Board of Education.

The employment exchanges have two main functions: to place workers and to pay unemployment insurance benefits. The placement work consists in registering applicants for employment and unemployment benefits, recording vacancies notified by employers, examining the fitness of applicants for available openings, and sending them to the employers concerned with cards of introduction franked for mailing back to the exchange if the worker is accepted. Employers often advance money for transportation where journeys of any length are involved and in certain instances part of the fare is paid from the unemployment fund. Under the Act of 1930, provision is made to secure the closer co-operation of employers in notifying vacancies, with the hope that the exchanges may be in touch with a larger proportion of the openings.

¹ Great Britain Ministry of Labour, *Memorandum on the Transfer of Juveniles from Distressed Mining Areas to Employment in Other Districts*, December, 1928, p. 2.

² Great Britain Ministry of Labour, *Report for the Year 1928*, *op. cit.*, p. 46.

³ See also Chapter XV.

⁴ R. C. Davison, *The Unemployed*, *op. cit.*, p. 212.

The system of employment exchanges promotes mobility of labor by notifying to all exchanges throughout the country vacancies which cannot be filled locally or in the clearing area. Openings in Great Britain and abroad are filled by carefully devised methods of advertising and placement.¹ During 1927 an important modification in the organization of employment exchanges was effected. Intensive clearing areas were instituted, the idea being to group together a number of contiguous exchange areas within which workpeople are within daily traveling distance of the centers of employment. This facilitates supplying labor to employers by enlarging the area from which may be drawn the most suitable workpeople of either a skilled or semi-skilled type registered at any of the included exchanges. At the same time the field of opportunity for the applicant is broadened.²

Insurance Procedure.—For the insurance phase of the department's work there is a chief insurance officer appointed by the Minister of Labour, whose office is at the Ministry of Labour in Kew, where cumulative records of applicants for benefit are maintained. The Morris Committee reported that in 1929 there were 1,748 insurance officers, of whom 1,690 were located in the seven divisional offices, at the employment exchanges, and at branch offices throughout the country, and fifty-eight at the head office at Kew.³ The insurance officers, who are appointed by the Minister of Labour, decide on all claims for benefit and all questions where the statutory conditions are to continue to be fulfilled, and all questions as to disqualification under the acts. The larger employment exchanges have three or four insurance officers; the manager, the submanager, a supervisor and a women's supervisor are usually appointed to this position. In the small exchanges and branch offices there is only one insurance officer, who is generally the manager. Some members of the employment exchange staff have as their primary duty the recording of all claims, while others keep in touch with vacancies notified by employers.

An unemployed man entering a claim for benefit calls at an employment exchange, makes his claim and "lodges" his unemployment book, for which he is given a receipt. He is required to register for a new job and give a record of his occupational experience. When the claimant resumes employment in an insured trade his book is transferred from

¹ A broad future for employment exchanges is outlined in J. B. Seymour, *British Employment Exchange*, op. cit., p. 262., who says:

The growth of the British employment exchange should not be confined to the United Kingdom. There is the broader aspect of the Empire to be considered. To deal with the many questions of employment which concern the different sections of the Empire conjointly, an Imperial Advisory Council would seem a necessity. It would be one of the tasks of such a Council to co-ordinate the exchange systems of the various sections. When this is accomplished, the British employment exchange would have its share in the general system in association and co-operation with its sister exchanges, becoming a member of the Federated Exchanges of the British Empire.

² Great Britain Ministry of Labour, *Report for the Year 1928*, op. cit., p. 21.

³ Great Britain Ministry of Labour—Committee on Procedure and Evidence for the Determination of Claims for Unemployment Insurance Benefit (Harold Morris, Chairman), *Report*, 1929. (Cmd. 3415) p. 7.

the exchange to the new employer who holds it and enters the contribution stamps weekly while the worker remains in his employ.

Contributions are paid by means of stamps which the employer purchases from the post office and attaches weekly to the unemployment books deposited with him by his workers. Each stamp covers both the employer's and the worker's share of the contribution. The latter is deducted from the worker's wage. A weekly contribution is payable for any part of a week during which a person is employed, even though it may be only a day. If the person works for several employers, the contribution is paid by the first for whom he worked in the insurance week. Before payment of benefit can be authorized, the local exchange must first ascertain from the central office at Kew, where all the accounts of the insured are filed, whether or not the applicant has the requisite contributions to his credit.

The applicant proves his continuous unemployment and his availability for new employment by registering daily during his normal working hours if he lives within two miles of the exchange. In areas with a high degree of unemployment and in cases where the applicant lives more than two miles away, attendance at the exchange is less frequent. Casual dock workers, however, are required to register twice a day when unemployed, as they are engaged by employers for the half day. The members of the local exchange staff also determined, until 1930, whether the applicant appeared to be genuinely seeking work, as this was until then among the statutory conditions for the receipt of benefit. On the day the claim is filed, the last employer is communicated with to ascertain if any of the disqualifying conditions are present; that is, whether the applicant is out of work as the result of a trade dispute, has lost his employment because of misconduct or left voluntarily without just cause. On the basis of this information, together with the applicant's statement of the case, the local insurance officer is authorized to pay benefit, provided he has no doubt of the applicant's eligibility. The question of suitability of work offered is also determined by the exchange officers.

All doubtful claims are referred to the local courts of referees which preside over areas designated by the Minister of Labour.¹ These courts are composed of a chairman, usually a lawyer,² appointed by the Minister of Labour, and one representative each of employers and employees, including qualified women representatives drawn from panels of employers' and employees' representatives prepared by the Minister of Labour,³ with the advice of the local employment committee. If a claim

¹ Great Britain Parliament, *Unemployment Insurance Act, 1930, op. cit.*, p. 6.

² He must at least possess legal experience and may not be an employer of insured contributors or have any connection with an Employers' or Employees' organization. H. C. Emmerson, and E. C. P. Lascelles, *Guide to the Unemployment Insurance Acts, op. cit.*, 1928, p. 106.

³ Great Britain Parliament, *Unemployment Insurance Act, 1930, op. cit.*, p. 13.

involves the possibility of disqualification due to a trade dispute, the case is referred to the chief insurance officer at Kew, instead of to the local court of referees.

The insured may appeal from the decision of a court of referees or of the chief insurance officer. An appeal from the chief insurance officer's decision is carried first to the local court of referees.¹ Appeal from the decision of a court of referees is carried to the umpire, appointed by the Crown, whose decision is then final. The appeal to the umpire may be taken either at the instance of the chief insurance officer or by the association of which the insured is a member, or by the individual claimant himself, with the permission of the court or when the decision has not been unanimous. This procedure on appeals has existed from the first Act of 1911 to the present day. But from time to time, auxiliary bodies have been called in to pass upon certain classes of claims to benefit and both the line of appeal and the conditions under which an appeal may be made have been slightly altered at different times.

From 1921, when extended benefit was first provided, until the Act of 1927, which abolished the distinction between statutory and extended benefit, all questions as to the fulfilment of the special conditions attached to extended benefit were passed upon by subcommittees (known as "rotas") of the local employment committees. The local employment committees are composed of equal numbers of representatives of employers and workers and a chairman appointed by the Minister of Labour. The Minister may refer to them for advice concerning any question relating to the administration of the acts.² In order to guard against overlapping in relief, the subcommittees, or rota committees, were urged to keep in close touch with local boards of guardians and private charitable organizations. At the same time, the normal administrative and judicial machinery continued to consider all questions in connection with standard benefit and also passed upon the standard conditions and disqualifications, in so far as they applied to applicants for extended benefit. The Act of 1927, in aiming to abolish extended benefit after a transitional period, stipulated that there should be the same procedure for all claims, thus abolishing the rota committees.

The machinery established by the Act of 1927 was slightly modified in September, 1929, pending the report of the Committee on Procedure and Evidence (Morris Committee) and the 1930 act. By this change local insurance officers were authorized by statutory regulations³ to submit to a local board of assessors, representing employers and employees, questions as to whether or not the applicant appeared to be genuinely seeking

¹ Great Britain Parliament, *Unemployment Insurance Act, 1930*, *op. cit.*, p. 6.

² H. C. Emmerson, and E. C. P. Lascelles, *Guide to the Unemployment Insurance Acts*, *op. cit.*, 1928, pp. 148-149.

³ Great Britain Ministry of Labour, *Unemployment Insurance: Boards of Assessors Regulations, 1929*, 1929. (Statutory Rules and Orders, No. 659) 3 pp.

work and whether certain other qualifications affecting those coming under transitional provisions were fulfilled. The local insurance officer might then accept the recommendation of the board of assessors, but if he disagreed with their recommendation or if the determination of the assessors was not unanimous, he submitted the case to the chief insurance officer at headquarters. These new local boards of assessors were created by the Minister of Labour in 1929, because the courts of referees had become so choked with work that it was impossible to give sufficient attention to each case. The Morris Committee which in 1929 investigated the procedure and the nature of the evidence required in the administration of the unemployment insurance acts, approved the new local boards as upholding the principle that certain questions of a personal nature could best be decided locally.¹ On the other hand, a left wing Labour M. P., recalling that the Joint Committee of the Trades Union Congress and the Labour Party had demanded the abolition of the former rota committees,² said, "It is difficult to see how these new committees differ from the inquisitors under the previous act."³ The boards of assessors were abolished in 1930.

While the machinery for deciding claims may seem complicated, the Committee on Procedure and Evidence estimated that, under an earlier and slightly different procedure, when all cases involving any question were referred to the chief insurance officer, well over 90 per cent of the fresh claims were decided in the first instance by the local insurance officer, leaving something less than 10 per cent to be referred to the chief insurance officer. The committee was "satisfied that the present procedure so far as fresh claims are concerned has worked well."⁴ Of the claims that went to the chief insurance officer for all causes and were disallowed (69 per cent of the cases considered), only 36 per cent were then appealed to the courts of referees.⁵

To insure the continued observance of statutory requirements, new claimants, as well as persons drawing benefit, are kept under review. For this purpose, the person drawing benefit must continue to sign the unemployed register of the local exchange at the designated intervals. The applicant is also interviewed so far as possible by one of the officers of the exchange in touch with vacancies notified by employers,⁶ and full particulars of his industrial history, qualifications and capability are taken. Further interviews may take place at fixed intervals. The object

¹ Great Britain Ministry of Labour—Committee on Procedure and Evidence for the Determination of Claims for Unemployment Insurance Benefit (Harold Morris, Chairman), *Report, op. cit.*, p. 32.

² See p. 108.

³ Campbell Stephen, M.P., "Persecuting the Unemployed," *New Leader* (London), July 26, 1929, p. 7.

⁴ Great Britain Ministry of Labour—Committee on Procedure and Evidence for the Determination of Claims for Unemployment Insurance Benefit (Harold Morris, Chairman), *Report, op. cit.*, p. 29.

⁵ *Ibid.*, p. 47.

⁶ *Ibid.*, p. 27.

of these interviews with persons out of work for a long time is to discover whether the statutory conditions continue to be filled, and, before the passage of the 1930 act, whether such persons appeared to be "genuinely seeking work."¹ In the past, as a result of these interviews, a large number of cases were referred to the chief insurance officer,² and those which did not seem to him to satisfy the condition of "genuinely seeking work" were disallowed.³ In testimony presented to the Committee on Procedure and Evidence, objections were made both to the interviewing and to the manner in which it was done.⁴ This objection is not surprising for as a result of 4,665,133 interviews during the year ended May 6, 1929, the number of cases of "not genuinely seeking work" referred to the chief insurance officer was 673,288. This was a little over three times the number of claims which came to the chief insurance officer from all other causes, under an earlier procedure according to which all claims presenting any doubt of eligibility were referred to him. While the Committee on Procedure and Evidence considered interviewing a "necessary part of the machinery of the determination of claims,"⁵ they recommended that the interviewing officer should take care to ascertain that the applicant understand the purpose of the interview, that it be undertaken with more privacy and greater leisure, and that minor administrative changes designed to further safeguard the rights of the claimant should be instituted.⁶

Until repealed by the Act of 1930, the legislation provided another safeguard against possible malingering. All claims which had run for seventy-eight days within a four months' period, even though they had not been questioned by the interviewer or the insurance officer, automatically came up for review before the courts of referees. The Committee on Procedure and Evidence found that the review of these cases was rather perfunctory, due to the greater volume of work than was anticipated when the procedure was inaugurated by the Act of 1927.⁷ It was recommended that in view of its experimental state the review should be continued, but that the determination of the court of referees should be a decision and not merely a recommendation to the insurance officer. In spite of the committee's recommendations, the seventy-eight day review provision was abolished by the Act of 1930. Interviews will be continued in the necessary cases in the future, but with the object of giving directions for finding work or providing suitable training or other treatment.

In these cases of long standing benefit, if benefit is denied, the applicant may appeal, under the usual conditions, to the court of referees,

¹ Great Britain Ministry of Labour—Committee on Procedure and Evidence for the Determination of Claims for Unemployment Insurance Benefit (Harold Morris, Chairman), *Report, op. cit.*, p. 12.

² *Ibid.*, p. 47.

³ *Ibid.*, p. 27.

⁴ *Ibid.*, p. 13.

⁵ *Ibid.*, pp. 20-21.

⁶ *Ibid.*, p. 26.

⁷ *Ibid.*, p. 37.

just as in the case of fresh claims. Similarly, if a court of referees discontinues benefit, the applicant has the right of appeal to the umpire.

The present procedure based on the amending Act of 1930, just outlined, excepting the review of the seventy-eight day cases, is the result of the recommendations made by the Committee on Procedure and Evidence. At the time they examined the procedure, only the chief insurance officer and the umpire had had the right to disallow. This centralization was intended to obtain uniformity in the interpretation of the statutory conditions and disqualifications. The committee thought that decisions as to the right to benefit should not be made by officials at headquarters who had no opportunity to see either the applicant or his last employer and they recommended the decentralized procedure recently enacted.

It was urged before the Committee on Procedure and Evidence that the chairmen of the courts of referees should not be lawyers, as their presence tended to give the atmosphere of a law court. In other quarters it has been asserted that the chairman is likely to dominate the two lay members, representing employers and workers. The committee reported that the chairmen "have discharged their duties with good judgment and impartiality." But they found that the two lay members often did not sufficiently realize that they, too, were members of the court, each with a vote equal to that of the chairman. They recommended that chairmen should have a knowledge of "industrial and working-class conditions,"¹ and that they should be lawyers or other persons qualified to fill the position, bearing in mind the large amount of common law that is being built up on the basis of the umpire's decisions. The committee recommended that before making an appointment the Minister of Labour should submit to the local employment committee the names of several possible appointees and that the appointment should be made only after the minister had examined the opinions of the local committee.

Administrative Problems and Achievements

Suitable Employment.²—One of the first conditions of an unemployed worker's eligibility to benefit is inability to obtain suitable employment.³ This "suitable employment" condition and a definition of the term have been incorporated in the legislation since the first Act of 1911. The acts of 1911 and 1920, drafted with a background of a period of good trade, stipulated that no employment should be considered suitable

¹Great Britain Ministry of Labour—Committee on Procedure and Evidence for the Determination of Claims for Unemployment Insurance Benefit (Harold Morris, Chairman), *Report, op. cit.*, p. 33.

²The most adequate account of the actual practice in relation to this qualification may be found in Great Britain Ministry of Labour, *Unemployment Insurance Acts, 1920-1929; Analytical Guide to Decisions Given by the Umpire Respecting Claims to Benefit Before 15th March, 1930*, 1930, pp. 70-108.

³Great Britain Parliament, *Unemployment Insurance Act, 1920, op. cit.*, p. 5.

which was in the applicant's district at lower wages or with less favorable conditions than those he had habitually obtained in his usual employment; which was in another district at lower wages or under less favorable conditions than those observed in trade agreements or by "good employers;" or which was offered as the result of a trade dispute. The first of these clauses implied that the worker would be re-employed in his former occupation. But under the post-war conditions in the depressed industries, it was clearly a mistaken policy to allow the insured worker to hold out for employment in his usual occupation with little or no chance of securing it. Accordingly, the amending Act of 1927, following the recommendations of the Blanesburgh Committee, provided that after a reasonable period of unemployment, suitable employment should then include work in another occupation, provided only that it offered wages and other conditions not less favorable than those observed by trade agreements or by "good employers."¹

It becomes a matter of opinion as to whether a reasonable length of time has elapsed when the applicant ought to seek work outside his usual occupation. In practice, each case is considered on its own merits. A young unmarried man would usually be given a shorter time than an older man with a family. But a young, single man highly skilled and specially trained would be permitted to hold out for employment in his usual occupation for a longer period. It is also a question for interpretation whether certain employments offer wages or working conditions not less favorable than those recognized in trade agreements or by "good employers." Witnesses before the Committee on Procedure and Evidence urged that in no case should an uninsured employment be considered "suitable."² These witnesses argued that domestic work could not be regarded as suitable employment for the majority of unemployed women. It was stated that women in skilled trades often found themselves unfitted to return to their usual occupations after a period in domestic service, and that many women who entered domestic service were almost immediately discharged because they were so completely unsuited for it. It was also argued that a woman who remained in domestic service, and found it difficult to re-enter an insurable occupation, could not qualify for unemployment benefits by virtue of her paid-up contributions.³

The committee decided that casting the burden of proof of an offer of "suitable" employment on the exchanges would "go a large way towards ameliorating the feeling of grievance." They were unwilling to concede that uninsurable employment could never be "suitable," either

¹ Great Britain Parliament, *Unemployment Insurance Act, 1927, op. cit.*, p. 4.

² Great Britain Ministry of Labour—Committee on Procedure and Evidence for the Determination of Claims for Unemployment Insurance Benefit (Harold Morris, Chairman). *Report, op. cit.*, p. 22.

³ The Act of 1930 has to a certain degree lessened the disability of the domestic worker in this respect by letting former contributions remain credited for two years of employment in an uninsurable occupation.

in the case of men or women; the facts of the individual case would have to be considered.¹

Those who employ servants are inclined to think that if a woman untrained for any special work has been unemployed for some time she should be required to take an available position as a domestic. But several decisions handed down by the umpire have decreed that domestic service is not "suitable" employment for female workers who have considerable training and experience in another occupation, unless their period of unemployment is excessively long.²

What is so aptly termed the "downward drag"³ takes place very frequently when an exchange, unable to offer a man a job suitable to his capacity and training, requires him to accept as "suitable" employment beneath his capacity. By this procedure, the least efficient are liable to be more and more crowded out and the exchanges to become choked with unskilled and low grade workers displaced to make room for skilled workers doing low grade work.

It is evident that "refusing suitable employment" furnishes a large proportion of the appealed cases; in 1929 the chief insurance officer disallowed on this ground, 40,570 claims out of 940,474 cases referred to him for various reasons and, on the same ground, the courts of referees disallowed 12,202 cases out of 221,529 cases referred to them, on appeal from the decision of the insurance officer. On this ground the umpire disallowed 798 cases out of a total of 8,330 referred to him.⁴

Flexibility in deciding what is suitable work obtains in practice, for in the minority of cases appealed to the umpire, all the circumstances are considered. The umpire's decisions are applied by insurance officers and courts of referees to other similar cases.

Genuinely Seeking Work.—Difficulties have been encountered in interpreting the phrase "genuinely seeking work" as a condition of eligibility for benefit. Proof of genuine search for work was first required in 1921 but only of applicants for extended benefit. Not until (No. 2) Act of 1924 was this requirement applied to persons making claims for standard benefit. Ground for controversy was also furnished by the clause "whether in normal times insurable employment would be likely to be available," because of the changes in trade conditions since the war. But this last condition was technically abolished by the 1927 act.

There are many borderline and puzzling cases; attitudes of insurance officers and courts of referees vary, leaving room for much honest dif-

¹ Great Britain Ministry of Labour—Committee on Procedure and Evidence for the Determination of Claims for Unemployment Insurance Benefit (Harold Morris Chairman), *Report*, *op. cit.*, pp. 22-23.

² H. C. Emmerson, and E. C. P. Lascelles, *Guide to the Unemployment Insurance Acts*, *op. cit.*, 1928, p. 71.

³ R. C. Davison, *The Unemployed*, *op. cit.*, pp. 190-196. See also Sidney Webb, and Beatrice Webb, *Public Organization of the Labour Market*, *op. cit.*, pp. 214-217.

⁴ Great Britain Ministry of Labour, *Report for the Year 1929*, *op. cit.*, pp. 124-126.

ference of opinion. But while the terms mentioned allowed divers interpretations, the phrases acquired a certain standard meaning through the many decisions rendered by the umpire.¹

The machinery of the employment exchanges did not permit thorough investigation as to whether a man was genuinely seeking work or not; the usual corroboration of his own statement demanded by the exchanges was a letter or letters from employers he had visited, verifying his search for employment. This was an absurd exaction in districts with a large surplus of labor, and employers resented being asked to sign innumerable letters. In many cases, common sense had to be the sole basis of decision. No doubt there was ground for just criticism of the actual checking up of a man's honest desire to find work. But some evidence exists that at times certain workers have been expected to tramp the streets and hunt work when no jobs were available.

An instance of the difficulties connected with the practical operation of this clause in the distressed areas was given in a Parliamentary debate on December 12, 1929, when a Conservative member (W. E. D. Allen), himself an employer, stated his experience. All told, well over thirty men had come to him with cards stamped "Not genuinely seeking work," whom he had sent to his manager. In every case, the men had reported the next morning; seventeen of the thirty had been engaged for temporary work; three had proved so good that they had been given permanent employment, while one was so satisfactory that he had been sent to a better job in Glasgow. He remarked that it was but a personal experience, but he felt it indicated, particularly in the distressed areas, "that there is a large number of men who get turned down as not genuinely seeking work, when they are only too anxious to work."

With the aim of closer definition of "genuinely seeking work" and "suitable employment," the Blanesburgh Committee, while steering around the difficulty of formulating definitions themselves, recommended such action to the government. The Act of 1927 did not attempt a rigid definition, but the requirement that a man must look for other work if after a "reasonable length of time" he did not find work in his own trade was a step in the direction of greater rigidity.

In July, 1929, because of the increasing dissatisfaction of certain individuals and groups in the Labour Party with what they termed the "persecution" of the unemployed, especially as related to "genuinely seeking work," the Minister of Labour appointed a committee "to consider and report upon the constitution and procedure of statutory authorities performing the functions of Insurance Officers, and courts of referees under the Unemployment Insurance Acts, and the nature of the

¹ See Umpire's Decision No. 1404 dated July 14, 1926, in Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report*, *op. cit.*, Vol. 1, pp. 93-96.

evidence to be required as to the fulfilment of the conditions or the absence of the disqualifications for the receipt of unemployment benefit under the Acts."

The report of the committee¹ was based mainly upon testimony presented by trade union representatives, members of the courts of referees, and the National Confederation of Employers' Organizations. It seems significant that most of the members of the courts of referees testified that the requirement of "genuinely seeking work" by an applicant should be changed. The modification suggested most frequently was that willingness to accept an offer of suitable employment should be considered sufficient proof. Among the many organizations called before the committee, the National Confederation of Employers' Organizations stood almost alone in its approval of the existing procedure in testing this statutory condition. J. B. Forbes Watson of this organization testified that the members of the confederation, constituting about two-thirds of the employers of labor of Great Britain and employing some seven million workers, were in agreement with the principle that a man should be refused benefit unless he could show that he was "in a real sense genuinely unemployed only from circumstances and in no way from choice."²

The importance of the "genuinely seeking work" clause may be gauged by the fact that fully 46 per cent of the total claims disallowed by the insurance officers during the twelve months ended May 13, 1929, were based on this condition,³ while in the month November 13 to December 10, 1928, of over 60,000 disallowances, 30,481 were based on the same disqualification.⁴

Generally speaking, there was agreement among the witnesses before the committee that only "genuinely" unemployed persons should receive benefits, but the great difference of opinion concerned the procedure adopted to test that genuineness. The committee itself was unable to agree in its recommendations. Five out of the seven members agreed that "the genuinely seeking work" clause should be abolished and that the test should be the definite refusal of suitable employment. Of these five members, three further agreed that a disqualification should result where there was evidence that suitable work was available but that the applicant failed to prove that he had made reasonable effort to obtain it.⁵ Two held that "no condition which places the burden of proof upon the

¹ Great Britain Ministry of Labour—Committee on Procedure and Evidence for the Determination of Claims for Unemployment Insurance Benefit (Harold Morris, Chairman), *Report, op. cit.*, 60 pp.

² *Ibid.*, *Report; Minutes of Evidence*, 1929, p. 277.

³ *Ibid.*, p. 8.

⁴ "Unemployment Insurance Statistics: Great Britain," *Ministry of Labour Gazette*, Vol. 37, January, 1929, p. 23. See also pp. 117-121 and Table 8, p. 118.

⁵ Great Britain Ministry of Labour—Committee on Procedure and Evidence for the Determination of Claims for Unemployment Insurance Benefit (Harold Morris, Chairman), *Report, op. cit.*, pp. 22-38.

applicant can be satisfactory." The only test acceptable to these two was the definite offer of suitable employment by the exchange and its refusal.¹ The committee recommended that the claimant be given written notice to extend his search for work outside of his usual occupation, and that he be given three days in which to object and to refer the question of "reasonable time" to a court of referees. A wholly dissenting committee member held that the condition ought to be retained in its existing form. He held that to withdraw this requirement would lessen the incentive of the insured to look for work.

In the parliamentary debates on the Act of 1930 it appeared that the real difficulty in connection with the "genuinely seeking work" clause arose in the depressed areas. Sir Arthur Steel-Maitland, the Minister of Labour under the preceding Conservative Government, in the House of Commons on December 12, 1929, said that in the distressed areas only a few firms were working, but the men were expected to trudge around in search for a job which there was no real chance of finding. He claimed that the operation of the clause had broken down in such places, but that in towns with a diversity of occupation and a normal turnover of jobs it did not cause much difficulty. The Act of 1930 ignored this distinction. The requirement of a genuine search for work was repealed for all areas and industries alike and the earlier procedure which placed upon the officers of the exchanges the onus of proving that a definite offer of suitable employment had been refused was again adopted.

When this act was before Parliament, it was anticipated that the change would enable 80,000 to 90,000 insured persons, whose books were lodged at the exchanges, but who were disqualified under the former condition, to receive benefit. It was also expected that many unemployed married women and seasonal workers who did not really desire fresh employment would be able to qualify under the new provisions.² Soon after the passage of the 1930 act, the unemployment figures began to mount, largely due to bad times in the cotton trade, which greatly increased the unemployment among women. It has been found that unemployment among women, especially married women, presents a distinct problem, for often the economic incentive to secure another position is weak. This whole question, however, is muddled by the frequent discharge of women at the time of marriage and the general objection to hiring married women. More women than men have been refused benefit on the ground that they were not genuinely seeking work, although the women have formed but 36.8 per cent of the insured population. Under the present provisions, many unemployed women are able to qualify for benefit,

¹ Great Britain Ministry of Labour—Committee on Procedure and Evidence for the Determination of Claims for Unemployment Insurance Benefit (Harold Morris, Chairman), *Report, op. cit.*, p. 40.

² Great Britain Ministry of Labour, *Unemployment Insurance (No. 2) Bill, 1929; Memorandum on the Financial Effect of Certain Amendments, op. cit.*, p. 2.

even though some may welcome temporarily the chance to remain at home.

The repeal of the genuinely seeking work clause may develop a tendency among the lowest class of the unemployed—the last 10 per cent—to wait for the exchange to produce a job for them. But this nearly unemployable group constitutes a chronic problem, at best.¹ Under the changed conditions and with benefit no longer directly limited in proportion to contributions, such persons, together with the married women and seasonal workers, will be able to draw benefit for longer periods than would have been possible in many cases under the earlier acts which restricted the duration of benefits but did not require proof of a genuine search for work.

Davison protests that, although on general grounds of policy the change effected by the Act of 1930 in abolishing the "genuinely seeking work" requirement, is desirable, "it does undoubtedly leave the scheme and the fund more exposed than ever to excessive claims by these classes of applicant," meaning by "these classes": (1) those types of claimant whose unemployment has special features which are dangerous to a contributory fund; (2) those industries which, by reason of their chronic irregularity, have persistently, over a long period, drawn out of the fund more than they put into it.²

But aside from this effect on relatively small groups, it is probable that on the whole the new provision will be an improvement. It removes the necessity for what Beveridge terms the "hawking of labor at the factory gates" which was condemned by the Poor Law Commission in 1909.³ The practice of an independent search for work has always been the custom and will probably continue for a long time among the capable majority of workers. The new arrangement promises for the future that in addition there will be more guidance and better selection of workers by the exchanges,⁴ which are now to return to the original and only practicable interpretation of genuineness laid down in the original Act of 1920.

Disallowances and Appeals.—Applicants for benefit are disqualified chiefly on the grounds of "refusing suitable employment" and "not genuinely seeking work." They are refused benefit if their application has not been made in the prescribed manner; if they are not capable of work; if benefit has been exhausted; if the unemployment is due to a trade dispute at the premises of the last employment, or to voluntary leaving without just cause or to discharge for misconduct.⁵ From 1920 to 1929 all claims

¹ Letter from R. C. Davison to Industrial Relations Counselors, Inc., January 29, 1930.

² R. C. Davison, *What's Wrong with Unemployment Insurance*, New York: Longmans, Green and Co., 1930, p. 64.

³ *Times* (London), February 8, 1930.

⁴ Letter from E. C. Davison to Industrial Relations Counselors, Inc., January 29, 1930.

⁵ See Chapter III.

Table 8

NUMBER OF CLAIMS FOR BENEFIT, NUMBER DISALLOWED CLASSIFIED BY CAUSE OF DISALLOWANCE, GREAT BRITAIN, 1920-1929

Year	Total Claims Considered	Number of Claims Disallowed Because—						Percentage of Considered Claims Disallowed
		Not Unable to Obtain Suitable Employment	Not Genuinely Seeking Work	Left Employment Voluntarily Without Just Cause	Lost Employment Through Misconduct	Miscellaneous ^a	Total	

By the Chief Insurance Officer

1920 ^b	"	1,354	....	6,287	5,019	2,245	14,905	....
1921.....	"	34,753	....	76,479	58,932	101,727	271,901	....
1922.....	"	27,526	....	72,651	69,696	100,105	259,978	....
1923.....	"	51,986	....	82,136	66,305	54,246	254,673	....
1924.....	437,156	48,551	8,162	91,750	59,247	59,869	267,579	61.2
1925.....	603,016	44,300	140,603	113,826	80,728	62,594	442,051	73.3
1926.....	680,861	33,297	125,947	108,130	69,548	96,310	433,232	63.6
1927.....	564,560	39,204	91,277	88,976	65,120	37,581	322,168	57.1
1928.....	737,626	32,123	179,356	72,579	51,327	165,439 ^a	500,824 ^a	67.9
1929.....	940,474	40,570	250,926	93,688	54,739	214,568 ^a	654,491 ^a	69.6

By Courts of Referees

1920 ^b	1,925	158	....	481	402	147	1,188	61.7
1921.....	68,411	10,505	....	12,423	8,926	9,102	40,956	59.9
1922.....	82,722	8,041	....	14,107	11,725	15,180	49,053	59.3
1923.....	79,564	12,809	....	13,850	12,165	11,036	49,860	62.7
1924.....	73,764	12,162	1,665	14,233	10,122	9,725	47,907	64.9
1925.....	144,025	10,143	37,881	19,582	16,198	6,222	90,026	62.5
1926.....	157,129	10,494	36,152	18,423	15,046	18,369	98,484	62.7
1927.....	110,714	10,823	27,020	15,495	14,179	5,086	72,403	65.4
1928.....	162,251	10,321	43,992	13,996	12,165	22,942 ^a	103,416 ^a	63.7
1929.....	221,529	12,202	60,392	17,347	11,755	33,774 ^a	135,470 ^a	61.2

By the Umpire

1920 ^b	117	4	....	17	13	67	101	86.3
1921.....	2,949	288	....	262	137	1,388	2,075	70.4
1922.....	4,299	434	....	357	257	2,179	3,227	75.1
1923.....	4,239	777	....	228	109	1,919	3,033	71.5
1924.....	3,360	775	83	177	100	1,069	2,204	65.6
1925.....	4,683	1,271	595	312	149	762	3,089	66.0
1926.....	6,923	514	392	396	142	3,167	4,611	66.6
1927.....	4,348	570	265	232	131	1,515	2,713	62.4
1928.....	5,116	646	656	286	270	1,600 ^a	3,456 ^a	67.6
1929.....	8,330	798	1,219	402	274	3,215 ^a	5,908 ^a	71.0

^a The figures include disallowances on account of failure to satisfy the condition requiring payment of thirty contributions in the previous two years and the transitional provisions modifying this condition.

^b November 8 to December 31.

^c Not available.

Source: Great Britain Ministry of Labour, *Nineteenth Abstract of Labour Statistics of the United Kingdom*, *op. cit.*, p. 67; Great Britain Ministry of Labour, *Report for the Year 1928*, *op. cit.*, pp. 113-115; *Ibid.*, 1929, *op. cit.*, pp. 124-126.

in which fulfillment of these conditions was involved were referred to the chief insurance officer, from whose decision there was appeal to the local courts of referees and to the umpire.

Decisions on claims to unemployment benefit in Great Britain, considered by the chief insurance officer, courts of referees and the umpire, respectively, in the years 1920-1929, are shown in Table 8.

The increase in the number of claims in 1925 was largely because of "not genuinely seeking work"¹ a condition which, as regards standard benefit, was introduced for the first time on August 1, 1924, under the second unemployment insurance act of that year. The rate of unemployment in 1924 was 10.3 per cent as against 11.3 per cent in 1925. As from April 19, 1928, consideration of claims to benefit by local employment committees was discontinued and all decisions were given by insurance officers, who formerly had not undertaken the initial review of claims for extended benefit. Mainly for this reason the chief insurance officer and courts of referees disallowed more cases in 1929 than in any other year and the umpire disallowed more cases than in any year except 1926, the year of the coal dispute, and 1928 (Table 8). More cases were disallowed on the ground of "not genuinely seeking work" than for any other reason.² Campbell Stephen, M. P., said in July, 1929, "These figures by themselves are sufficient to account for the intense bitterness which exists among working people."³ Figures for the twelve months ending May 13, 1929, indicate that both actually and relatively a larger number of claims was disallowed during this period than ever before: i.e., a total

Year	Number of Claims Disallowed by Chief Insurance Officer on Ground of "Not Genuinely Seeking Work"			Percentage of Total Claims Considered
	Males	Females	Total	
1924	2,662 ^a	5,500 ^a	8,162 ^a	1.87
1925	30,869	109,734	140,603	23.31
1926	34,512	91,435	125,947	18.50
1927	33,050	58,227	91,277	16.17
1928	100,809 ^b	78,547 ^b	179,356 ^b	24.32

^a The number of claims disallowed during 1924 was small, due to the fact that the chief insurance officer could not disallow claims on the ground of "not genuinely seeking work" before August 1, 1924, and it was some time after that before this condition became fully effective.

^b As from April 19, 1928, the consideration of claims to benefit by local employment committees was discontinued and all decisions were given by insurance officers, courts of referees and the umpire. This accounts for much of the increase in 1928.

¹ The term "genuinely seeking work" first occurred in relation to uncovenanted benefit in the Unemployment Insurance Act of 1921.

² For later figures on disallowances for "not genuinely seeking work," "misconduct," etc., see Great Britain Ministry of Labour—Committee on Procedure and Evidence for the Determination of Claims for Unemployment Insurance Benefit (Harold Morris, Chairman), *Report, op. cit.*, pp. 47-48.

³ Campbell Stephen, M.P., "Persecuting the Unemployed," *New Leader* (London), July 26, 1929, p. 7.

of 285,685 cases or 46 per cent of the total cases considered.¹ The preceding tabulation² also shows the disproportionate number of women's claims disallowed by the chief insurance officer because of not "genuinely seeking work," a disproportion all the more striking in view of the fact that, as has been said, "females" form but 36.8 per cent of the insured population. But the increases in disallowances during 1928 and 1929 were largely augmented by the new conditions abolishing "extended" benefit and requiring prerequisite contributions as a condition of drawing benefits.³

The following tabulation shows the total claims considered by the chief insurance officer, the numbers disallowed by him because of discharge for misconduct, and for voluntarily leaving without just cause. It also shows the proportions of the total claims considered: ⁴

Year	Total Claims Considered	Claims Disallowed by Chief Insurance Officer Because of—			
		"Misconduct"		Voluntary Leaving	
		Number	Percentage of Total Claims Considered	Number	Percentage of Total Claims Considered
1924	437,156	59,247	13.55	91,750	20.99
1925	603,061	80,728	13.39	113,826	18.88
1926	680,861	69,548	10.21	108,130	15.88
1927	564,560	65,130	11.54	88,976	15.74
1928	737,626	51,327	6.96	72,579	9.84
1929	940,474	54,739	5.82	93,688	9.96

The data are not in sufficient detail to throw much light on the subject of discharge of workers and, in any case, figures do not tell the whole story.⁵ There is reason to believe that the records of industrial establishments which have a committee to review such cases and consider all circumstances in relation to proposed discharges would show up favorably against places without a similar committee. A trade union worker has the backing of his association when he thinks he has been unjustly treated and wishes to have his case appealed. The Blanesburgh Committee recommended that the Ministry of Labour should undertake

¹ Great Britain Ministry of Labour—Committee on Procedure and Evidence for the Determination of Claims for Unemployment Insurance Benefit (Harold Morris, Chairman), *Report*, *op. cit.*, pp. 47-48.

² Great Britain Ministry of Labour, *Nineteenth Abstract of Labour Statistics*, *op. cit.*, pp. 66-67; 1928 figures supplied by the Statistics Division of the Ministry of Labour of Great Britain.

³ See pp. 53-54

⁴ Great Britain Ministry of Labour, *Nineteenth Abstract of Labour Statistics of the United Kingdom*, *op. cit.*, pp. 66-67; Great Britain Ministry of Labour, *Report for the Year 1928*, *op. cit.*, p. 113; *ibid.*, 1929, p. 124.

⁵ Summarization of practice based on a large number of cases may be found in Great Britain Ministry of Labour, *Unemployment Insurance Acts, 1920-1929; Analytical Guide to Decisions Given by the Umpire Respecting Claims to Benefit Before 15th March, 1930* 1930, pp. 70-108.

a comprehensive inquiry into the methods of recruiting and discharge of workers and, no doubt, such a study would reveal significant material concerning insecurity of job and income. Probably it would also reveal the various "slants" of the different courts of referees on discharges due to "misconduct."¹ Whether unconscious prejudice does or does not influence judgment, it seems certain that when cases of discharge may be publicly aired before civil servants and courts of referees, a worker has a better chance of fair treatment than otherwise.

Placement Record of the Employment Exchanges.—The number of vacancies notified to the employment exchanges in 1929 was 1,779,434 and the number filled 1,554,433, figures higher than at any time since 1919. The war years show the highest numbers of vacancies notified and vacancies filled (Table 9). Of the vacancies notified in 1929 approximately half, 942,765, were for men; 454,169 were for women; and 382,500 for juveniles. Of the vacancies filled, 882,220 were filled by men; 362,469 by women, and 309,744 by juveniles, 164,932 of whom were boys and 144,812 girls.² The Ministry of Labour attributes the experience of 1929 largely to "a greater appreciation on the part of employers," and also to the improvement in placing machinery, the linking up of neighboring exchanges, the improvement of registration of applicants and "quickenning the procedure." The Ministry maintains that "the increase might not have been so marked but for a conscious and sustained effort on the part of the exchanges which has, it is hoped, created a goodwill likely to lead to further usefulness in the future to both partners in industry." The number of vacancies notified always exceeds the number of vacancies filled, for it is impossible to adjust specific supply to specific demand, and some vacancies notified are canceled before they can be filled. It was also pointed out by some investigators in 1925, that "it frequently happens in small industries that when a job becomes available for a fairly skilled man it cannot be filled from the local list, the men on which are too old, or are young inefficients, or perhaps partly disabled ex-service men."³

The trade groups in which, during 1929, the largest number of vacancies for men were filled were building, general laborers, (111,180 in skilled occupations in the building trades and 34,668 in unskilled occupations), public works contracting, transport trades and engineering, in the order named. These five groups made up over half of the total number of men's vacancies filled. Other trade groups with more than 20,000 men's vacancies filled were commercial occupations, shipbuilding,

¹ Great Britain Board of Trade, *Unemployment Insurance: First Report on the Proceedings of the Board of Trade Under Part II of the National Insurance Act, 1911*, op. cit., p. 83.

² Great Britain Ministry of Labour, *Report for the Year 1929*, op. cit., p. 13.

³ *Unemployment Insurance in Great Britain: A Critical Examination by the Authors of "The Third Winter of Unemployment,"* op. cit., p. 28.

Table 9

REGISTRATIONS AND PLACEMENTS,^a EMPLOYMENT EXCHANGES,
GREAT BRITAIN AND NORTHERN IRELAND,^b 1910-1929

Year	Number of Registrations ^c	Number of Individuals Registered	Number of Vacancies Notified	Number of Vacancies Filled ^d	Number of Individuals Placed in Employment
1910 ^e	1,400,000	1,127,447	458,943	374,313	f
1911	2,040,447	1,513,369	788,609	621,410	f
1912	2,465,304	1,643,587	1,062,574	828,230	f
1913	2,965,893	1,871,671	1,222,828	921,853	f
1914	3,442,452	2,164,023	1,479,024	1,116,909	814,071
1915	3,186,137	2,326,803	1,797,646	1,308,137	1,058,336
1916	3,658,689	2,843,784	2,049,018	1,557,235	1,351,406
1917	3,575,380	2,837,650	1,999,442	1,555,223	1,375,198
1918	3,739,064	3,045,263	2,067,217	1,514,712	1,324,743
1919	6,197,653	5,003,786	1,951,364	1,289,963	1,137,875
1920	4,570,898	3,492,596	1,312,133	941,708	784,169
1921	9,303,526	6,548,867	1,024,602	842,462	716,841
1922 ^b	8,988,635	4,458,575	859,340	715,737	625,567
1923 ^b	8,952,263	f	1,060,293	917,242	f
1924 ^b	11,446,778	f	1,368,526	1,164,948	f
1925 ^b	11,715,474 ^e	f	1,509,765	1,306,085	f
1926 ^b	f	f	1,281,829	1,115,707	f
1927 ^b	f	f	1,458,956	1,273,866	f
1928 ^b	f	f	1,536,241	1,351,428	f
1929 ^b	f	f	1,862,698	1,630,747	f

^a The figures in this table include Post Office Christmas workers, except for 1926, but up to May, 1925, they do not include casual workers such as dock laborers and coal porters. In 1925 the number of persons for whom temporary Post Office work at Christmas was obtained through Employment Exchanges was 38,280.

^b The figures for all years up to and including 1921 are for the United Kingdom. From that date the figures refer to Great Britain and Northern Ireland.

^c Includes many reregistrations.

^d Includes placing of individuals in their old positions and filling temporary vacancies.

^e Eleven months only.

^f Figures not available.

^g For a period of four weeks at the end of 1925 the figures do not include registrations of persons "temporarily stopped."

Source: Great Britain Ministry of Labour, *Nineteenth Abstract of Labour Statistics of the United Kingdom*, op. cit., p. 77; Great Britain, *Ministry of Labour Gazette*, Vol. 37, January-December, 1929.

mining and quarrying, agriculture and domestic service, in the order named. The largest number of women (152,847) was placed in domestic service and the next largest groups in cotton, dress and commercial occupations.¹ Domestic service accounted for over 40 per cent of the women's vacancies.

The number of registrations by workers for jobs is far in excess of vacancies notified. The post-war depression is reflected in the tremendous number of registrations following 1918. In 1921 there were 9,303,526 registrations (includes reregistrations) and only 1,024,602 notifications of vacancies. This great discrepancy has without doubt con-

¹ Great Britain Ministry of Labour, *Report for the Year 1929*, op. cit., pp. 12-14.

tinued up to the present, although statistics covering the number of registrations have not been available since 1925 (Table 9).

The number of vacancies for juveniles notified to and filled by employment exchanges and juvenile employment bureaus of local education authorities during the past eight years was as follows: ¹

Year	Juvenile Vacancies Notified	Vacancies Filled			Percentage Filled of Total Notified
		Boys	Girls	Total	
1922	131,470	49,936	63,734	113,670	86.5
1923	171,180	74,792	74,815	149,607	87.4
1924	250,487	111,761	95,460	207,221	82.7
1925	292,589	126,521	110,286	236,807	80.9
1926	266,021	114,872	105,353	220,225	82.8
1927	318,106	140,066	124,596	264,662	83.2
1928	340,415	148,924	132,648	281,572	82.7
1929	391,209	168,706	148,309	317,015	81.0

The Ministry of Labour said in 1929 that "The great increase which has taken place in the use of the official machinery, both by boys and girls in looking for employment and by employers in recruiting juvenile labour, is no doubt due to improvement in the general quality of the placings effected and to the fact that parents and others concerned are more widely appreciating the assistance which the committees render." ² On the other hand, the Committee on Education and Industry estimated that not more than one-fifth of the juveniles are placed by employment exchanges and education authorities. Many more, however, receive advice and information from these agencies.

Statistical Records.—As a by-product of the work of the employment exchanges in registering the unemployed seeking work and applying for benefit, Great Britain has developed an exceptionally complete system of recording unemployment which dates from the introduction of employment exchanges and unemployment insurance. Prior to that time, trade union figures supplied the only indication of the numbers out of work, but they covered in general skilled workers who formed a small proportion of the entire wage-earning group. Two distinct series of unemployment statistics are published. One relates to all persons, insured and uninsured alike, who register themselves at employment exchanges as applicants for work. These figures are published weekly in the press and they also appear monthly in the Ministry of Labour Gazette. The weekly data for wholly unemployed and temporarily stopped,³ often called the "live register," include for men and women,

¹ Great Britain Ministry of Labour, *Report for the Year 1929*, *op. cit.*, p. 48.

² *Ibid.*

³ A "temporarily stopped" worker is one who has been promised re-employment. Short-time workers, e.g., persons "regularly" working three days a week or less, are thus classified.

boys and girls, the following classes: insured persons in receipt of benefit; insured persons in the waiting period or with claims under consideration; insured persons whose benefit claims have been disallowed; insured persons who have registered but have not made claims to benefit; uninsured persons, viz., those engaged in agriculture or private domestic service, etc., boys and girls under sixteen, and men and women over sixty-five years of age.

The other series covers only persons insured against unemployment. Accordingly, it excludes persons under sixteen and over sixty-five, workers in agriculture and in private domestic service and other excepted classes. It includes all the insured persons on the registers (over 90 per cent of the total) and also a number of insured workers who have ceased to register although apparently they remain unemployed. This series, which is published monthly in the Ministry of Labour Gazette, is considered to give as complete a statement as possible of the amount of unemployment among the insured population. The monthly figures relating to insured persons include the first four of the classes appearing in the other series, together with those unemployed who have ceased to register although their unemployment books remain lodged at an employment exchange.

For the most part, both these series include persons who have submitted claims for benefit and who attend regularly at the exchanges and furnish proof that they are unemployed. There are some people in both insurable and noninsurable occupations, as well as some who have no valid claim to benefit, who do not register when they are out of work, and to that extent the weekly published figures of unemployment and the figures relating to insured workers do not tell the whole story. The figures cover not only individuals completely out of work but also those suspended, laid off temporarily, or on short time, who are not at work on the Monday of each week when the exchanges take the count.

Unemployment books can be taken from the exchanges only when the workers have secured insurable employment. Those that remain lodged are transferred to the dead file two months after the worker ceases to furnish evidence of maintaining registration, but in the meantime they are counted in the unemployment figures unless it is known definitely that the owner of the book is at work, is sick or deceased, or has emigrated or joined the army. On each worker's book is recorded, among other things, the industry to which he is normally attached so that the monthly figures published in the Ministry of Labour Gazette give an analysis of the registered applicants for each of one hundred industry groups. A count is made each summer of the whole insured population when old books are exchanged for new ones, and this annual round-up of well over twelve million books furnishes the basis for all estimates of

numbers of insured workers by industries until the next annual count. Statistics of unemployment in insured industries are presented in the Ministry of Labour Gazette in two separate tables; one shows the numbers recorded as unemployed and the other the estimated numbers insured and the percentages unemployed. The percentage of unemployed among insured workpeople is obtained by relating the number of books lodged, other than those in the dead files, to the estimated total of insured persons.

The employment exchanges also keep records of the number of vacancies notified by employers and the number of vacancies filled. The statistics regularly compiled do not show duration of unemployment, but exchange officials are responsible for making occasional sample studies to determine the incidence and duration of unemployment in relation to age, employability, education and other factors not regularly recorded in unemployment statistics.

Statistics of unemployment in Great Britain do not represent the number of persons unable to find any kind of remunerative work, regardless of the applicant's customary standard of living. They record the number "unable to find work more or less of the kind to which they have been accustomed, at rates of pay not substantially reduced." The Balfour Committee trenchantly advised those who are inclined to compare Great Britain's unemployment figures with "the supposed smaller numbers in other countries" to keep this fact in mind, as well as the fact that no other country has had for so long a period the means of throwing so inclusive and illuminating a limelight on her unemployment figures.¹

Because both procedure and conditions have changed so frequently it goes without saying that the figures both of unemployment and unemployment insurance are not on an entirely comparable basis. "Gaps" in benefit, changes in waiting periods and duration of benefit and in rates of contributions and benefits,² are some of the influencing factors; the leanings of governments toward strictness or leniency of interpretation in relation to disqualifications for benefits also play a part. The unemployment and unemployment insurance figures, adequate as they are in comparison with those of other countries, must be regarded as somewhat vitiated by these kaleidoscopic changes.

Since comprehensive records of overtime and short time are unavailable, volume of unemployment cannot be measured with accuracy, and the volume of unemployment may fluctuate even more than the numbers unemployed. Whatever the limitations of the statistics, there is no doubt that the wider coverage of the Act of 1920 made possible the collection

¹ Great Britain Board of Trade—Committee on Industry and Trade (Arthur Balfour, Chairman), *Final Report*, *op. cit.*, p. 131.

² For a statement of these changes, see Chapter III and Appendix IV, p. 453 ff.

of far more comprehensive information than before the war. Not only are the records more complete, but the methods of compilation have steadily improved.

Functioning of the Employment Exchanges

The benefit function of the exchanges consumes much of the time and energy of the staff. The Committee of Enquiry which reported to Parliament on the subject in 1920 stated that one of the objects of the Labour Exchanges Act was "To operate a system of compulsory and contributory unemployment insurance."¹ In actual practice much time and energy are devoted to testing genuine unemployment and weighing the claims of applicants for benefit. In the words of the Balfour Committee, "The maintenance of the Employment Exchange service is essential to the administration of Unemployment Insurance, and for this purpose, if for no other reason, it is of national importance that as large a range of vacancies as possible should be available, both to test the *bona fides* of applicants for unemployment benefit, and to diminish the drain on the unemployment fund."² On the other hand, it is probable that the exchanges have had their opportunities to place unemployed persons increased by their close association with the administration of unemployment insurance. By this means the exchanges have had brought within the scope of their placement services the majority of the unemployed in the insured industries.

Administration has been difficult during the post-war depression. In 1920 the Committee of Enquiry into the Work of the Employment Exchanges reported:

We wish to draw attention to the fact that the Employment Exchanges, since their creation in 1910, have had little opportunity of perfecting their work as placing agencies. During 1910 and early in 1911 they were being established; at the end of 1911 the first unemployment insurance act was passed, with the result that the work of the exchanges was greatly increased. With the outbreak of war their work changed again and they had to deal with a series of fresh tasks throughout the war. Finally, in 1919, they had to deal with the exceptional industrial conditions of the demobilisation period and to administer the out-of-work donation scheme. Recently they have been heavily handicapped by the changes in the staff. This has no doubt been found necessary, but the displacement of men who had been more or less trained to the work has greatly increased the difficulties of managers, and this fact should be borne in mind in forming a judgment on the facts as revealed by the evidence.³

¹ Great Britain Ministry of Labour—Committee of Enquiry into the Work of the Employment Exchanges, *Report*, 1920, (Cmd. 1054) p. 5.

² Great Britain Board of Trade—Committee on Industry and Trade (Arthur Balfour, Chairman), *Final Report*, *op. cit.*, p. 239.

³ Great Britain Ministry of Labour—Committee of Enquiry into the Work of the Employment Exchanges, *Report*, *op. cit.*, p. 13.

Winston Churchill stated in the House of Commons on April 4, 1930, that "labour exchanges were intended to give to the working man or woman who had nothing to sell but their labour a market for their labour which should be as wide as the nation and as effectual and accurate as the London Stock Exchange. We had strayed far from that. The labour exchanges were primarily designed to find employment. That part of their work had fallen, [he would] not [say] into desuetude, but increasingly into the background."¹

Of late years the exchanges have been heavily taxed by their insurance functions, the multifarious tasks imposed on them in connection with their regular duties together with special efforts to place disabled ex-service men, and with such duties as the selection of the personnel for relief works, for training schemes, and for overseas migration.² It is not surprising that it has been impossible to carry on interviewing and placement satisfactorily.³ Indeed, members of the staff of the labor exchanges, through the Ministry of Labour Departmental Whitley Council, have been complaining ever since 1921 of the inadequacy of the labor exchange staff to the demands upon it. Comparatively recently, they have been protesting against the "mass production" entailed by the official time allowance for specific tasks and the impossibility of dealing in human relations on this basis.⁴ In Parliament on December 12, 1929, the Minister of Labour stated that simplification of administrative procedure under the Act of 1930 would release officials from other duties and permit them to turn to placement work. Miss Bondfield has since stated her intention of further developing the placement function of the exchanges.

The reaction in left wing labor circles to this preoccupation with purely insurance work is reflected in references in the House of Commons on December 12, 1929, to the "cruel ambit of the machine of the Employment Exchange," to exchanges which have adopted the "rule of thumb" and have developed into a "machine without a soul." The Committee on Procedure and Evidence stated that every effort should be made in interviews with those who have drawn benefit over long periods to allow the claimant to express himself fully. Although some evidence was presented to the effect that the exchanges were understaffed, the committee stated that they expressed no opinion on the point "except that the number of staff should be large enough and the time at their disposal sufficient to prevent any interview being hurried or cut short."⁵

¹ *Times* (London), April 5, 1930.

² J. B. Scymour, *British Employment Exchange*, op. cit., pp. 30-55.

³ Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report*, op. cit., Vol. 2, pp. 235, 237; Henry Lesser, *Unemployment Insurance by Industries*, London: London Chamber of Commerce, 1923, (Pamphlet Series, No. 169), pp. 4-5.

⁴ *Times* (London), October 13, 1929.

⁵ Great Britain Ministry of Labour—Committee on Procedure and Evidence for the Determination of Claims for Unemployment Insurance Benefit (Harold Morris, Chairman), *Report*, op. cit., pp. 27, 29.

The visitor at crowded exchanges in districts burdened with a high rate of unemployment wonders how any interviewing can be satisfactory. Officials are busy with records, while the outside offices are crowded with unemployed. The question: "Why isn't more interviewing done?" invariably brings the answer, "We haven't the time." Although employment exchanges are in disrepute in some quarters, there is a surprising measure of appreciation of the conscientious endeavors of the staff in the face of enormous difficulties.¹ The faults of the exchanges are not so much faults of administration as unavoidable consequences of an abnormal industrial situation. Despite the frequent criticism that they do not adequately perform their function of placement, the proportion filled of the vacancies notified is commendable (Table 9, page 122).

One of the obstacles to effective placement work lies in the difficulty of manning the staffs with persons equipped with industrial knowledge and experience. The problems involved in staffing the exchanges during demobilization, and in the period after the inclusive Act of 1920 went into effect, were very trying and a satisfactory adjustment has not yet been reached. The development of staffs with knowledge of special industries is pressed for certain districts, and the Building Trades Exchange in London is cited as evidence of the potentiality of such a development.²

A third important factor that has hindered the exchanges from functioning satisfactorily has been the necessity for the sake of economy of housing them in unsuitable buildings, inconveniently located. This is a factor of diminishing importance, as improvements are being effected rapidly.

The individualistic viewpoints of many employers have made them hesitant about reporting openings to the exchanges; they prefer to get skilled workers through the unions or to hire at the gate. Indeed, private fee charging agencies are much patronized by certain classes of employers; such agencies have by no means been driven out of business by the competition of the state exchanges. On February 18, 1930, a deputation representing the Association of Women Clerks and Secretaries, the Film Artistes' Guild, the Musicians' Union, the National Association of Theatrical Employees, the National Federation of Professional Workers, the National Union of Clerks, the National Union of General and Municipal Workers, and the Transport and General Workers' Union, entered a plea for the abolition of all private employment agencies except those covering domestic service. They urged that until legislation could be framed providing for the abolition, fees chargeable by private agencies should be limited by law. The Minister of Labour expressed a doubt

¹ Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Planborough, Chairman), *Report, op. cit.*, Vol. I, p. 46; Felix Morley, *Unemployment Relief in Great Britain*, Boston: Houghton Mifflin Co., 1924, p. 102.

² National Confederation of Employers' Organizations, *Report on Unemployment Insurance*, London, 1924, (Ref. N.C. 750) p. 23.

whether public opinion would support such action and said that the government exchanges were not equipped to do all the work done by private agencies. She expressed willingness to experiment in some of the occupations designated by the deputation to discover whether the public exchanges could develop special placing facilities for them and invited the co-operation of the deputation in working out such measures.¹

In practice, the employment exchanges fill only about one-fifth of the total number of vacancies within their sphere of action, according to testimony presented before the Committee on Procedure and Evidence.² In order to test "willingness to work," vacancies as well as applications for work should be registered; otherwise, it is quite impossible to verify the nonexistence of openings. Because vacancies were not reported in large enough numbers it was considered necessary that the individual claimant prove that he was "genuinely seeking work" independently of the exchange—a requirement that aroused such widespread opposition to its method of application that it was abandoned by the Act of 1930.

Many employers who complain that the exchanges do not properly investigate a claimant's ability to find work are least co-operative in reporting vacancies. On this point employment exchange officials agree that they can more satisfactorily fill the wants of employers if they are able to maintain regular instead of spasmodic relationships with them. In other words, as one of the officials expressed it, "regular fueling and lubrication" brings greater knowledge of day to day requirements of an individual establishment and consequently more effective placement. It was encouraging to find during 1928-1929 such an organization as the Rolls Royce Company depending entirely on the exchanges for all its workers, skilled and unskilled.

At present the exchanges have no way of discovering all vacancies and it has been suggested by various groups, notably the Trades Union Congress,³ that reporting of vacancies by employers should be made compulsory, but it is doubtful whether this is practicable.⁴ The Committee of Enquiry into the Work of the Employment Exchanges appointed in June, 1920, "to examine the working and administration of the Employment Exchanges in Great Britain and to advise as to their future," reported that it was very evident that the exchanges were handicapped because

¹ *Times* (London), February 19, 1930.

² Great Britain Ministry of Labour—Committee on Procedure and Evidence for the Determination of Claims for Unemployment Insurance Benefit (Harold Morris, Chairman), *Report, op. cit.*, p. 21.

However, when it is taken into consideration that the numbers registered as unemployed and, therefore, in search of a job, include many who leave their employment with the understanding that they will be re-employed; those who return to their former employers; those on short time and those casually employed, it is probable that the exchanges place 25 per cent of those who properly come within their placement service. Letter from A. Reeder, Ministry of Labour, to Industrial Relations Counselors, Inc., Dec. 24, 1929.

³ Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report, op. cit.*, Vol. 2, p. 179.

⁴ *Ibid.*, Vol. 1, p. 26.

employers were not compelled to notify vacancies and that there was a "leakage" in the unemployment fund because benefit must be paid when a suitable vacancy could not be offered.¹ But they were unwilling to compel employers to notify vacancies to the exchanges, stating that "for the present at any rate such compulsion could not be carried out, and we believe that the Employment Exchanges, with the help of the Local Employment Committees, must rely upon the nature of the services which they can render to convince employers that vacancies as they occur should be notified to the Exchanges."²

If the question of compulsory notification were to come to an actual test, it is likely that the trade unions would oppose it. Mr. Hayday, a labor representative in Parliament, on December 12, 1929, said, "Do you think the trade unions . . . are going to break off personal contact with their members to enable an Exchange, perhaps, to offer the work to non-unionists and so deny the right to trade unions to continue their connection with the negotiation and arrangement of the problem?" This objection might be overcome if the employers, in notifying the exchanges of a vacancy, would specify whether they wished union or nonunion workers and if the exchanges would refer to the appropriate union all the positions for which their members were eligible. Under such an arrangement, the unions would still place their members and retain their present contact with the employers.

The National Confederation of Employers' Organizations deprecates the failure of many employers to use the exchanges and suggests that at any rate they might notify exchanges voluntarily of their engagements of workers. The Act of 1930 in abolishing the requirement that applicants for benefit must prove that they are genuinely seeking work, provides for special arrangements between the Minister of Labour, employers, and organizations of employers and employees, with a view to securing the notification to the exchanges of all vacancies, as far as practicable.³ It is recognized that in the future the exchanges must have knowledge of a larger proportion of vacancies in order to test, under the new conditions, the genuineness of the inability to obtain work.

The Balfour Committee stated that the influence of a national system of employment exchanges in promoting industrial and geographical mobility was "not always sufficiently recognized." They added,

Machinery of this nature if properly worked and fully used is well adapted to give workpeople the advantages of mobility without the actual hardship of tramping in search of work, especially if the exchanges work in co-operation with the associations of em-

¹This was before "genuinely seeking work" was made a qualification for the receipt of benefit.

²Great Britain Ministry of Labour—Committee of Enquiry into the Work of the Employment Exchanges, *Report*, *op. cit.*, p. 13.

³Great Britain Parliament, *Unemployment Insurance Act, 1930*, *op. cit.*, p. 5.

ployers and employed, who not infrequently have mutual arrangements for the recruitment of workpeople. But an indispensable condition of effectiveness for the purpose in view is that employers should habitually notify their vacancies to the exchanges instead of only resorting to them on occasions of emergency. In cases where the only vacancies registered are the residue which cannot otherwise be filled, the contribution made by the exchanges to the increase of industrial mobility is bound to be partial and disappointing, and this is especially true when, as at present, the total number seeking employment in many industries is largely in excess of the total vacancies available. . . . If the nation is to obtain full value for its expenditure on employment exchanges they must cease to be regarded as a device for dealing with emergency requirements and must be used habitually by both parties to supply their normal needs.¹

If this recommendation were carried out literally it would mean that trade unions and employees' approved societies, as well as employers, would use the employment exchanges "habitually" instead of depending upon their own resources in a buyer's market and using the exchanges in a seller's market.

The goodwill of certain employers is shown by their promise to engage all labor through the employment exchange and in some instances notices to this effect are posted at factory gates. Such employers agreed to permit their names to be listed at their local exchanges, stating that they engage all their workers through the exchange. By the end of 1929 about 1,800 names of employers, including a number of important industrial concerns, had been posted.²

In view of their multifarious duties it is remarkable that the exchange staffs are not more severely criticized. They have often worked under severe pressure and handicapping circumstances, and they deserve credit for performing ably work that requires not only ability but tact, patience, honesty, and fair play. They realize, in general, that intelligent and conscientious administration furnishes the soundest basis for further progress and for wise legislation. The exchanges have provided the necessary machinery for placing workers, for paying unemployment benefit and for checking the validity of claims. They have gathered statistics relating to unemployment which are more complete and illuminating than those of any other country. Indeed it is difficult to conceive that Great Britain could have absorbed the shocks of the post-war period as well as she has done, without the employment exchanges.

¹ Great Britain Board of Trade—Committee on Industry and Trade (Arthur Balfour, Chairman) *Final Report, op. cit.*, p. 239.

² Great Britain Ministry of Labour, *Report for the Year 1929, op. cit.*, pp. 12-13.

Summary

The national unemployment insurance plan of Great Britain is administered by the Ministry of Labour, under the immediate supervision of a chief officer of insurance and through the medium of 417 employment exchanges with 752 branch offices. These award the benefit payments as well as test the unemployed's willingness to work with the proffer of a job and thus form an integral part of the insurance system. Carefully devised methods of advertising and placement aid in promoting the mobility of labor, and special attention is being given to the problems of juvenile workers.

Cumulative records of the employment experience of applicants for unemployment benefits are kept by the chief insurance officer of the Ministry of Labour, and benefit claims are checked and paid through a staff of 1,748 insurance officers, stationed at the employment exchanges and their branch offices. An unemployment benefit claimant must "lodge" his unemployment book and register for work at the nearest exchange in his district. Upon receiving a new job his book is transmitted to the new employer. Contributions are paid by means of stamps purchasable at post offices and attached to the worker's unemployment book by the employer, who looks after both his and the employee's contribution, deducting the latter's share from his wages. Benefit claimants must prove continuous unemployment by registering at the nearest exchange twice daily or less frequently according to the character of their usual employment.

Each claimant for unemployment benefit is interviewed at the exchanges, and local courts of referees, consisting of a representative each of the state, the employers, and the employees, decide doubtful claims, excepting cases involving trade disputes which go to the chief insurance officer of the Ministry of Labour. Appeal may be taken from the court of referees to an umpire, appointed by the Crown; an appeal from the chief officer goes first to the local court of referees. While the machinery for handling claims may seem complicated, it is considered to have worked well in practice, appeals being taken in relatively few cases. Congestion due to periods of severe depression, however, has made it difficult to give each case sufficient individual attention.

Determination of inability to obtain "suitable employment" and proof of "genuinely seeking work," the burden of which until 1930 rested upon the worker, have created many perplexing problems in establishing the right to benefit. The 1930 act did away with the "genuinely seeking work" requirement and placed on the exchanges responsibility for determining whether or not a claimant for benefit has refused suitable em-

ployment. This act was the result of recommendations made by the Committee on Procedure and Evidence especially appointed to consider the administration of benefits.

Employers are not required to notify employment exchanges of vacancies on their force, and many employers prefer to fill their vacancies through unions or private employment agencies, or from among applicants at the work place. This tendency handicaps the exchanges in administering unemployment insurance since it is impossible to test willingness to work if there are no jobs to which claimants can be sent. Certain large concerns, however, clear entirely through the exchanges for both skilled and unskilled labor.

A most valuable by-product of the national unemployment insurance system and the work of the employment exchanges which forms an important part of it has been the development of an exceptionally complete system of unemployment statistics totally lacking in so many countries. The statistics collected by the British Ministry of Labour include two distinct series, one covering all unemployed, insured and uninsured alike, who register for jobs at the exchanges, the other covering only those insured against unemployment. Not all unemployed workers register at the employment exchanges and consequently the record of unemployment is at no time complete. On the other hand an employed person may register for a different job, which also invalidates the record to a certain extent

The insurance benefit functions of the employment exchanges consume so much of the time and effort of the staff that relatively little time is left for the placement service which they are intended to supply and which really was their primary object. The reluctance on the part of many employers to notify the exchanges of vacancies and to seek new employees through them has tended further to diminish their efficacy as a placement service and consequently the governmental employment exchanges are estimated to fill only about one-fifth of the total number of vacancies within their sphere of action. There has been, however, in recent years an encouraging growth in the use of the exchanges and the Ministry of Labour is bending every effort to improve placement facilities.

CHAPTER X

FINANCIAL EXPERIENCE OF THE STATE SCHEME

Cost of Social Services

The cost of unemployment insurance should be considered in relation to other social services. These include health insurance, workmen's compensation, poor law relief, old age pensions, widows' and orphans' pensions and such other important services as public education, workers' housing, public hospitals and maternity and child welfare. The annual cost of these services (not including workmen's compensation, which amounted to approximately £12,000,000) together with unemployment insurance for the year 1927-1928 for the whole of Great Britain was £365,953,509, an increase of £302,795,958 over the year 1911.¹ Over six times as much money is now being spent on the physical and mental well-being of the British people as before the war.² This expenditure for 1927-1928 included more than £50,000,000 for war pensions, an item which will gradually diminish and is really a payment for services rendered by the recipients and not a social service in the ordinary sense. Public education comprised over £81,000,000 of the annual cost for 1927-1928.

Table 10, which appears in a Government Return, gives the total expenditure,³ under the specified services,⁴ during the year ended March 31, 1928 (or the latest year available).

¹ Great Britain Treasury, *Public Social Services; Return to an Order of The Honourable The House of Commons, Dated 23 April, 1929, 1929* (House of Commons Paper 101), pp. 4, 6. It has been suggested that one might take as a measure the change in the ratio of the aggregate expenditure out of local rates and parliamentary grants on social services to the total wage bill of the country. This ratio for Great Britain appears to have changed from about 8.2 per cent in 1911 to about 12.4 per cent in 1925. Henry Clay, *Problem of Industrial Relations*, London: Macmillan and Co., Ltd., 1929, pp. 248-249.

² Sir Josiah Stamp does not attempt to give the exact cost of social services per head but says that in 1911, which was a representative pre-war year, they amounted to about 14s. 6d. per head as compared with 91s. 6d. in 1928. Including housing subsidies and education the pre-war figure would be about 32s. as compared with 150s. in 1930, or nearly five times as much. Josiah Stamp and J. M. Keynes, "Unemployment: a Discussion," *The Listener*, Vol. 3, February 26, 1930, p. 362.

³ The term "expenditures" as used in the Return is restricted to expenditure from (1) local rates, (2) Parliamentary votes and grants, and (3) other receipts (not being receipts from loans for capital purposes) accounted for by, or to, government departments and local authorities. The "other receipts" include, for example, in the case of education, revenue from endowments, voluntary contributions, etc.; in the case of health insurance, unemployment insurance, and widows', orphans', and old age contributory pensions, the contributions of employers and employed, which provide the major part of the expenditure on those services; in the case of housing, rents; and so forth.

⁴ The cost of any central department which is devoted wholly to one of the specified services is included throughout the Return in the amounts entered relating to that service. For the year ended March 31, 1928, however, a proportion of the cost of central departmental administration has been allocated to each specified service in cases where a department administers more than one service.

Table 10

EXPENDITURES FOR SOCIAL SERVICES, GREAT BRITAIN, 1928*

Expenditure Under—	England and Wales	Scotland
	£	£
Unemployment insurance acts.....	38,256,114	4,528,865
National insurance (health) acts.....	33,739,000	3,857,000
Widows', orphans', and old age contributory pensions act.....	10,590,000	1,357,000
Old age pensions acts.....	29,884,467	3,822,333
War pensions acts and the Ministry of Pensions act.....	51,168,217	5,769,929
Education acts.....	81,625,077	12,816,964
Acts relating to reformatory and industrial schools	583,438	171,415
Inebriates acts.....	30	....
Public health acts:		
Hospitals and treatment of disease.....	6,839,000	1,323,000
Maternity and child welfare work.....	2,063,000	276,500
Housing of the working classes acts.....	23,157,000	3,554,000
Acts relating to the relief of the poor.....	40,989,000	4,491,000
Unemployed workmen act.....	41,060	15,100
Lunacy acts.....	2,541,000	{ 1,281,000
Mental deficiency act.....	1,213,000	
Total.....	322,689,403	43,264,106

* For the year ended March 31, 1928, or the latest available year.

Source: Great Britain Treasury, *Public Social Services; Return to an Order of The Honourable The House of Commons, Dated 25 April, 1928, op. cit., pp. 4-6.*

As the total annual national budget in Great Britain is something over £800,000,000 and the local taxation amounts to about £140,000,000, almost 39 per cent of income from these sources is spent on social services. This may seem a large proportion, but in 1929 the sum of £540,000,000 was spent on past wars and in preparing for future wars.

The social services have various sources of income. During the year 1927-1928 parliamentary votes and grants from the national Exchequer provided £177,090,119, or 48.3 per cent of the total cost, the contribution of the general taxpayer. Other receipts, mainly though not altogether contributed by industry, amounted to £112,490,330, not including £89,000,000 in local rates furnished by the local rate payer who in some cases is paying on industrial property. The local rates supply the funds out of which poor relief is paid.¹

¹ It is not possible to compare the cost of social services of Great Britain with those of other countries because of the great variation in coverage and other features of these services. This is evidenced by the fact that the Confederation of Employers' Organizations in Great Britain complained to the Blanesburgh Committee that the cost of compulsory social services per head of the total population in Germany is only 48 per cent of what it is in Great Britain, while a body of employers in Germany, the Mining Association of Essen, equally loudly complained that social services cost Germany 30 per cent of the total wage, compared with not quite one-half of that figure in England. Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report, op. cit., Vol. 2, p. 71*: "The Coal Situation," *Industrial and Labour Information*, Vol. 30, May 13, 1929, p. 189.

Total Cost of Care of Able-bodied Unemployed

According to an authoritative estimate, Great Britain's public expenditure on out-of-work donation, "extended" unemployment insurance benefits—as distinguished from "statutory" benefits—relief works, maintenance at training establishments, gratuitous passage overseas, and a new start in life in the British Dominions, together with outdoor relief, during the decade following the armistice, amounted to approximately £300,000,000.¹

Unemployment benefit and poor law relief, paid to persons ordinarily employed and their dependents, borne by industry, and government, national and local, averaged about £50,000,000 a year during the eight years from 1922 to 1929. In addition, considerable sums in public and private charities are distributed to the unemployed; the largest sources are the British Legion Fund and the Lord Mayor's Fund used in distressed areas. This latter fund, the bulk of which was contributed after an appeal by the Prince of Wales in November, 1928, amounted on April 3, 1929, to £790,700. To this the government added, on a "pound for pound" basis, an equal sum, the total therefore amounting to £1,581,400.

Contributions and Benefits

Contributions.—The total income of the unemployment insurance fund from January 1, 1919, to November 2, 1929, as reported in the House of Commons November 11, 1929, was approximately as follows:

Contributed By—	Amount £
Employers.....	155,470,000
Employed persons.....	134,850,000
Government.....	106,780,000
Total.....	397,100,000*

* These figures include Ireland for the early years, but relate only to Great Britain as from March 31, 1922.

Figures given in the *Ministry of Labour Gazette* for the period October 26, 1929, to November 29, 1930, indicate an income of £18,045,000 from employers, £15,405,000 from employed persons and £33,600,000 from the government.² The Exchequer contribution includes payments for transitional benefit under the Act of 1930 made from February, 1930, and estimated to be due from April 1, 1929.

The annual contributions of employers and employed persons together

¹ Sidney Webb, and Beatrice Webb, *English Local Government: English Poor Law History; Part II: The Last Hundred Years*, op. cit., Vol. 2, pp. 704-705.

² There is an overlapping of one week in the two sets of data.

during the years 1922-1930 have fluctuated between approximately 30 and 36 million pounds, while the amounts contributed by the Exchequer have been between approximately 11 and 13 million pounds (Table 11).

These figures have been greatly influenced not only by the coverage of the insured and the volume of unemployment, but also by the many changes in the acts affecting rates of contribution.¹ For example, during the years 1921-1927 insured workpeople and their employers contributed three-fourths of the unemployment insurance fund—for a few months, in fact, the national Exchequer contributed only one-fifth. Under the Act of 1930 it was provided that for one year the benefit expenditure for those lacking the requisite thirty contributions, but eligible under the transitional provisions, should be met directly by an Exchequer grant. By an act passed almost as soon as the Labour Government assumed power in 1929, the Exchequer contribution to the fund was raised to one-third of the total revenue; involving an addition to the fund from the national Exchequer of £3,500,000 a year. Table 11, giving the annual contributions of employers, employed persons, Exchequer and service departments² from November 8, 1920, to March 31, 1929, shows the fluctuations in the annual figures.

Under the Act of 1911, contributions were paid by about 2,500,000 workers, and after 1916 by about 3,750,000. From the very beginning of the depression after the war, there were over 11,000,000 insured workers with a potential right to benefit, many of whom had just been covered by insurance and had paid nothing into the fund (Table 16, page 147). The financial burden upon contributors reached its maximum in November, 1921, when a further increase in rates was required to meet the obligations imposed by the Unemployed Workers' Dependents Act. At this time the joint weekly contribution paid by employer and employee was 1s.7d., the Exchequer's part of the burden being rather more than one-third of this amount. The general tendency since 1911 has been to increase contributions of all contributing parties.

The unemployment of the post-war depression exceeded all actuarial forecasts and necessitated progressively larger advances from the Treasury. Under the acts of 1921 and 1922, which authorized borrowing from the Treasury up to a maximum of £30,000,000, the fund incurred a debt of £17,000,000 by March, 1923. Part of the debt was retired out of current contributions, and in June, 1924, it had been reduced to £7,000,000 and in September, 1924, to £4,670,000. That the debt was reduced out of income indicates that contributions were adequate for the time at

¹The changes in rates of contribution and in the distribution of the cost are shown in Table A, p. 471.

²When men leave the Navy, the Army or the Air Force, they are credited with contributions sufficient to entitle them to the maximum of benefit.

Table 11

INCOME AND DISBURSEMENTS, UNEMPLOYMENT INSURANCE FUND, GREAT BRITAIN, 1920-1929

Item	November 8, 1920- July, 1921	Year Ended July—					Nine Months Ended March, 1927	April 1, 1927- March 31, 1928	April 1, 1928- March 31, 1929
		1922	1923	1924	1925	1926			
INCOME									
	£	£	£	£	£	£	£	£	£
Contributions from—									
Employers and employed persons...	8,916,940	30,553,608	34,029,359	36,743,365	36,723,531	33,615,624	20,340,065	30,885,479	30,165,861
Exchequer.....	2,168,639	11,067,901	12,166,266	13,184,784	13,148,085	12,910,861	7,964,599	12,024,910	11,767,831
Service departments (Admiralty, War Office, Air Ministry).....	1,357,315	820,260	443,659	273,472	292,063	319,253	254,651	279,359	368,607
Interest.....	579,263	553,411	.....	.....	.....	.....	.....	.....	.....
Other receipts.....	8,289	33,905	34,022	24,820	14,671	19,008	13,116	10,052	16,992
Total.....	13,030,446	43,024,085	46,873,306	50,226,441	50,179,250	46,864,746	28,562,431	43,199,800	42,309,291
DISBURSEMENTS									
Benefit									
Direct.....	29,656,576	45,174,415	38,831,481	33,653,536	42,010,779	40,277,482	35,098,011	34,609,903	44,466,742
Association.....	3,921,370	7,673,709	3,049,351	2,312,825	2,562,418	3,381,352	3,690,772	1,864,143	2,263,681
Cost of administration.....	1,047,480	4,838,136	4,451,311	4,088,260	4,595,094	4,889,848	3,513,090	4,913,576	5,071,925
Refunds at age of 60 ^a	28,621	47,108	191,101	378,833	595,242	94,797	14,124	17,534	10,767
Compensatory payments at age of 60 ^b .....	.....	.....	.....	.....	1,330,663	157,483	14,124	13,274	17,836
Interest on advances.....	.....	472,685	803,171	601,230	301,364	376,148	414,161	1,169,367	1,705,612
Other payments and refunds.....	102,188	246,568	553,848	149,967	155,273	114,043	108,371	184,819 ^c	156,892
Total.....	34,756,235	58,452,711	47,880,263	41,187,691	51,550,823	49,291,153	42,752,653	42,777,616	53,693,355
Balance of fund at end of period.....	99,798	.....	.....	.....	.....	.....	.....	.....	.....
Debit balance of fund at end of year ^d .....	.....	14,959,256	16,148,267	7,093,871	8,441,691	10,859,945	25,050,167	24,627,983	36,012,047
Treasury advances outstanding ^d .....	.....	14,323,068	15,315,121	6,679,475	8,105,722	10,497,569	24,710,000	24,530,000	35,960,000

^a Section 25, Unemployment Insurance Act, 1920.^b Section 9, Unemployment Insurance (No. 2) Act, 1924.^c Debit adjustment of £38,007 made with Irish Free State and Treasury for period ending June 30, 1924, in addition to this total.^d The apportioned shares of the debt attributable to Northern Ireland and the Irish Free State are excluded from these figures as from the respective dates of severance, viz., December 31, 1921, and March 31, 1923.Source: Great Britain Ministry of Labour, *Nineteenth Abstract of Labour Statistics of the United Kingdom*, op. cit., pp. 68-69; Great Britain Exchequer and Audit Department, *Unemployment Fund Account, 1927, 1928*, (House of Commons Paper, No. 23) pp. 3-4; *Ibid.*, 1928, 1930, (House of Commons Paper, No. 55) pp. 3-4.

least, but subsequent emergencies, including the general strike and the coal dispute, proved their insufficiency in the long run. The government actuary stated before the Blanesburgh Committee that at no time since 1912 had the working of the current scheme of national insurance against unemployment provided any data for actuarial estimation of contributions. In 1928, it was necessary to increase the borrowing powers up to a maximum of £40,000,000. By March 15, 1930, the outstanding debt had reached £37,450,000 and with expenditure exceeding income by approximately £275,000 a week, the limit of indebtedness had to be raised again in April, 1930, this time to £50,000,000, again in August to £60,000,000,¹ and in December to £70,000,000.

The Blanesburgh Committee insisted that contributions should be moderate in amount.² Though they desired benefits to be adequate, they would have hesitated to recommend even those proposed if contributions had to be materially increased.³ The committee pointed out that the rates of contribution from 1921 on had been abnormally high on account of the unprecedented continuance of depression and that the intention had always been to return to a lower level of contribution as soon as the financial position of the fund would permit.⁴

The committee also weighed the pros and cons of flat rates of contributions and concluded "reluctantly" that flat rates "are an unavoidable feature of any workable compulsory scheme of contributory unemployment insurance." They stated, however, that if the unemployment insurance scheme is to "enjoy the general assent of workers who are so differently circumstanced," the contributions must be fixed at as low a rate as possible.⁵

It would be interesting to know what proportion of the total contributions are paid by insured workers seldom or never out of work. There is evidence of some resentment on this score. No annual statistics are available to indicate the proportion of individuals bearing the greater part of the burden or to permit classification of contributions according to establishments with high and low rates of unemployment, but in 1926 an official investigation disclosed that, covering a period of five years, only 49 per cent of the employee contributors had at any time drawn benefit.

But it was pointed out in the House of Commons on April 4, 1930, that there was a striking disparity between the net balances of with-

¹ Great Britain Ministry of Labour, *Unemployment Insurance; Memorandum on the Financial Resolution to be Proposed Relative to Unemployment Insurance, 1930*, (Cmd. 3522) p. 2; Great Britain Parliament, *Unemployment Insurance (No. 2) Act, 1930*, *op. cit.*, p. 1; Great Britain Parliament, *Unemployment Insurance (No. 3) Act, 1930*, *op. cit.*, p. 1.

² Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report*, *op. cit.*, Vol. 1, p. 84.

³ *Ibid.*, p. 87.

⁴ *Ibid.*, p. 18.

⁵ *Ibid.*, p. 14.

drawals and payments by different groups of industries. Churchill quoted Beveridge as saying,

Some industries have ten times as great a risk of unemployment as others; some are now paying in three or four times as much as they draw out, while others are drawing out three or four times as much as they pay in; dock and wharf service for every £11 it contributes toward the cost of its unemployment gets £31 from the direct contributions of other industries, besides £17 from the taxpayer; eight other industries with eight times as many insured persons as docks and wharfs, and paying ten times the contributions are drawing in benefit only the same total.

The principle that the strong should bear the weak has surely been carried farther than was ever contemplated, and prosperous industries burdened with a "tax on employment" in order to carry the workers in depressed industries are likely to offer increasing objection to a continuance of this injustice. Indeed, there is some validity in the argument that the entire burden of unemployment insurance might more justly be borne by general taxation than that one group of industries should continuously pay contributions to carry another group.

In 1929, the industries which drew relatively large proportions from the fund were coal mining, shipbuilding, the textile trades, building trades and transport and communication.

No doubt there is much in the contention of certain employers with a relatively low unemployment rate that if they conducted their own schemes they could give larger benefits with smaller contributions. Taking into account the large proportion of the fund spent on extended benefit, however disguised, those insured workers and their employers who bear the brunt of the load have had ground for protest. The situation gives weight to the argument that the state should have taken over the burden of extended benefit from the beginning instead of asking industry to carry the major portion.

Benefit Expenditures.—It was the purpose of the original scheme of 1911 not only to require a stipulated number of contributions before paying out any benefits, but also to maintain a definite relationship between benefits and contributions. For example, in 1911 a worker could not get more than a week's benefit for every five contributions; in 1920 this was raised to a week's benefit for every six contributions. Then, too, in the beginning a maximum period of benefit to be drawn in any one year was stipulated. This maximum was fifteen weeks in 1911, but in 1921 it was raised to twenty-six weeks. We have already traced the many subsequent lenient provisions until, in 1927, benefit was made payable without any limitation of time, provided thirty contributions had been paid during the two years immediately preceding the claim.

Table 12

INSURED INDUSTRIES CLASSIFIED AS TO NUMBER OF UNEMPLOYED IN RELATION TO NUMBER INSURED, GREAT BRITAIN AND NORTHERN IRELAND, 1929

Industry	Insured Persons		Unemployed Insured Persons		Percentage Over (+) or Under (-) Pro Rata Number of Unemployed Insured Persons	Percentage of Unemployed Persons in Each Industry, Rate for All Industries = 100
	Estimated Number Aged 16-64, July, 1929	Percentage of Total All Industries	Average Number	Percentage of Total All Industries		
Fishing.....	27,680	.22	3,186	.25	+ .03	114
Coal mining.....	1,074,710	8.87	177,292	14.04	+ 5.17	158
Other mining.....	106,490	.88	10,839	.86	- .02	98
Nonmetalliferous mining products.....	48,930	.41	5,593	.44	+ .03	107
Brick, tile, etc., making..	81,990	.68	9,257	.73	+ .05	107
Pottery, earthenware, etc.	73,930	.61	10,547	.84	+ .23	138
Glass trades.....	44,960	.37	5,322	.42	+ .05	114
Chemicals, etc.....	218,360	1.81	13,211	1.05	- .76	58
Metal manufacture.....	324,000	2.68	54,532	4.32	+ 1.65	161
Engineering, etc.....	757,870	6.27	69,630	5.52	- .75	88
Construction and repair of vehicles.....	318,500	2.63	24,163	1.91	- .72	73
Shipbuilding and ship repairing.....	204,500	1.69	49,285	3.90	+ 2.21	231
Metal trades.....	528,080	4.37	42,940	3.40	- .97	77
Textile trades.....	1,315,420	10.88	166,081	13.16	+ 2.28	121
Leather and leather goods	67,350	.56	6,398	.51	- .05	91
Clothing trades.....	581,270	4.81	47,601	3.77	- 1.04	78
Food, drink and tobacco.	512,440	4.24	38,382	3.04	- 1.20	72
Sawmilling, furniture and woodwork.....	214,640	1.77	16,344	1.29	- .48	73
Printing and paper trades	386,780	3.20	16,642	1.32	- 1.88	41
Building and public works contracting....	990,410	8.19	145,700	11.54	+ 3.36	141
Other manufacturing industries.....	156,550	1.30	10,161	.80	- .50	62
Gas, water and electricity supply industries.....	162,030	1.34	9,721	.77	- .57	57
Transport and communication.....	806,790	6.67	114,107	9.04	+ 2.37	136
Distributive trades.....	1,679,090	13.88	102,808	8.14	- 5.73	59
Commerce, banking, insurance and finance...	228,590	1.89	6,007	.48	- 1.40	25
Miscellaneous trades and services.....	1,182,640	9.78	106,753	8.46	- 1.36	87
Total.....	12,094,000	100.00	1,262,502	100.00	....	....

Source: Computed from monthly data for 1929, in the *Ministry of Labour Gazette*, Vols. 37, 38, February, 1929, to January, 1930.

Table 13

PERCENTAGE OF TOTAL CLAIMS PAID AS "STANDARD" AND "EXTENDED" BENEFIT, CLASSIFIED BY SEX, GREAT BRITAIN, NOVEMBER, 1924, APRIL, 1926, APRIL, 1927

Date of Investigation	Men		Women	
	Standard Benefit	Extended Benefit	Standard Benefit	Extended Benefit
November 24 to 29, 1924 ^a . . .	46.8	48.3	63.1	30.8
April 12, 1926 ^b	42.3	45.5	72.1	17.2
April 4 to 9, 1927 ^c	48.3	43.3	73.8	15.0

^a Great Britain, Ministry of Labour, *Report on an Investigation into the Personal Circumstances and Industrial History of 10,803 Claimants to Unemployment Benefit, November 24th to 29th, 1924, op. cit., p. 53.*

^b Great Britain, Ministry of Labour, *Report on an Investigation into the Employment and Insurance History of a Sample of Persons Insured against Unemployment in Great Britain, op. cit., pp. 52, 53.*

^c Great Britain, Ministry of Labour, *Report on an Investigation into the Personal Circumstances and Industrial History of 9,748 Claimants to Unemployment Benefit, April 4th to 9th, 1927, 1928, (36-79) p. 28.*

Payment of extended benefits has undoubtedly been the heaviest drain on the fund.¹ The statistics relating to the number of those receiving extended benefit are unfortunately very meager; the percentages of total claims authorized for "standard" and "extended" benefit on the occasion of special studies made by the Ministry of Labour are given in Table 13. Recently, in connection with the extension of the transitional provisions in 1930, it was estimated by the Ministry of Labour that of the total claims authorized, between 12 and 15.5 per cent of those for men, and between 4 and 6 per cent of those for women, were for applicants who had not paid thirty contributions in the two previous years.² An analysis of claims authorized for benefit, with reference to the thirty contributions requirement, was made on October 14, 1929. At that date there were on the registers of the employment exchanges approximately 940,250 persons aged sixteen to sixty-four with claims authorized for benefit. Of these, about 130,000 or 13.9 per cent (Table 14) had paid less than thirty contributions in the previous two years, as compared with the 120,000, out of a total of 1,092,000 authorized claims, or 11.0 per cent, who had not fulfilled the thirty contributions rule on January 28, 1929.³ Coal mining, general engineering, shipbuilding, the building trades and public works contracting—all show striking numbers of workers who had paid less than thirty contributions in the two years previous to October, 1929. The cotton industry indicated the largest percentage of women workers who could not qualify under the rule.

¹ R. C. Davison, *The Unemployed, op. cit., p. 107.*

² Great Britain Minister of Labour, *Unemployment Insurance Bill, 1929; Report of the Government Actuary on the Financial Provisions of the Bill, op. cit., p. 5.*

³ "Unemployment Insurance Benefit: Thirty Contribution Qualifications," *Ministry of Labour Gazette, Vol. 38, January, 1930, p. 9.*

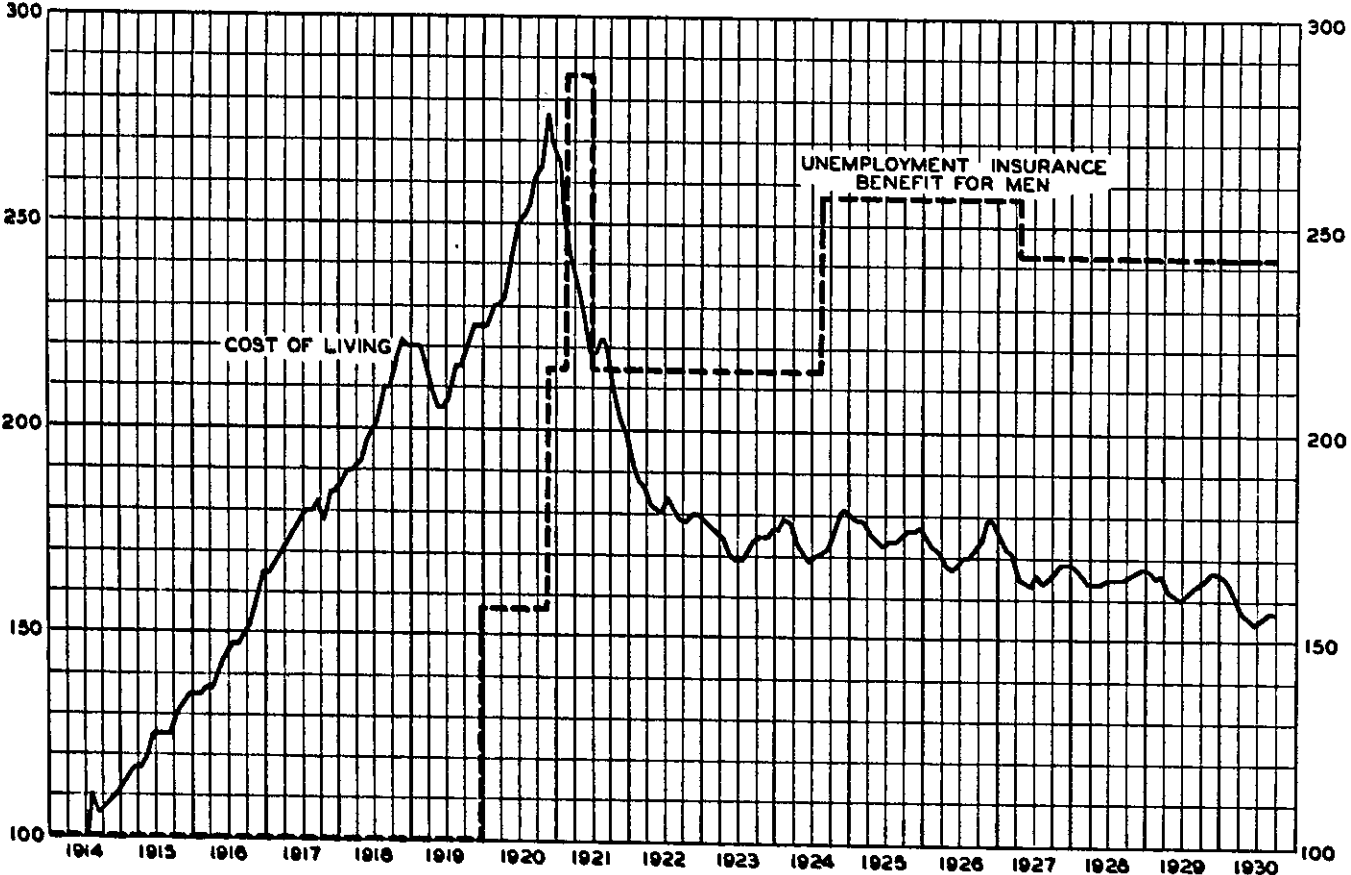
Table 14

TOTAL CLAIMS FOR BENEFIT AND NUMBER NOT HAVING PAID THIRTY CONTRIBUTIONS, BY INDUSTRY AND SEX, GREAT BRITAIN, AS OF OCTOBER 14, 1929

Industry	Total Number of Claims Authorized for Benefit	Number of Cases in Which Less Than Thirty Contributions Were Paid in Previous Two Years
Men		
Coal mining.....	136,560	45,870
Pottery.....	3,280	570
Pig iron.....	1,750	500
Steel melting and iron puddling furnaces, iron and steel rolling mills and forges....	28,650	4,060
General engineering.....	43,760	5,330
Marine engineering.....	4,370	560
Construction and repair of motor vehicles, cycles and aircraft.....	15,580	1,140
Shipbuilding and ship repairing.....	36,080	4,690
Cotton.....	18,310	1,980
Woolen and worsted.....	12,700	1,000
Boot and shoe manufacture.....	8,140	530
Building.....	81,300	8,910
Public works contracting.....	25,550	5,890
Dock, harbor, river and canal service.....	44,030	1,540
All other industries.....	314,940	37,390
Total.....	775,000	119,960
Women		
Pottery.....	3,470	300
General engineering.....	1,030	30
Construction and repair of motor vehicles, cycles and aircraft.....	930	50
Cotton.....	38,600	3,490
Woolen and worsted.....	17,560	610
Other textile trades.....	18,340	880
Clothing trades.....	17,230	500
Boot and shoe manufacture.....	3,040	170
Distributive trades.....	18,180	980
All other industries.....	46,870	2,810
Total.....	165,250	9,820

Source: "Unemployment Insurance Benefit: Thirty Contributions Qualification," *Ministry of Labour Gazette*, Vol. 28, January, 1930, p. 9.

Chart 3
INDEX NUMBERS OF COST OF LIVING AND UNEMPLOYMENT INSURANCE BENEFIT RATES FOR MEN, GREAT BRITAIN AND NORTHERN IRELAND, JULY, 1914—SEPTEMBER, 1930
July, 1914 = 10



Source: Table 40 - 140

There were also many changes in the rates of benefit (Table 15, page 146). While contributions were at their maximum from 1921 to 1924, benefits for adult men reached their peak in 1921 and were radically reduced by the (No. 2) Act of 1921. They were later increased by the (No. 2) Act of 1924. Relatively minor changes have been made since. In the war years and early months of the depression, the increases in the rates of benefit for men lagged behind the rapidly rising cost of living; ultimately, when rates of benefit for men reached their peak in 1921, the increase was roughly proportionate to that in the cost of living (Chart 3, Table 46, page 446). By the time the benefit rates overtook the cost of living, the latter had already begun to fall. Decreases in the rates for men followed, but with a distinct lag. The reduction in benefit rates, moreover, was not as rapid or as great as that in living costs. Since the passage of the (No. 2) Act of 1924, rates of benefit for men did not show fluctuations corresponding to the still (1930) falling cost of living. Clay maintains that it is probably "politically impossible" to reduce the rates of benefit, and yet the maintenance of the present rates really amounts to the same thing as increasing them because of the fall in cost of living since their establishment on their present level during the period of high prices after the war. He argues that unless rates of wages can be reduced, thus compensating the employer for the increased burden of insurance contributions, "either benefits should be reduced in proportion to the fall in the cost of living and the saving used to relieve the Employer, or Parliament, if it wishes to maintain benefits at their higher real rate, should provide the whole cost in excess of the wage-earner's own contribution out of the proceeds of general taxation." He claims that competitive industry cannot possibly maintain employment at the increased real wage rates and also pay, out of a diminished net revenue, increased insurance contributions.¹

The changes in weekly rates of benefit from the first unemployment insurance act in 1911 to 1930 are given in Table 15.

During the year ending May 6, 1929, approximately 4,000,000 individuals in Great Britain claimed unemployment insurance benefit. The claims of these individuals totaled 10,000,000, with an average current number of 1,144,400. During the same year there were about 50,000,000 weekly benefit payments.²

Total payments during the period January 1, 1919, to November 29, 1930, amounted approximately to £478,810,130 for unemployment benefit and £62,500,000 for the out-of-work donations. The yearly amounts from

¹ Henry Clay, *Post-War Unemployment Problem*, *op. cit.*, pp. 158-159. During 1928 full time weekly rates (not earnings) remained at between 70 and 75 per cent above the 1914 rates. "Rates of Wages," *Ministry of Labour Gazette*, Vol. 37, January, 1929, p. 4.

² Great Britain Ministry of Labour—Committee on Procedure and Evidence for the Determination of Claims for Unemployment Insurance Benefit (Harold Morris, Chairman), *Report*, *op. cit.*, pp. 16, 46.

Table 15

RATES OF STATE UNEMPLOYMENT BENEFIT, GREAT BRITAIN AND NORTHERN IRELAND, 1911-1930

Act	Men	Women	Boys	Girls	Young Men Aged—			Young Women Aged—			Dependent Wife or Husband	Each Child at School	Boys Aged—		Girls Aged—	
					18	19	20	18	19	20			15	17	15	17
					s. d.	s. d.	s. d.	s. d.	s. d.	s. d.			s. d.	s. d.	s. d.	s. d.
1911	7.0	7.0	3.6	3.6	..	..	..	..	..	..	..	..	..	..	..	..
1919	11.0	11.0	5.6	5.6	..	..	..	..	..	..	..	..	..	..	..	..
1920	15.0	12.0	7.6	6.0	..	..	..	..	..	..	..	..	..	..	..	..
1921	20.0	16.0	10.0	8.0	..	..	..	..	..	..	..	..	..	..	..	..
(No. 1 Act)																
1921	15.0	12.0	7.6	6.0	..	..	..	..	..	..	..	..	..	..	..	..
(No. 2 Act)																
1921	..	..	..	..	..	..	..	..	..	..	5.0	1.0	..	..	..	..
(Dependents' Act)																
1924	18.0	15.0	7.6	6.0	..	..	..	..	..	..	5.0	2.0	..	..	..	..
(No. 2 Act)																
1927	17.0	15.0	6.0	5.0	10.0	12.0	14.0	8.0	10.0	12.0	7.0	2.0	..	..	..	..
1930	17.0	15.0	..	..	14.0	14.0	14.0	12.0	12.0	12.0	9.0	2.0	6.0	9.0	5.0	7.6

1920 to 1930 for Great Britain and Northern Ireland are given in Table 16.

Table 16

NUMBER INSURED, TOTAL UNEMPLOYMENT BENEFIT, AND OUT-OF-WORK DONATION, GREAT BRITAIN AND NORTHERN IRELAND, 1919-1930

Year	Number Insured, July	Unemployment Benefit ^a	Out-of-work Donation ^b
		£	£
1919	.....	.....	13,255,000
1920	.....	2,216,000	36,704,000
1921	11,337,650	58,546,000	11,923,000
1922	11,432,450	47,932,000	544,000
1923	11,485,800	39,366,000	21,000
1924	11,664,000	37,874,000	1,000
1925	11,892,000	45,823,000	.....
1926	12,041,000	50,202,000	.....
1927	12,131,000	36,750,000	.....
1928	11,881,500 ^c	44,260,000	.....
1929	12,094,000 ^c	42,665,000	.....
1930	12,405,700 ^c	70,130,000 ^d	.....

^a Paid in each calendar year.

^b Paid in financial year ending March.

^c Aged 16 to 64.

^d To end of November.

Source: Extracts from Sir Arthur Steel-Maitland's replies to questions in the House of Commons, March 29, 1927, and March 6, 1929; also Great Britain Ministry of Labour, *Nineteenth Abstract of Labour Statistics of the United Kingdom, op. cit.*, p. 33; *Ministry of Labour Gazette*, Vol. 37, February, 1929-December, 1929, Vol. 38, January, 1930-December, 1930.

The out-of-work donation granted from the national Exchequer to ex-service men and civilian munition workers was 29s. weekly for men and 25s. for women, with dependents' allowances; the total expenditure for the donation amounted to about £62,500,000.

Statistics of benefit expenditure since the inclusive Act of 1920 went into effect cannot be compared with those for the preceding period. There has been not only a far larger coverage of insured people since 1920, but an abnormally high rate of unemployment. Since the coverage was extended in 1920, up to the end of November, 1930, unemployment benefits amounted to £475,764,000. This is in striking contrast with the sum of only a little over £6,000,000 which was expended in the eight years from 1912 to 1920.¹

Volume of unemployment, rates of benefit, waiting periods, and the use of extended benefit have primarily affected the total sums paid out, but there have been many other factors. For example, in 1921 family allowances in the form of dependents' benefits were introduced and the out-of-work donation was greatly reduced. Other changes made by the

¹ Great Britain Ministry of Labour, *Eighteenth Abstract of Labour Statistics of the United Kingdom, op. cit.*, p. 84.

emergency amendments, 1921-1926,¹ affected the total expenditure, regardless of changes in the volume of unemployment. These included changes in the rates of benefit, the abolition of "gaps," the granting of eligibility for extended benefit by a Labour Government to special classes of insured persons previously excluded under the discretionary power of the Minister of Labour; the subsequent exclusion of these same groups by the succeeding Conservative Government, and the inclusion of new groups of persons as dependents eligible for dependents' benefit.

The effect of tightening up the benefit administration on the total expenditure is quite evident. In 1924, when the Labour Government was in power, 267,579 claims were disallowed by the chief insurance officer, and 47,907 of these decisions, or 14.7 per cent, were confirmed on appeal to the courts of referees. In 1925, when the Conservative Government was in power, these disallowances were respectively 442,051 and 90,026, or 22.6 per cent² (Table 8, page 118). The figures in an earlier section³ showed how the number of disallowances have fluctuated with legislative changes, such as the requirement that the applicant must be genuinely seeking work, or must have had thirty contributions to his credit.

The sums expended for benefit have been paid only to insured persons free from all disqualifications who have fulfilled the conditions established by the acts. In actual administration, there have been practical difficulties in defining the conditions upon which benefit may be drawn, for in the last analysis unemployment, unlike most other objects of insurance, rests largely upon the definition of the risk.

The Unemployment Insurance Fund

The debt of the unemployment insurance fund to the Exchequer at the end of November, 1930, amounted to £56,600,000⁴ and there has been much criticism of the scheme because of the increasing deficit. The fund and the debt reflect not only fluctuations in employment but also the numerous changes in contributions and benefits, not to speak of conditions upon which eligibility depends, many of which in practice have become increasingly generous.

During the period from July, 1912, when contributions first became payable, until the armistice, a reserve of over £15,000,000 was accumulated. The small number of insured workers, varying from 2,500,000 to 3,750,000, suffered comparatively little from unemployment. After the armistice, out-of-work donations amounting to about £62,500,000⁵ paid to both civilians and ex-service men from the national Exchequer, to-

¹ See pp. 47-51.

² Great Britain Ministry of Labour, *Report for the Years 1923 and 1924*, London: 1925 (Cmd. 2481), pp. 136, 137. *Ibid.*, *Report for the Year 1925*, London: 1926 (Cmd. 2736) pp. 66, 67.

³ See pp. 117-121.

⁴ "Unemployment Fund," *Ministry of Labour Gazette*, Vol. 33, December, 1930, p. 462.

⁵ Great Britain Ministry of Labour, *Report on National Unemployment Insurance to July, 1925*, *op. cit.*, p. 50.

gether with a temporary spurt of industrial activity, so relieved demands on the fund that by November, 1920, its unexpended balance amounted to over £22,000,000.

Due to the far greater coverage of workers by the Act of 1920, and because unemployment was persistently higher, the heaviest demands on the fund came subsequent to 1920. Unemployed persons who had not paid the requisite contributions could not be denied benefit, and with an inadequate reserve and acute, widespread unemployment, the extension of uncovenanted benefits caused an increasing strain. So great were the demands that the fund had to be replenished from the national Exchequer and in 1921 and 1922 permission was granted to borrow up to the limit of £30,000,000. By the end of 1921 the debt amounted to more than £7,000,000 and by March, 1923, it had reached £17,000,000.

After that the debt began to be reduced out of current income until, by the end of 1924, it was only £5,093,549, having fallen as low as £4,670,000 in September of that same year. But again unemployment increased, conditions governing benefits were further relaxed and by the end of December, 1925, the debt reached £7,262,569.

The effect of the coal dispute on the entire field of industry caused devastating inroads on the fund and the debt rose to £22,640,000 in December, 1926. The closing of marginal mines, resulting in long-continued pay to the "permanently" unemployed, was one of the factors in the steady increase of indebtedness. In December, 1927, it was £23,180,000 and by December, 1928, it had increased to £31,720,000 at a rate of interest averaging slightly less than 5 per cent a year.¹ On February 20, 1929, the Minister of Labour stated in Parliament that the debt had mounted to £33,460,000. By November 29, 1930, it had reached £56,600,000.

The debt was increasing rapidly during the latter part of 1928, income exceeding outgo by about £350,000 a week. Parliament was forced in November, 1928, to extend the borrowing power of the fund from £30,000,000, the previously established limit, to £40,000,000. Unlike the previous acts authorizing Treasury advances, the Act of 1928 provided that there should be no further borrowing from the Treasury after December 31, 1930, unless and until the debt had been reduced to £30,000,000.²

In July, 1929, the Minister of Labour introduced a bill to increase the Exchequer contribution to the fund. It was proposed that the new contribution should amount to one-half of the combined contribution of employers and workers, or, in other words, one-third of the total contribution. This increase was expected to produce a sum of £3,500,000. The

¹ Great Britain Ministry of Labour, *Report for the Year 1928*, op. cit., p. 122.

² Great Britain House of Commons, *Unemployment Insurance (No. 2) Bill; a Bill to Amend the Unemployment Insurance Acts, 1920 to 1929; Memorandum, 1929*, p. III.

Minister explained in the House of Commons on July 11, 1929, that the sole object of this bill was "to prevent the whole system of unemployment insurance from coming to an end for want of money," stating that whereas the present balancing point was 1,000,000 unemployed, by the time the bill was passed the balancing point would be 1,090,000.¹ The Minister said in Parliament on July 15, 1929, that the Labour Party considered that "it would be a vicious thing to increase the borrowing powers for this fund, thus placing an added burden of interest upon it." The memorandum prepared in connection with this bill contained the warning that, "The finance of the Fund, both in relation to meeting current expenditure and to the repayment of this large debt, needs examination. The present proposal, in the absence of some unforeseen circumstances, will be sufficient to enable the Fund to discharge its liabilities until the early part of next year and thus give time for the examination which is being undertaken forthwith."²

There was much objection to the bill by the left wing of the Labour Party on the ground that the reserve it would add was a mere drop in the bucket, considering the demands on the fund and the rate at which its indebtedness had been increasing. They maintained that the fulfilment of the pledges relating to unemployment given to the electorate before the general election of 1929 "would possibly mean a raising of the expenditure to somewhere about £85,000,000 per annum," since the party had stood for the principle of "work or maintenance." The bill was enacted July 26, 1929, and the "balancing point" was raised by this act to 1,090,000.³

The Act of 1930 found a new method of aiding the finances of the fund without recourse to borrowing by providing that the benefits of those who had not paid thirty contributions in the two preceding years should be paid for one year directly from an Exchequer grant. It was estimated by the government actuary that these transitional benefit cases would cost the Exchequer approximately £10,500,000⁴ for one year, while relieving the unemployment fund by the same amount.

It was estimated that the repeal of the "genuinely seeking work" clause coupled with the new test of inability to obtain "suitable" employment would admit to benefit 80,000 to 90,000 persons previously excluded. This change, together with a corresponding change in the conditions for benefit under the transitional provisions, and the alteration in the procedure in the determination of claims and payment of benefit

¹The "balancing point" means the number on the live register which would provide an average income to the fund equaling the expenditure.

²Great Britain Ministry of Labour, *Unemployment Insurance; Memorandum on Financial Resolution*, op. cit., p. 2.

³Great Britain Ministry of Labour, *Report for the Year 1929*, op. cit., p. 77.

⁴Great Britain Ministry of Labour, *Unemployment Insurance Bill, 1929; Report by the Government Actuary on the Financial Provisions of the Bill*, op. cit., p. 6; Great Britain Ministry of Labour, *Unemployment Insurance (No. 2) Bill, 1929; Memorandum on the Financial Effect of Certain Amendments*, op. cit., pp. 3, 4.

while an appeal is pending, would cost between £8,650,000 and £9,150,000 a year. Of this amount, £3,400,000 would fall on the Exchequer while the balance would be borne by the fund.¹

The authorized Treasury advances to the fund up to a maximum of £70,000,000 have been noted. The need for an increase in the borrowing powers was due to the unanticipated and phenomenal increase in unemployment in the early months of 1930. As shown by the Minister of Labour in the House of Commons on March 28, 1930, this resulted in a live register of approximately 1,600,000 while the income and expenditure of the fund balanced with a live register of 1,240,000. Under these conditions, the expenditure would exceed income by about £275,000 a week. In presenting these facts to Parliament, the Minister of Labour stated that she expected the situation would soon adjust itself. In requesting the authorization of increased borrowing powers, the Minister pointed out that in November, 1929, she had declared in the House that she considered further borrowing by the fund a dishonest policy. She added, "That was my opinion then; it is my opinion now. I detest this principle of borrowing; but I find myself in the grip of circumstances to which I have to bow my head." This instance is an example of the emergencies and the constantly shifting policies which have characterized the history of the fund since the war.

The debt of the fund is rapidly increasing. Unemployment insurance was intended to cover the fairly calculable risk of ordinary unemployment rather than a long continued depression such as Great Britain has experienced since the war—there was no thought of supporting for consecutive years people permanently displaced from their jobs. The debt is therefore due partly to the extraordinary demands of an unusually severe depression when sympathetic action seemed preferable to actuarial conformance, to the closing down of many mines after the coal dispute of 1926, and to the maintenance of a surplus of labor in other shrinking or temporarily depressed industries.²

It has been impossible to foretell the extent and duration of this extraordinary unemployment, and this inability to plan has indirectly contributed to the incurring of debt. In connection with the Act of 1927, the government actuary estimated that "in arranging the finance of the permanent scheme it would be advisable to provide for a rate of unemployment of 6 per cent, on the average, throughout the whole of the period commonly regarded as a 'trade cycle.'"³ Contributions based on

¹ Great Britain Ministry of Labour, *Unemployment Insurance Bill, 1929; Report by the Government Actuary on the Financial Provisions of the Bill*, op. cit., p. 6; Great Britain Ministry of Labour, *Unemployment Insurance (No. 2) Bill, 1929; Memorandum on the Financial Effects of Certain Amendments*, op. cit., pp. 3, 4.

² Great Britain Ministry of Labour—Industrial Transference Board, *Report, 1928*, (Cmd. 3156) p. 8.

³ Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report*, op. cit., Vol. 1, p. 89.

this estimate were planned to come into effect after the fund had retired its debt and was solvent once more. But during the period of indebtedness higher rates were planned (the only contributions put into effect under the Act of 1927), and the position of the fund under varying rates of unemployment was calculated. The actuary confessed his difficulties in estimating the liabilities of the fund under the abnormal conditions then prevailing, saying,

In June, 1927, the rate of unemployment, as stated in the Ministry of Labour Gazette, was 8.8 per cent. There is, however, nothing in the circumstances of the present time to suggest that this rate, or indeed any single rate, should be taken as a measure of the conditions which are likely to obtain on the average of the whole of the "extended period" and I have accordingly estimated the yearly expenditure and income as these would be affected by rates of unemployment of, respectively, 7, 8, 9 and 10 per cent.¹

With no allowance for the payment of interest on the debt, amounting annually to over £1,000,000, the actuary estimated, on the basis of contributions then being paid, that the fund would accumulate an annual surplus when rates of unemployment were 7, 8 or 9 per cent, while he estimated that a deficit would occur when unemployment reached the level of 10 per cent or more.² It was unfortunate that in 1927 when the finances of the scheme were being planned unemployment percentages reached lower levels than have prevailed since. In eight months of 1927, they were below 10 per cent, touching 8.7 per cent in May of that year, the lowest monthly average recorded in the eight years from 1922 to 1929. Chart 2, page 10, Table 45, page 445). During 1928 there were only three months in which the unemployment was under 10 per cent;³ in 1929, five months are credited with percentages of less than 10, but the lowest figure for these five months was 9.6 per cent—only one-half of one per cent below the point at which a deficit was estimated to accumulate. On the other hand, in 1928, the unemployment percentage varied from 11.2 to 11.8 in five months while it reached 12.2 in one month. During 1929 the 12 per cent level was maintained in two months, 11 per cent in two and 10 per cent in three, while in 1930 the percentage mounted above 17 on several occasions. The fund has shown an annual deficit and a growing indebtedness, just as was anticipated, given the rates of unemployment that have prevailed. The really unexpected element is the uniformly high unemployment percentages since the report of the actuary in 1927.

Another factor in indebtedness has been the continuance of the so-

¹ Great Britain Ministry of Labour, *Unemployment Insurance Bill, 1927; Report by the Government Actuary on the Financial Provisions of the Bill, 1927*, (Cmd. 2906) pp. 6-7.

² *Ibid.*, p. 8.

³ Great Britain Ministry of Labour, *Nineteenth Abstract of Labour Statistics of the United Kingdom, op. cit.*, p. 47.

called "transitional provisions." In estimating the benefit expenditure under the Act of 1927, the actuary pointed out that the gradual transfer from the previous benefit conditions to the rule contained in the 1927 act of thirty contributions during the two preceding years would affect benefit payments for the first two years, but that it was impossible to estimate the amount.¹ The situation has been further complicated through the extension by later acts of the period in which applicants might be exempt from this thirty contribution rule. When the Act of 1930 was under discussion, the actuary said that the claims authorized for those failing to meet this condition accounted for between 12 and 15.5 per cent of the total claims authorized for men and between 4 and 6 per cent of those for women.² As has been noted, it was estimated that benefits to these persons under the conditions of the 1930 act, paid directly from the Exchequer, would cost the government approximately £10,500,000 for a single year.³ The extra cost to the Exchequer of transitional benefit resulting from changed conditions was estimated at about £3,400,000. It is possible that the repeated extensions of the transitional provisions account for most of the deficit of the unemployment insurance fund and that without them, the income of the fund might have been practically sufficient for its really legitimate demands.

Payments are made out of the fund not only for benefits and administration, but also to help meet the traveling expenses of insured contributors taking up work elsewhere and of young people between sixteen and eighteen years of age who take approved courses of instruction. The fund also bears, up to a maximum proportion of the annual revenue, the expenses of the Ministry of Labour in regard to overhead charges.⁴ It pays interest on its loans at rates varying from $4\frac{3}{4}$ to 6 per cent.⁵

Following the recommendation of the Blanesburgh Committee, the Act of 1927 provided for an actuarial inquiry into the scheme every five years, or at such shorter intervals as the Minister of Labour might think proper, in order that the surplus or deficiency of the fund might not proceed to unwieldy proportions without the limelight of investigation.

Cost of Administration

In spite of the complicated problems involved, administration costs have not been excessive. These include not only the expense of actual passing upon and paying of claims to benefit, but also the placement

¹ Great Britain Ministry of Labour, *Unemployment Insurance Bill, 1927; Report by the Government Actuary on the Financial Provisions of the Bill*, op. cit., p. 7.

² Great Britain Ministry of Labour, *Unemployment Insurance Bill, 1929; Report by the Government Actuary on the Financial Provisions of the Bill*, op. cit., p. 5.

³ *Ibid.*, p. 6; Great Britain Ministry of Labour, *Unemployment Insurance (No. 2) Bill, 1929; Memorandum on the Financial Effect of Certain Amendments*, op. cit., p. 4.

⁴ Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report*, op. cit., Vol. 2, p. 26.

⁵ Great Britain Ministry of Labour, *Report for the Year 1928*, op. cit., p. 122.

work of the exchanges in connection with insured persons, whether they are actually claiming benefit at the time or not. The cost of the placement thus covered includes such items as registration of applicants for work, interviews, canvassing for vacancies, and submission of applicants to employers. It also covers expenses incurred by other government departments on behalf of the unemployment insurance fund.¹ All told, about 97 per cent of the total cost of the employment exchange services is met out of the insurance fund.² The Exchequer is called on to contribute to the costs of administration when they exceed one-eighth (12½ per cent) of the income of the fund from weekly contributions, less interest on Treasury advances. The expenses incurred in administering transitional benefit are, however, paid by the Exchequer, under the 1930 act. There have been four times when the cost of administration has exceeded the stipulated "dead line" of 12½ per cent. In 1912-1913 and again in the coal dispute year of 1920-1921, years immediately following the passage of the acts of 1911 and 1920, when more elaborate methods of administration were being worked out, the Exchequer had to be tapped for administrative costs.

From March, 1922, then, the proportion of 12½ per cent of income for administrative expenses has proved sufficient to pay all expenses, with the exception of 1926-1927, the period of the general strike and the coal dispute, and the year 1928-1929, when the number on the register increased. The ratio of the administrative expense to the income of the fund has been as follows:³

Year	Percentage
1922-1923.....	10.5
1923-1924.....	8.4
1924-1925.....	8.7
1925-1926.....	9.8
1926-1927.....	13.2
1927-1928.....	11.7
1928-1929.....	13.1
1929-1930.....	10.3

The Blanesburgh Committee brought out the fact that no insurance company could boast of administration expenses as low as 9 per cent, which was approximately the cost of the government's administration at the time of their investigation.

Sir Arthur Steel-Maitland, then Minister of Labour, stated in Parliament on February 20, 1929, that from the time when benefits were first paid, January 15, 1913, to February 2, 1929, benefits had amounted to about £370,000,000 and the entire cost of administration from the time when contributions were started, July 15, 1912, to February 2, 1929, had

¹ Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report, op. cit.*, p. 26.

² Letter from H. C. Emmerson to Industrial Relations Counselors, Inc., Oct. 15, 1929.

³ Great Britain Ministry of Labour, *Report for the Years 1923 and 1924, op. cit.*, p. 150; Great Britain Ministry of Labour, *Report for the Year 1929, op. cit.*, pp. 76-77; *Ministry of Labour Gazette*, Vol. 37, May to December, 1929, Vol. 38.

amounted to £46,500,000. The average cost of administering this huge sum of benefits was therefore only a little over 12 per cent of the total expenditure on benefits. It was reported in the House of Commons on February 20, 1929, that the Exchequer bore £7,300,000 of this cost and the fund £39,200,000.

The president of the Board of Trade in answer to a parliamentary question on April 24, 1923, stated that the administrative costs of national health insurance represented 13 per cent of the revenue, of workmen's compensation 37.04 per cent, and of industrial insurance companies an average of 41.9 per cent.¹

Incidence of the Cost

In view of the tripartite character of the entire scheme, it is evident that the cost is borne by the contributors—the government (which is the general taxpayer), the workers, and the employers. As to the part borne by the general taxpayer and the workers, there seems little doubt, since neither of these is in a position to shift the cost to any other quarter. However, the employer's transference of the cost to other sections of the community is difficult to determine and there is great diversity of opinion on the whole question of the burden he actually bears.

Some economists imply that "the contribution imposed upon the employer is shifted in nearly every case on to the worker [as an employee] in the long run."² This assumes that labor's and capital's proportionate share of the total income is immutably fixed and that the cost of benefit must come out of labor's share. It implies that the entire advantage derived from progressive mechanization and improved machinery accrues to the employer. In point of fact, neither of these conditions actually prevails; indeed, the existence of several "employers' additional benefit schemes"³ seems to indicate that employers' contributions come from their profits.

The recent Balfour Report throws light on the question whether, under present conditions, British industry is able to bear the cost. The report states that the annual payments of employers in respect of unemployment and health insurance, workmen's compensation and contributory pensions amount on the average to rather less than one per cent of the value of gross output. It adds that "on the whole, the indirect effects of the social services on industrial efficiency and mobility are, in our judgment, much more important . . . than the direct burden of their cost."⁴ But Clay charges that "averages are misleading" and shows the

¹ Great Britain Ministry of Labour, *Report on National Unemployment Insurance to July, 1923*, op. cit., p. 13.

² J. L. Cohen, "Incidence of the Costs of Social Insurance," *International Labour Review*, Vol. 20, December, 1929, p. 836.

³ See Chapter VII.

⁴ Great Britain Board of Trade—Committee on Industry and Trade (Lord Balfour, Chairman), *Final Report*, op. cit., pp. 133, 255.

great variation in costs to different industries.¹ Local rates, together with the other taxation for social services above mentioned, were estimated by the Balfour Committee to amount to between 2 and 3 per cent of the total cost of production of the exporting industries. Roughly, half of this total is accounted for by local rates, a burden which the Conservative Government's derating scheme of 1929 was designed to relieve.

Sir Josiah Stamp says, "Unless there has been a similar rise [in the cost of social services] in other countries in competition with us—however efficient our social services may be—this is a serious handicap."²

Taking into consideration the highly competitive international situation, Henry Clay says, "Small as the proportion which rates³ and social charges bear to total costs of production in the export industries, the actual amount is probably not smaller than the margin by which continental steel is underselling English steel or Polish coal Durham."⁴ The international character of these industries prevents their passing on such charges to the consumers, as home industries can, without affecting their trade. Clay concludes that abnormal unemployment caused by the war should never have been made a cost to industry and that "the burden upon the export industries of insurance contributions and rates [due to abnormal unemployment] is a serious handicap in their endeavor to recover their pre-war trade."⁵ All this seems to furnish another cogent reason for the Labour Party's decision to have the Exchequer carry the abnormally unemployed, thus spreading the burden and pointing toward the practicability of an actuarially sound scheme for the normally unemployed.

Summary

The total cost of Great Britain's unemployment insurance has been a heavy financial burden, amounting to more than £478,000,000 from January, 1919, to the end of November, 1930, not counting £62,500,000 additional for out-of-work donations, and other sums spent for various kinds of relief extended to those unable to find employment. During the year 1929, unemployment benefits paid in England, Wales and Scotland amounted to nearly £43,000,000, or about one pound per capita of population.

While the government, that is the general taxpayers, the employers, and the employees, now contribute approximately equal shares to the unemployment insurance fund, the cost of maintaining insurance is by no

¹ Henry Clay, *Post-War Unemployment Problem*, *op. cit.*, pp. 160-162.

² Josiah Stamp, and J. M. Keynes, "Unemployment; a Discussion," *The Listener*, Vol. 3, February 26, 1930, p. 362.

³ Poor relief of both able-bodied and nonable-bodied unemployed is paid out of "rates" (local taxation).

⁴ Henry Clay, *Problem of Industrial Relations*, *op. cit.*, p. 131.

⁵ *Ibid.*, p. 132.

means equitably distributed as unemployment in some industries is chronic and heavy while others suffer little from this manifestation of depression. No statistics are available to show what proportion of the burden is borne by the employees seldom out of work, but there is evidence that the coal mining, shipbuilding and textile industries have caused the heaviest drains on the insurance fund.

While the unemployment insurance system originally was intended to cover the calculable risk of ordinary unemployment, the repeated liberalizations of the system, especially the extended, and later practically unlimited, benefit payments to an ever increasing number during prolonged periods of depression have so drained the fund that it has steadily gone deeper into debt. In November, 1930, the fund was indebted to the Exchequer for the sum of £56,600,000, and it has recently been authorized to increase its indebtedness to £70,000,000, although in the meantime the share of the government's contribution to the insurance fund has twice been raised, now being one-half of the joint contribution of employers and employees, or one-third of the total contributions. The annual joint contributions of employers and employees during the period 1922-1930 have ranged from thirty to thirty-six million pounds.

The administration costs of the system, despite its complicated machinery, are not considered excessive, the 12½ per cent of the income of the fund allowed by law for administrative cost generally having proved sufficient. Following the passage of the acts of 1911 and 1920, administrative costs exceeded 12½ per cent and also during the general strike and coal dispute in 1926-1927, and in 1928-1929, when the number of benefit applicants greatly increased. The excess of cost is borne by the Exchequer.

Opinions among authorities as to the social-economic net value of the insurance plan vary widely. The total cost to employers of contributions for unemployment insurance, health insurance, workmen's compensation and contributory pensions has been estimated in the recent Balfour Committee report at less than one per cent of the value of gross output of British industry, yet there are also competent authorities who believe the cost of unemployment relief for both able-bodied and nonable-bodied unemployed is sufficient to constitute a serious handicap for British industry in competition with continental industry.

CHAPTER XI

IRREGULARITY AND DURATION OF UNEMPLOYMENT

The weekly total of the unemployed is made up of men, women and juveniles who, in weekly statements published in the newspapers, are classified as wholly unemployed, temporarily stopped, and persons normally in casual employment. It is obvious that these divisions cannot be clear-cut in relation to, for example, seasonal workers who may at times belong to any one of them. Nor can they be subdivided according to degrees of employability, for in the wholly unemployed class there may be persons out of work for short periods as well as those who are continuously out of work and who, because of physical or mental incapacity, cannot regain a foothold in industry.¹

Professor Pigou says,

The fact is that, in the economic, as in the physical sphere, society is faced with a certain number of incurables. For such persons, when they are found, the utmost that can be done is to seclude them permanently from opportunities of parasitism upon others, of spreading their moral contagion, and of breeding offspring of like character to themselves. . . . The same thing is true of those persons who suffer from no inherent defect and have lived in their day the life of good citizens, but whose powers have been worn out by age or ruined by grave accident.²

Casuals may at times be in reality, even if not technically, in the temporarily stopped class though they have as a rule a more precarious standing than the rank and file who are temporarily stopped. An example of a certain degree of confusion is dock work, in which many workers are as regularly employed on a short-time basis as the temporarily stopped, although dock workers are all classified as casuals.

¹The inquiry made by the Ministry of Labour in November, 1924, showed that in this sample of claimants to unemployment benefit, 3.6 per cent of the males and 1.4 per cent of the females were considered as "verging on unemployability." Of those in this classification, over two-thirds of the men and nearly half of the women were over 60 years of age. A heavy proportion of this class were in poor health, had poor physique or had some physical handicap. At the other end of the scale, 62.7 per cent of all the males and 77.2 per cent of all females were classed as persons who in normal times would usually be in steady employment. The inquiry in April, 1927, showed higher percentages (except among boys) for those who would usually be in steady employment in normal times and somewhat lower percentages for those verging on unemployability. Great Britain Ministry of Labour, *Report on an Investigation into the Personal Circumstances and Industrial History of 16,905 Claimants to Unemployment Benefit, November 24th to 29th, 1924, 1925*, p. 6; Great Britain Ministry of Labour, *Report on an Investigation into the Personal Circumstances and Industrial History of 9,748 Claimants to Unemployment Benefit, April 4th to 9th, 1927, 1928*, p. 10.

²A. C. Pigou, *Economics of Welfare*, 3rd ed., rev., op. cit., p. 743.

For the purpose of comparability and in order to avoid confusion, this report will adhere to the classification used by the Ministry of Labour, that is, a classification based upon the degree of the workers' attachment to industry and the time they remain unemployed, rather than a classification according to the cause of unemployment and the degree of employability. Seasonal workers, though they may be included in any of the classes mentioned, will be considered in relation to their special problems.

Other cross sections of the body of unemployed insured persons have brought to light the proportions of the insured who claim benefit, the average duration of unemployment and variations in the incidence and duration among different age groups of the insured and among insured industries.

The Wholly Unemployed

The wholly unemployed are those who are completely without any working connections, whether for long or short periods, chiefly because of the fluctuating demands of industry. This class includes both those whose jobs are lost and who have little or no hope of getting others and those who, although out of work for the time being, may reasonably hope for other jobs in the near future. In this group may also be workers who voluntarily left their jobs because of dissatisfaction or in order to seek better opportunities, but labor turnover for such reasons is low in Great Britain, not only by reason of the difficulty of finding a new job but on account of the influences and traditions of an older country which tend to prevent the British workman from being over ambitious to change his status. In this group is also reflected the employer's dissatisfaction leading to discharge. The term "permanently unemployed" is often used to indicate the workers in this class who are over and above the requirements of their accustomed trades and industries and those who, having once lost their jobs, stand little or no chance of re-employment. Such persons are squeezed out for various reasons; because of the shrinkage or disappearance of an industry, or reorganization and mechanization, or inflation of an industry due to the requirements of war, or on account of the changes in public taste and repercussions from local, national and international affairs. Personal defects also account for a number of the permanently unemployed.

The International Labour Office in a recent survey of unemployment, while calling attention to the fact that unemployment figures do not provide a complete measure of the extent of unemployment in the cotton industry, in that they conceal much under-employment, points out the 'stability of depression' in that industry. Because 12.8 per cent of the

workers had been unemployed for five and one-half years, the Office found "evidence of a surplus of labour in the industry."¹ Concerning the wool industry this same body commented, "The persistence of severe unemployment among the workers in the industry, together with the fact that the end of the depression does not yet appear to be in sight, would seem to indicate that the fall in the numbers engaged is likely to continue."²

The coal mining industry presents an even more striking picture. The number of miners actually at work between 1924 and 1928 decreased far more rapidly than the number of workers in the industry. The former was about 23 per cent less and the latter only about 7 per cent less in 1928 than in 1924 (Chart 4). The *London Times* for September 7, 1929, said, "There are today 59,126 men and boys wholly unemployed on the register of the South Wales employment exchanges, while thousands more who are unaccounted for have been unemployed for years. These include a large number of boys up to the age of twenty-one who have done no work since they left school." However, partly because of a movement of men out of the coal industry and partly because of an improvement in trade, unemployment in coal mining did not present so discouraging a situation in 1930 as did the textile industries. Data published monthly in the Ministry of Labour Gazette indicate that between 1928 and 1930 the average number actually at work increased by 1 per cent, while the number insured decreased 7 per cent.

The British Industrial Transference Board made it quite clear that there were probably large numbers of workers in the mining, iron and steel, shipbuilding and heavy engineering trades, who could never hope to find employment at their old occupations. They recommended, in view of districts and industries obviously choked with permanently unemployed workers, that search for openings of employment "extend to the length and breadth of the land." A government document printed in 1929 said, "The outstanding feature of the present unemployment is that there is a considerable number of men, who in age and physical capacity are of fair potential employment value, but who cannot in the near future count upon regular employment in their own industry or locality. . . . They tend to slip down into the lowest category and to be a continuing liability upon public funds."³

The people in the "stagnant pools" are there, as has been indicated, not only because of industrial conditions, but for various other reasons. For example, the Blanesburgh Committee said there is probably a residuum of about 3 per cent of the unemployed who would present a serious

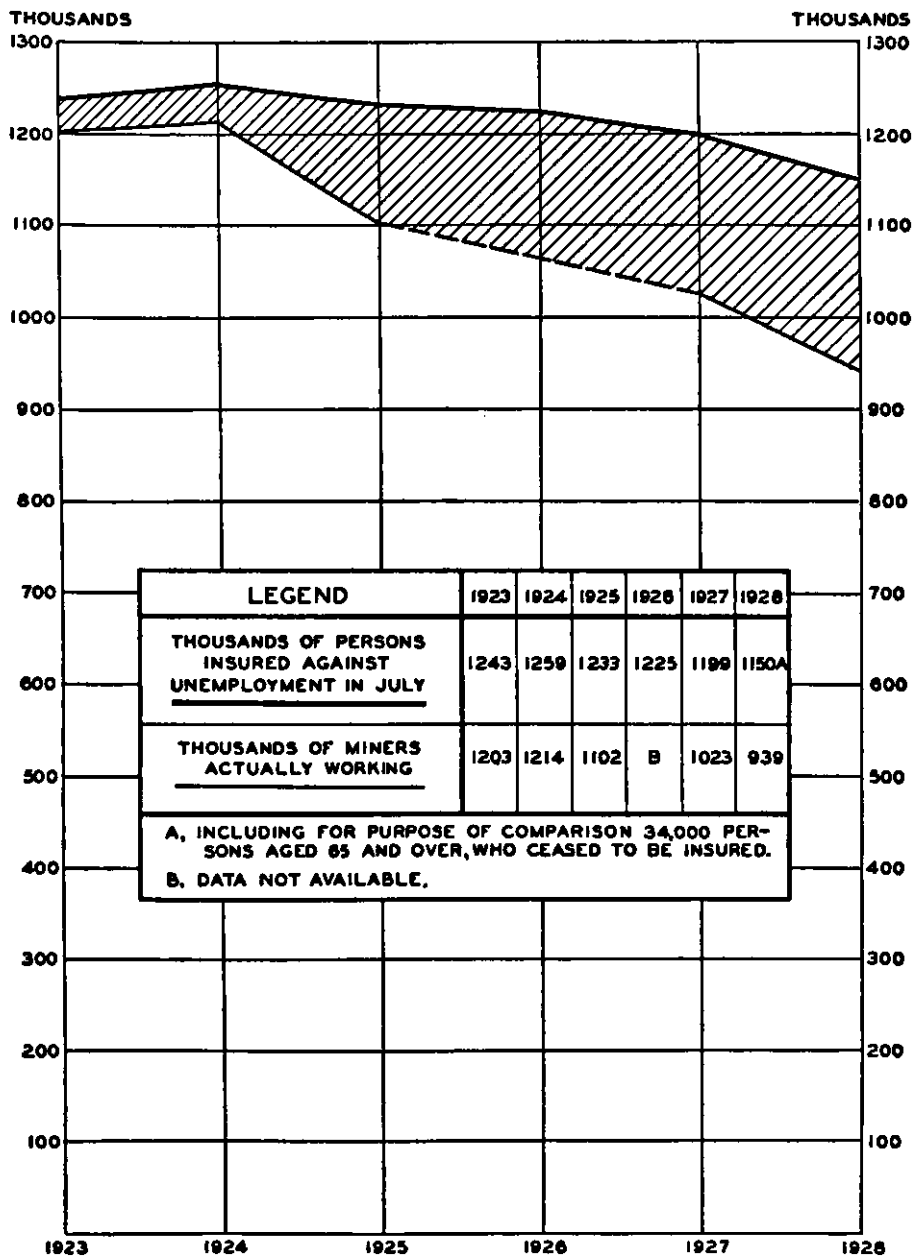
¹ International Labour Office, *Unemployment: Some International Aspects, 1920-1928*, Geneva: 1929 (Studies and Reports, Series C, No. 13), pp. 70-71.

² *Ibid.*, p. 79.

³ Great Britain Ministry of Labour. *Memoranda on Certain Proposals Relating to Unemployment, 1929*, (Cmd. 3331) p. 13.

Chart 4

EMPLOYMENT IN COAL MINES, GREAT BRITAIN, 1923-1928



Source: Number Insured, 1923-1928—*Nineteenth Abstract of Labour Statistics of the United Kingdom*, 29. ed., pp. 34-42. Other data furnished by the Statistics Division of the Ministry of Labour of Great Britain.

problem, regardless of trade conditions.¹ These are often the "C" and "D" men described in a sample study as not regularly employed at any time or as barely employable.²

In a census of 2,582 vagrants taken by the Ministry of Health in February, 1928, 22 per cent were undoubtedly seeking work and 28 per cent, just as certainly, were habitual vagrants many of whom were no doubt unemployable. The evidence indicates that unskilled workers form a large proportion of those out of work for prolonged periods, as well as of those intermittently employed for short periods as temporary and casual workers.

There is reason to believe that the percentage of physical and mental incapacity among the unemployed due to age, disease, disablement, lack of skill and inherent failings is higher than in other sections of the population. Apparently, also, the persons longer unemployed show, in general, more incapacity than those out of work for short periods. It is only natural that exchange officials help the best men first and that as time goes on the rest become more and more unemployable.

Temporarily Stopped

On March 25, 1929, there were 200,210 temporarily stopped insured workers recorded as unemployed at employment exchanges in Great Britain and Northern Ireland, this term covering people still attached to some employer on a part-time schedule and people temporarily laid off who had a definite expectation of being re-engaged within six weeks. The total unemployment figure for that date, which included the temporarily stopped, was 1,203,785. Of the temporarily stopped, the largest number, 36,722 (12,233 males and 24,489 females), was in the cotton textile industry, while the total for the whole textile group was 76,515 (31,493 males and 45,022 females).³ A year later, March 24, 1930, insured persons temporarily stopped numbered 409,785, and the total insured unemployed, including the temporarily stopped, was 1,694,016. Of these totals, the cotton industry accounted for 89,503 insured persons temporarily stopped, 60,761 recorded as wholly unemployed, making the total insured unemployed persons in that industry 150,264,⁴ out of a total for the whole textile group of 314,652. By the end of November, 1930, temporary stoppages in the cotton industry had somewhat declined, although they made up the largest single group in this classification. The total in all industries

¹ Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report, op. cit.*, Vol. 1, p. 19.

² Great Britain Ministry of Labour, *Report on an Investigation into the Personal Circumstances and Industrial History of 10,903 Claimants to Unemployment Benefit, November 24th to 29th, 1924, op. cit.*, p. 5.

³ "Number of Insured Persons Recorded as Unemployed at 25th March, 1929," *Ministry of Labour Gazette*, Vol. 37, April, 1929, p. 137.

⁴ "Number of Insured Persons Recorded as Unemployed at 24th March, 1930," *Ministry of Labour Gazette*, Vol. 38, April, 1930, p. 139.

temporarily stopped numbered 532,518, or 22.5 per cent of the total insured unemployed.¹

Short-time Workers.—There is abundant proof that under-employment is serious in such industries as coal, textiles and shipbuilding, to mention only a few, and that it often serves to cloak the volume of surplus labor. There are industries, such as the cotton textile industry in Lancashire, where short time has been worked for so many years as to be "chronic"² (Table 17).

It is quite understandable that the depressed state of British industry has in many instances made employers hesitant about organizing their work on a full-time basis, thus necessitating the discharge of numbers of workers. But there is also evidence that there are other employers whose motives in holding on their payrolls a large staff of workers on a continuous or almost continuous part-time schedule are not so worthy. The latter do not concern themselves with stabilization measures, merely wishing to have plenty of labor "on tap." In proof of this an umpire's decision in regard to granting unemployment benefit may be cited. In this case benefit was allowed to short-time workers who were regularly employed two days a week and who had refused an offer of full-time work in their usual employment with another firm. It was proven that they had refused work because their employer had been unwilling to release them for employment elsewhere and the prospective employer would not accept them without their employer's consent.³

Some efficient and progressive firms make every effort to keep their workers on a full schedule, but irregularity of hours of work is the natural result of inability to plan, budget and store sufficiently to coordinate sales and production because of the perishable nature of the product. Industries affected by whimsical flurries of public taste are also often forced to put their workers on short-time schedules or to resort to frequent hiring and firing of temporary workers. The Bradford Dyers, because of the irregularity of demand for their work, carry a surplus of men to cover their peak loads in order to avoid overtime. When work is slack this results in short time or under-employment for all.

¹"Number of Insured Persons Recorded as Unemployed at 24th November, 1930," *Ministry of Labour Gazette*, Vol. 38, December, 1930, p. 457.

²A survey of the Tyneside district states: "If there really is a surplus of labour in an industry or in a locality, it is very dangerous to meet the situation by spreading the work round. As a temporary expedient it is sometimes the less of evils; as a standing practice it is fatal. It means furious competition among the workers and a poor livelihood for the majority of them. It stands in the way of any real facing of the situation, and any search for genuine remedies. There is a very real danger that a considerable part of the population of Tyneside may fall into the morass of more or less permanent under-employment, getting enough work to keep them hanging round the yards, but not enough work to yield them an adequate livelihood. Such conditions are well enough known in other areas, and in other industries, and it is generally acknowledged that under-employment is a more insidious, demoralizing and intractable evil than unemployment itself." H. A. Mess, *Industrial Tyneside*, London: Ernest Benn, Ltd., 1928, pp. 61, 63.

³H. C. Emmerson, and E. C. P. Lascelles, *Guide to the Unemployment Insurance Acts*, *op. cit.*, 1928, p. 79.

Table 17

SHORT TIME IN THE COTTON INDUSTRY, ^a GREAT BRITAIN, 1924-1929

Week In—	Percentage of Workers on Short Time	Average Weekly Hours Lost Per Worker on Short Time ^b
1924		
March.....	28.0	18.50
June.....	28.0	18.50
September.....	16.0	20.50
December.....	13.0	10.00
1925		
March.....	21.0	10.50
June.....	27.0	10.50
September.....	24.0	11.00
December.....	18.0	11.00
1926		
March.....	20.0	12.25
June.....	35.0	18.00
September.....	30.0	18.00
December.....	19.0	16.00
1927		
March.....	8.0	11.50
June.....	12.5	14.00
September.....	14.0	16.00
December.....	13.0	15.50
1928		
March.....	10.0	15.00
June.....	16.5	13.00
September.....	14.0	15.50
December.....	12.0	12.00
1929		
March.....	17.0	14.50
June.....	16.5	14.00
September.....	12.0	12.00
December.....	15.0	14.00

^a The figures which refer in each case to a specified week (usually the third) in the month are very inadequate, since they cover only a little over one-seventh of the industry. They are based on employers' returns. The sample is probably, however, sufficiently representative to make the above table of some interest as an indication of the extent of short time working at various periods.

^b The normal weekly hours of labour in the cotton industry are approximately 48.

Source: 1924-1928: International Labour Office, *Unemployment: Some International Aspects, 1920-1928*, Geneva: 1929, p. 211; 1929: "Cotton Industry," *Ministry of Labour Gazette*, Vol. 37, April, 1929, p. 133; July, 1929, p. 247; October, 1929, p. 267; Vol. 38, January, 1930, p. 19.

Obviously, when employers so plan the days of work that workers may draw unemployment benefit regularly each week they are under-employed, the latter do not object to a short-time schedule as they otherwise would. Responsible investigators reported in 1925 that,

There appears . . . to be a certain number of employers who systematically resort to organized short time if work is a little slack. They would not do this but for the existence of the benefit, as such a policy would create so much discontent and encourage men constantly to leave their service. As it is, the men acquiesce readily enough for the most part in the arrangement since they work three

days and have benefit for three days. In this respect there is perhaps a tendency for benefit to be crudely used as a form of subsidy for industry apart from any legislative process.¹

Interesting examples of self-arranged "pools" exist in the shoe and slipper and in the hat industries. Workers, in groups of five or six, arrange among themselves for one or two in each gang to "play off" in turns, thus enabling each other to qualify for unemployment insurance benefit. Pits in the "five counties" area have arranged their working days on the organized short-time plan which the textile trades put into operation before them.² The "Oxo" system, so-called from the arrangement of days of work (O) and days of idleness (X), has been widely practiced by employers and workers. The usual arrangement is three days' work and three days off, which conforms to the so-called continuity rule. Benefit is not paid for less than a day and only for continuous periods of unemployment. Under the definition adopted in the acts, any three days of unemployment occurring within a period of six consecutive days are considered continuous, while any periods of unemployment occurring within ten weeks are considered continuous with the earlier period, so that the worker does not have to undergo a waiting period in respect of each period of unemployment within ten weeks. Because of this rule, short time has to be planned, in order that the days out of work will come within the provisions of the acts. The continuity rule is generally interpreted to mean that benefit should be disallowed when earnings on short time are half or more than half the full-time earnings of the job. However, the rule is subject to other considerations.³

In recognition of the effects of this arrangement when regularly practiced, the Balfour Committee stated, "Since dock labourers have been included under the Unemployment Insurance Scheme, the half-employed labourer has been able to draw a supplementary income from this source [which has] weakened his motive to press for the decasualization of the industry."⁴

The Blanesburgh Committee commented on "the extent to which in certain cases there may be a resort to systematic short time when the economic circumstances of the industry do not warrant it" and they thought "the Ministry would be well advised to keep a careful watch on this alleged practice."⁵ It must be acknowledged, however, that so far as the workers are concerned it causes less hardship for them to earn full

¹ *Unemployment Insurance in Great Britain: A Critical Examination By the Authors of "The Third Winter of Unemployment," op. cit., p. 54.*

² *Times* (London), December 12, 1929.

³ H. C. Emmerson, and E. C. P. Lascelles, *Guide to the Unemployment Insurance Acts*, London: Longmans, Green and Co., 1926, p. 67.

⁴ Great Britain Board of Trade—Committee on Industry and Trade (Arthur Balfour, Chairman), *Final Report*, *op. cit.*, p. 138.

⁵ Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report*, *op. cit.*, Vol. 1, p. 62.

wages while they are employed and receive unemployment benefit while unemployed than to have their income reduced by irregular short time.

Trade unions and other associations of workers often prefer extended periods of short time to complete unemployment in order to preserve a worker's skill or keep him in his own trade. Ben Turner, general president of the National Union of Textile Workers, said in February, 1929, when discussing the six years of depression in the textile industries: "In many sections of the textile trade there are not big discharges of employees, . . . persons will be playing for work but not be out of a situation." He upholds this universal practice of short time on the ground that "it keeps the skill of our people more stable."¹ This condoning of short time is in contrast with the statement made by A. J. Cook, the secretary of the Miners' Federation, to the writer in the summer of 1926, when he exclaimed, "Better have 300,000 men completely unemployed and forcing the attention of the government than 600,000 working part time and half starving in the limbo of neglect!"

Reorganization and amalgamation are only in their beginning stages, and as they proceed apace, together with the accelerated introduction of improved machinery and methods, it is possible that the short-timers may increasingly augment the wholly unemployed class. For example, in Lancashire the systematic short time worked for so many years by cotton operatives will in all probability be supplanted by full-time work of reduced staffs of workers when amalgamation gets well under way.

Apropos of rationalization, the Balfour Committee reported "As the aim of reconstruction must be to operate the most efficient works full time, the result will be to afford the maximum amount of full employment and at the same time to diminish the number of part-time workers. Such a policy in its early stages may involve an actual increase in the number wholly unemployed . . . [but] it is better to face this temporary evil than to drag on as at present."²

Table 18 shows the proportions of workpeople hired by employers who supplied information on short time in the week ended October 27, 1928, and the average number of hours lost through short time by these workpeople. Workpeople "stood off" for the whole of the week specified have been regarded as unemployed for the purpose of this tabulation and have not been taken into account.

The "Ins and Outs."—There are always the temporary workers to be reckoned with who are employed irregularly chiefly because of the variations in industrial demand. Many are unskilled and sometimes they are quasi-casuals, the line of demarcation being difficult to draw. But there

¹ Ben Turner, "Unemployment—the Cure," *Britannia*, February 8, 1929, p. 75.

² Great Britain Board of Trade—Committee on Industry and Trade (Arthur Balfour, Chairman), *Final Report*, *op. cit.*, pp. 299-300.

Table 18

 PREVALENCE OF SHORT TIME, SELECTED INDUSTRIES, GREAT BRITAIN AND
 NORTHERN IRELAND, OCTOBER, 1928

Industry	Number Employed	Percentage of Workers on Short Time ^a	Average Hours Lost by Short-time Workers ^a
Fellmongering and leather tanning.....	23,060	24.2	10.9
Saddlery and leather goods making.....	7,206	9.5	10.0
India rubber manufacture.....	30,353	15.6	9.8
Brush and broom making.....	4,682	28.7	8.3
Piano, organ and musical instrument making (other than metal).....	16,272	3.9	7.2
Quarrying.....	28,329	15.3	7.6
Metalliferous and shale mining.....	9,229	21.6	8.6
Carting and warehousing.....	37,610	1.8	14.7
Waste reclamation (other than metal)...	5,808	11.1	8.1
Other industries.....	36,539	7.8	8.4

^a Week ended October 27, 1928.

 Source: "Extent of Short-time Working," *Ministry of Labour Gazette*, Vol. 37, December, 1929, p. 436.

are also many highly skilled workers in this group. For example, when a new ship is to be built on the Tyneside, an employer seeks first to enlist for this temporary job the services of his "Royals," the men who are skilled and capable. In slack times even the Royals are out of work for long periods.¹

Casual Workers

Casual workers may be regular irregulars in one occupation, or they may pick up odd jobs here and there. On November 24, 1930, there were 108,383 insured casuals (105,787 males and 2,596 females) registered as unemployed at employment exchanges in Great Britain and Northern Ireland.² Out of a total of about 300,000 casuals there are always between 70,000 and 80,000 at least who are unemployed. The efforts of social workers, government departments and even a few employers and trade union leaders to decasualize certain groups of workers have been discouraging. Moreover, there has probably been an increase in the number of casual workers, due to the fact that in hard times many men will take any kind of an odd job. When one hears the complaints of the mistress who cannot get a man to shovel the snow off her walk and that of the master who cannot find anyone to do an hour's gardening, there should be a balancing with the numerous cases of men and women who

¹ H. A. Mess, *Industrial Tyneside*, *op. cit.*, p. 52.

² "Numbers of Insured Persons Recorded as Unemployed at 24th November, 1930," *Ministry of Labour Gazette*, Vol. 38, December, 1930, p. 457.

accept anything, no matter how far beneath their ability and financial requirements it may be. It must be acknowledged on the other hand that some men prefer casual jobs because the rate of pay for a short-time piece of work is often higher than for noncasual unskilled work and because some people hate regularity of anything, including work.

In certain localities, especially overseas shipping centers, the problems inherent in casual work assume gigantic proportions. In the city of Liverpool, for example, fully a quarter of the adult male population is engaged in casual employment. The dock workers, in fact, have always presented a particularly interesting problem in relation to under-employment.¹ A system of registration has been established in some of the ports but the practice is by no means universal.² The Minister of Labour in his report for 1928 said that in view of the general unemployment situation it had not been found possible to make much progress in the direction of further decasualization of dock labor. The number of registration schemes in operation in 1929 was twenty-six. One reason for encouraging large numbers of surplus workers to cling to this industry is "the old and deeply rooted fear of the shipowners and other employers of port labor of being caught in an emergency with an insufficient labor supply and thus exposed to the serious cost of delay and demurrage."³ The Balfour Committee stressed the seriousness of the casual labor problem, especially that of dock labor, and suggested the possibility of some sort of public action, for example, giving to a voluntary agreement the force of compulsion or making special arrangements under the unemployment insurance act, if the industry itself cannot solve its own problems.⁴

As is the case with other classes of the unemployed, the majority of casuals are untrained and unskilled. The employment exchanges could show without doubt that the greatest amount of casual unemployment is among building laborers, road and transport laborers, and general (miscellaneous) laborers. The increasing difficulty in defining "skilled and unskilled" in this age of specialization and vanishing boundaries of skill makes it hard to separate these groups, but, by and large, the man trained to do something will find a regular market for his services more easily than the untrained worker. Of course, irregular and shrunken industries, such as shipbuilding, often have a large number of skilled workers unemployed. But a return from a large provincial poor law union to the Ministry of Health on a night during the winter of 1928

¹ J. G. Brookbank, *History of the Port of London*, London: Daniel O'Connor, 1921, Vol. 2, pp. 425-457, 471-478; H. A. Mess, *Casual Labour at the Docks*, London: G. Bell and Sons, Ltd., 1916, (Ratan Tata Foundation, University of London) 147 pp.; E. C. F. Lascelles, and S. S. Bullock, *Dock Labour and Decasualization*, London: P. S. King and Son, Ltd., 1924, (Ratan Tata Foundation, University of London, *Studies in Economics and Political Science*, Monograph No. 74) 201 pp.

² Great Britain Port of London Registration Committee, *Registration of Transport Workers in the Port of London*, London: 1928, 20 pp.

³ Great Britain Board of Trade—Committee on Industry and Trade (Arthur Balfour, Chairman), *Final Report*, *op. cit.*, p. 140.

⁴ *Ibid.*, p. 141.

showed that 7,559 of the 8,876 "casuals" questioned claimed that they had no regular trade and were merely laborers.¹

Seasonal Workers

Although the Ministry of Labour in counting the unemployed or in paying benefits and collecting contributions does not recognize the existence of the category "seasonal worker," the special problems connected with seasonal work must be considered.

Unemployment insurance for the seasonal worker has always presented difficulties. There are no doubt many people who prefer to work for short periods of the year and whose personal circumstances make it desirable for them to do so. There are others for whom seasonal work involves great hardship. The Act of 1927 attempted to solve the problem of eligibility for benefit in a season when no work is ordinarily available, by exempting from compulsory contribution anyone whose seasonal occupation does not ordinarily extend over eighteen weeks in any one year and who is not ordinarily employed in any other insurable occupation. But this arrangement is voluntary. There are no factual data concerning the number of people who now draw benefit during off seasons but who, before the introduction of unemployment insurance, stayed at home without any hardship between seasons. A safeguard is supplied by umpire's decisions which have indicated clearly that if workers claim benefit in the off season they must be available for other work at that time. Otherwise they cannot be regarded as eligible.

A study of seasonal unemployment in Great Britain made by the International Labour Office,² shows that "unemployment has (1) an almost constant tendency to increase in December, since thirty-one of the thirty-four years observed showed an increase; (2) a marked tendency to fall during the first four months of the year; and (3) an equally marked tendency to increase in August and decrease in November."³ During the remaining months the positive and negative tendencies more or less balance one another.

This study also points out that the unemployment curve obtained from data furnished by British trade unions for a long series of years is relatively free from seasonal fluctuations in comparison with other countries, excepting Germany, and that the relative importance of seasonal unemployment is reduced in years of general industrial depression. These deductions are based on trade union statistics alone; statistics covering British wage earners in general were started only in 1920 and offer too

¹ *Times* (London), December 28, 1928.

² "Seasonal Fluctuations in Employment," *International Labour Review*, Vol. 17, March, 1928, p. 354.

³ That this and many other things true of unemployment in general are not wholly true in the abnormal situation prevailing in Great Britain today is shown by Table 19, p. 171.

short and unsettled a period for sound deduction. Yet the figures for 1921-1925 do not show any more marked fluctuations than trade union figures for those years. The investigators state that "unless further examination yields results to the contrary, it seems permissible to conclude that seasonal fluctuations in the British labour market as a whole are very small."

The cotton and woollen trades show the effect of seasonal work, the summer months, as a rule, being slacker than those of winter. Since 1925 coal mining has had a greater rate of unemployment in the summer months; before that time seasonal variations were negligible. Building, the largest of the seasonal trades, shows a higher rate of unemployment in the winter months, as does other open-air work, such as quarrying. Engineering trades usually show a steady mounting of unemployment from March to September, while shipbuilding is affected by factors which largely overshadow the seasonal variations¹ (Table 19). Fluctuating demands of industry are shown by Tyneside figures as well as by those of other shipbuilding districts. In one shipyard on the Tyne, 960 men were employed on a date in March, 1908, and 1,586 in June of the same year. At another yard 2,400 men were employed on a date early in 1926 and only 250 on a day in November during the same year.²

In the building industry, where the seasonal influence is more marked than in any of the others, the fluctuations are decidedly greater in certain occupations than in the industry as a whole. Among painters, for instance, the effects of seasonal influences on employment and unemployment are much the strongest. "In no other occupation does unemployment reach so high a maximum in January (20.5 unemployed per 100 insured workers, or nearly double the annual average unemployment) [figures are based on data referring to the period 1913-1927]; in no other occupation is the relative fall in unemployment at the minimum so great (in May 0.27 times the annual average)."³ The duration of the seasonal fluctuations is also the greatest among painters and laborers.

In every respect, painting is the occupation in the building industry most sensitive to seasonal influences. It is a commonplace that, since the number of workers attached to an industry is governed by the heavy demand for workers during the months of maximum activity, this fact alone condemns a highly seasonal occupation to correspondingly severe unemployment during the rest of the year.

While seasonal industries have their regular recurrences of greater or less activity, other industries also have their busy times which they meet by working overtime or engaging additional workers for short periods, working short time during slack periods, or discharging the work-

¹ L. Hersch, "Seasonal Unemployment in the Building Industry. . . ." *International Labour Review*, Vol. 19, March, 1929, p. 362.

² H. A. Meas, *Industrial Tyneside, op. cit.*, pp. 52-53.

³ L. Hersch, "Seasonal Unemployment in the Building Industry. . . ." *International Labour Review*, Vol. 19, February, 1929, p. 218.

Table 19

PERCENTAGE OF INSURED WORKERS RECORDED AS UNEMPLOYED, BY INDUSTRY,* QUARTERLY, GREAT BRITAIN AND NORTHERN IRELAND, 1923-1929

Industry and Trade	1923			1924			1925				1926				1927				1928				1929				
	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.
Fishing	9.6	13.6	17.8	13.4	10.8	11.0	16.0	14.2	12.2	11.0	14.9	13.1	18.9	18.0	21.7	14.9	11.3	8.5	12.4	12.6	10.2	9.3	16.1	13.8	8.1	9.1	16.6
Coal mining	2.6	3.1	2.4	2.1	4.8	3.2	7.9	11.8	25.0	23.7	11.4	9.4	10.2	8.8	10.2	16.8	10.1	19.1	17.3	17.2	25.7	22.5	19.1	13.2	13.3	14.0	14.6
Brick, tile, etc. making	8.1	7.5	8.4	7.0	6.0	6.8	7.9	7.0	6.3	6.5	7.8	6.5	24.6	17.8	11.3	6.3	5.2	7.2	11.7	12.2	10.1	11.6	13.3	13.4	8.7	8.8	12.1
Pottery, earthenware, etc.	10.7	11.8	14.7	11.9	10.7	11.5	19.3	13.6	17.3	15.6	19.3	14.2	59.1	30.7	19.8	11.8	13.7	12.3	21.0	12.8	16.7	13.7	16.9	13.7	14.4	12.9	17.2
Chemical manufacture	11.6	11.2	10.3	8.7	9.0	9.1	9.2	8.3	8.6	9.6	8.4	8.0	13.0	12.4	9.0	6.5	6.4	6.3	6.8	5.7	6.2	5.6	6.2	6.1	6.4	6.6	6.9
Oil, grease, glue, soap, ink, match, etc., manufacture	6.5	8.5	7.4	6.8	7.3	7.6	6.6	8.1	7.9	6.5	6.3	7.4	8.4	8.8	8.3	6.9	7.5	6.4	6.7	5.8	6.4	6.1	6.3	5.8	7.6	6.7	6.3
Steel melting and iron puddling, iron and steel rolling mills and forges	20.9	23.1	17.4	16.6	19.0	25.8	27.7	24.0	24.7	26.9	24.7	20.3	55.8	52.8	34.8	15.5	17.0	17.6	22.7	20.3	20.5	22.0	19.8	17.6	19.3	19.0	22.0
General engineering: engineers' iron and steel founding	21.2	20.5	18.6	16.2	14.2	14.9	13.7	12.9	12.3	12.5	11.3	12.1	18.5	18.0	15.8	11.3	9.5	10.0	9.4	9.6	9.5	10.3	9.8	9.1	8.8	10.1	10.3
Construction and repair of motor vehicles, cycles and aircraft	9.5	12.2	10.1	7.7	7.1	10.6	7.5	6.6	6.0	7.7	6.9	5.9	10.4	10.9	8.5	6.7	5.7	9.3	6.9	5.8	7.9	9.5	6.5	5.5	6.4	9.7	7.3
Shipbuilding and ship repairing	44.1	43.6	34.5	28.6	27.4	30.6	32.0	33.3	32.9	36.0	37.2	36.9	39.4	44.5	42.4	29.1	23.0	21.8	21.5	22.3	26.5	30.7	30.3	24.6	22.7	25.1	23.3
Cotton trades	21.5	20.4	12.2	15.6	15.4	14.1	6.9	7.1	8.5	10.0	6.7	9.7	25.1	24.3	13.3	6.0	7.0	9.3	10.0	9.2	12.9	14.5	11.1	11.8	13.7	12.7	14.4
Woolen and worsted trades	6.9	11.2	10.1	5.1	5.9	7.7	9.1	13.9	19.6	13.3	8.9	10.3	25.0	17.3	11.1	9.4	9.5	8.2	6.9	6.7	12.0	16.9	13.2	11.2	13.9	14.5	14.8
Tailoring	5.6	11.1	12.4	7.8	4.6	11.5	12.5	8.6	5.3	13.2	11.3	5.5	6.5	14.9	13.2	5.5	3.1	8.7	8.8	4.0	4.3	11.6	11.2	4.9	4.4	10.8	11.0
Boot, shoe, slipper and slog trades	9.0	10.4	9.9	9.7	7.8	8.6	11.7	9.1	10.1	13.0	8.5	7.4	13.6	12.7	10.5	8.1	6.5	8.2	6.6	6.5	14.1	17.8	16.1	14.5	13.6	11.2	11.5
Manufacture of food and drink Printing, publishing and book- binding	9.2	8.9	9.4	10.1	8.6	8.7	10.2	9.9	8.4	8.2	8.3	8.3	8.0	8.7	8.9	8.3	7.1	6.9	7.0	8.1	7.2	7.3	8.2	8.6	7.2	7.1	8.4
Building	12.5	11.9	13.6	10.1	8.2	9.7	11.8	9.5	7.4	8.4	13.3	8.5	9.5	10.1	13.5	9.4	6.9	9.1	16.0	11.3	10.0	11.6	15.2	12.8	8.6	10.7	16.9
Public works, contracting, etc.	19.3	18.5	18.9	16.9	15.7	17.5	19.2	18.3	15.6	15.6	20.3	17.1	18.8	19.9	21.8	18.5	14.4	15.9	20.8	19.4	17.6	20.3	24.3	23.1	18.6	21.1	25.3
Gas, water and electricity supply industries	7.5	6.9	6.4	6.0	5.7	5.9	6.5	6.5	5.9	5.9	5.7	5.5	6.2	6.1	5.9	5.4	4.5	4.9	5.4	5.8	5.7	5.9	6.1	5.9	5.6	5.6	6.5
Railway service	6.0	5.6	6.0	5.4	5.1	5.7	6.9	6.5	5.6	6.0	6.4	6.4	19.2	14.0	8.9	6.0	4.2	4.6	4.3	6.7	4.9	6.7	7.9	6.3	4.5	4.7	6.3
Distributive trades	5.9	6.2	6.0	6.9	6.2	6.3	6.5	7.5	6.3	6.1	5.6	6.3	6.8	7.0	6.0	6.0	4.7	4.9	4.8	5.6	5.2	5.7	5.8	6.4	6.7	6.2	6.4
Commercial, banking, insur- ance and finance	4.4	4.2	4.3	4.5	3.9	3.7	3.6	3.7	3.2	3.3	3.1	3.2	3.0	3.0	2.8	2.6	2.2	2.1	2.3	2.3	2.1	2.2	2.5	2.8	2.6	2.6	2.8
Total	11.3	11.7	10.6	9.8	9.3	10.6	10.7	11.1	11.9	12.0	10.4	9.8	14.6	13.7	11.9	9.8	8.8	9.3	9.8	9.5	10.7	11.4	11.2	10.1	9.8	10.1	11.1

* The monthly figures which form the basis of the published rates of unemployment in insured industries include: insured persons in receipt of benefit; insured persons in the waiting period or with claims under consideration; insured persons whose benefit claims had been disallowed; insured persons who had registered but had not made claims to benefit; "Two Months' File" of lodged unemployment books, which are books of insured unemployed whether applicants for benefit or not. Of course, the books of persons who are known to have obtained uninsured employment, or to be sick or deceased, or to have left the country, or to have ceased qualifying for insurance, are excluded. This file obviously includes a large number of books relating to persons whose industrial condition is unknown. When a book has remained in the file two months and nothing is known of the worker, it is transferred to the dead file. Experience has proved that most of the books in the dead file belong to persons who have passed out of insurance either temporarily or permanently.

Source: Statistics Division of the Ministry of Labour of Great Britain.

ers they have engaged for the peaks. Without a record of man-hours of employment it is impossible to measure the extent of these practices.

. Often the reasons for a slump in employment are very complex. Certain trades have only one maximum and one minimum of employment, others show one absolute maximum and one or more secondary peaks with corresponding minima. Others again reveal great diversity in employment fluctuations among the various occupations in the same trade, for example, the building trades.

An important factor in seasonal fluctuations is their duration. Seasonal employment of waiters and waitresses in summer resorts presents quite a different problem from that of clothing workers, which in turn differs from the problem of those engaged in trades such as building. In every respect, therefore, legislation involving the treatment of seasonal workers as a distinct group would necessitate complicated machinery which, though definite in its scope, would yet be flexible enough to make allowance for all of the fluctuations of employment in specific trades or groups within trades.

The Personnel of the Unemployed

Analyses of samples of all insured persons and of claimants to unemployment benefit have yielded information concerning the personnel of the insured unemployed. The Parliamentary Secretary of the Ministry of Labour stated in the House of Commons on March 3, 1929, that in 1928 the total number of separate individuals on the register at some time or other during the year was about 4,500,000, or nearly four times the average number at any one date. In other words, the majority of the individuals who are registered as unemployed travel a cycle of (1) employment, (2) quitting or being discharged, (3) unemployment, and (4) being hired; and the live register is an enumeration of those who, when the count is made on the first of each week, have reached the third step in the cycle. The particular type of each person's unemployment is determined by two things, the frequency and the regularity with which he travels the cycle.

The Minister of Labour said a few years ago:

It is important to bear in mind that the personnel of the unemployed is constantly changing. There is a wide range in the spells of unemployment, during which registration is maintained, varying from those of the skilled building trade operative, for example—whose name may appear on the register only for an hour or two—through the variety of intermittent periods of work inherent in such occupations as dock labourers and seamen, and the well-defined times of slack employment in seasonal trades, to the

long and continuous idleness which during these years has been endemic in certain industries, and in the areas where those industries are chiefly placed.¹

The changing personnel of the unemployed was brought out clearly in a study of a sample of all persons insured against unemployment made in April, 1926. It was found that of the persons in the sample who had been insured on July, 1925, 53.8 per cent of the males and 48.0 per cent of the females had drawn benefit at some time between 1912 and January 31, 1926, on claims made up to January 31, 1925.² During the two and one-half year period from October 17, 1923, to April 12, 1926, it was found that only 37.0 per cent of the males and 33.8 per cent of the females in the same sample drew benefit. On the basis of this finding, it was estimated that when the current weekly claims at employment exchanges, exclusive of branch offices, averaged 850,000, this number was drawn from approximately 4,500,000 individuals over a period of two and one-half years, or about five times the number in receipt of benefit on any given date.³ The study disclosed that the claims were made by different groups of persons. Of the males in the sample who drew benefit between October 17, 1923, and April 12, 1926, approximately 17 per cent drew benefit before, but not after October, 1924. Only 38.9 per cent of the males drew benefit both before and after October, 1924. Nearly half of the males receiving benefit in these two and one-half years drew their first benefit after October, 1924.⁴

A chart published in the Ministry of Labour Gazette Supplement in February, 1928, showed that from October, 1923, to April, 1926, out of 11,500,000 workpeople insured under the unemployment insurance acts, nearly 8,000,000 drew no unemployment benefit at all, and of the remaining 3,500,000 the benefit drawn by 2,500,000 in no single case exceeded a total of 100 days during that two and one-half year period. In short, between two-thirds and three-fourths of the insured population have been but slightly affected by unemployment since the war.⁵ In considering Britain's problems in relation to unemployment insurance, therefore, it is essential to differentiate between the group ordinarily employed quite regularly, comprising between two-thirds and three-fourths of the insured working people, and that other group which constitutes not only the ebb and flow but also the stagnant pools of unemployed which offer a particularly difficult problem.

¹ Great Britain Ministry of Labour, *Report for the Year 1925, op. cit.*, p. 27.

² Great Britain Ministry of Labour, *Report on an Investigation into the Employment and Insurance History of a Sample of Persons Insured Against Unemployment in Great Britain, 1927*, pp. 20, 88-89.

³ *Ibid.*, pp. 48, 47.

⁴ *Ibid.*

⁵ The foundation for this assertion is the assumption that experience of the last few years has corresponded (except in the abnormal year 1926) with that of the period covered by an inquiry made by the Ministry of Labour.

Duration of Unemployment

The periodical statistics of total unemployment do not classify the unemployed by duration of unemployment, but the Ministry of Labour has made a series of sample studies which afford a basis of estimate.

Length and Frequency of Unemployed Periods.—An investigation of a sample of all persons insured against unemployment was made in April, 1926. The study showed that, between November 7, 1920, and July, 1925, the average number of contributions credited for each individual was for males 75.7 per cent of the maximum payable, and for females 69.1 per cent.¹ Between November 7, 1920, and January, 1926, 50.4 per cent of the males and 43.8 per cent of the females drew benefit on claims made up to January, 1925.² A more detailed examination of the benefit record of the same sample of insured persons during two and one-half years, October 17, 1923, to April 12, 1926, showed that 63.0 per cent of the males and 66.2 per cent of the females drew no benefit during that period. Among those who drew benefit, males averaged 146 or 18.7 per cent of the maximum benefit days payable; females averaged 88 or 11.3 per cent of the maximum days' benefit.³ The days of benefit drawn by individuals varied greatly; the largest single group, consisting of 47.4 per cent of the males and 58.3 per cent of the females, received benefit for less than 10 per cent of the maximum number of days for which benefit was payable during the period. There was a small nucleus which drew benefit for much longer periods; 9.7 per cent of the males and 0.9 per cent of the females drew benefit for 50 per cent or more of the maximum days.⁴

In April, 1927, a sample study of 9,748 claimants to benefit, representing one per cent of the total claimants at all local exchanges, disclosed that during a period of three and one-half years, October 17, 1923, to April 4, 1927, the largest group among those receiving benefit—26.4 per cent of the males and 53.6 per cent of the females—drew benefit for less than 10 per cent of the period. There was a nucleus who drew benefit for 50 per cent or more of the period, 16.7 per cent in the case of males and 0.9 per cent among females.⁵ In this three and one-half year period which overlaps by two and one-half years the period previously studied, the percentages of males drawing benefit for less than 10 per cent of the period are markedly less, 26.4 as compared with 47.4 in the two and one-half year period, while the percentage of males drawing benefit for 50

¹ Great Britain Ministry of Labour, *Report on an Investigation into the Employment and Insurance History of a Sample of Persons Insured Against Unemployment in Great Britain*, op. cit., p. 28.

² *Ibid.*, p. 31.

³ *Ibid.*, pp. 46, 47.

⁴ *Ibid.*, p. 47.

⁵ Great Britain Ministry of Labour, *Report on an Investigation into the Personal Circumstances and Industrial History of 9,748 Claimants to Unemployment Benefit, April 4th to 9th, 1927*, op. cit., p. 47.

per cent of the period or more has increased from 9.7 per cent in the earlier period to 16.7 in the three and one-half year period. Among females, the change is not so marked, although they also show a decrease in the percentage drawing benefit for less than 10 per cent of the period. There appears to be a tendency for the proportion drawing benefit for shorter periods to decrease and for the proportion drawing for the longer periods to increase. An average of approximately 90 per cent of the individuals in the sample showed employment of probably not less than 75 or 80 per cent of their time.¹

Among males there was a nucleus of individuals who had been on benefit for long periods. Workers who had been unemployed for an exceptionally long time were in the main individuals over 45 years of age and constituted approximately 7 per cent of the sample.² This sample study showed that nearly 17 per cent of the male claimants on the register had been on benefit but not necessarily continuously for one and three-quarter years out of three and one-half years and nearly 50 per cent for more than eight months out of the same period. Among females the nucleus of those unemployed for long periods was very small.³ Of the males whose claims for benefit had been admitted or were under consideration at that time, 13.8 per cent had less than thirty contributions to their credit during the two years preceding March, 1927. The percentage of such cases among coal miner claimants was 25 and in other industries 11.2.⁴

This sample study was a general one, covering all employment exchanges, and a study of the depressed areas would show, without doubt, far higher percentages of people who have been out of work for a long time. For example, the Report on the Investigations in the Coalfield of South Wales and Monmouth in 1929 stated that "a considerable number of the unemployed have not worked in a mine since 1921, while many more have been idle since May, 1926."⁵

On March 18, 1929, and on September 16, 1929, one per cent samples of all insured persons aged eighteen to sixty-four with current claims to benefit were taken.⁶ The March sample consisted of 8,322 men and 1,784 women; while the September study covered 7,861 men and 1,807 women. These samples disclosed that during the year ended March 18, 1929, the

¹ Great Britain Ministry of Labour, *Report on an Investigation into the Personal Circumstances and Industrial History of 9,748 Claimants to Unemployment Benefit, April 4th to 9th, 1927*, op. cit., p. 48.

² *Ibid.*

³ *Ibid.*, p. 48.

⁴ *Ibid.*, pp. 51, 52. From a more extensive sample study made on January 28, 1929, of persons aged eighteen years and over, numbering 1,092,000 applicants for benefit, it was estimated that the number of persons in this group who had paid less than thirty contributions in the two years preceding the date mentioned was about 120,000. "Unemployment Insurance Benefit," *Ministry of Labour Gazette*, Vol. 37, March, 1929, p. 81.

⁵ Great Britain Ministry of Health, *Report on an Investigation in the Coalfield of South Wales and Monmouth, 1929*, (Cmd. 8272) p. 9.

⁶ "Analysis of the Unemployment Record of Claimants Aged 18 to 64 . . ." *Ministry of Labour Gazette*, Vol. 38, January, 1930, pp. 6-7.

insured men claiming benefit had an average of 140 days of recorded unemployment, while the women claimants averaged but 93. If coal miners were omitted with their average of 214 days during the year, the average days' recorded unemployment among men in all other industries was 127 days. The average days' recorded unemployment in the year ending September 16, 1929, was slightly more than in the year ending in March; i.e., men in all industries averaged 141 days; in all industries except coal, 132 days; and in coal, 185 days. The men in the coal industry showed a notable reduction in the average days' unemployment between these two periods, i.e., from 214 in the year ending March 18, 1929, to 185 in the year ending September 16, 1929. These average days of unemployment are the result of long and short periods of unemployment during the preceding twelve months. The proportions of individuals unemployed in coal mining and all industries for varying lengths of time during the preceding year are shown in Table 20.

Table 20

PERCENTAGE DISTRIBUTION OF CLAIMANTS TO UNEMPLOYMENT BENEFIT, COAL MINING AND ALL INDUSTRIES, BY SEX AND BY DURATION, GREAT BRITAIN, YEARS ENDING MARCH 18, 1929, AND SEPTEMBER 16, 1929

Period	Men						Women	
	All Industries		All Except Coal Mining		Coal Mining			
	Year Ending March 18, 1929	Year Ending September 16, 1929	Year Ending March 18, 1929	Year Ending September 16, 1929	Year Ending March 18, 1929	Year Ending September 16, 1929	Year Ending March 18, 1929	Year Ending September 16, 1929
Less than 3 months.....	30.5	31.1	34.0	33.0	10.5	22.0	51.7	50.5
3 to 6 months....	30.2	28.8	32.3	30.3	18.2	21.9	31.3	30.5
6 to 9 months....	20.7	19.7	20.8	21.1	20.9	13.7	11.3	12.0
9 but less than 12 months.....	14.1	14.9	10.8	13.1	32.2	23.4	5.3	5.8
12 months or more	4.5	5.5	2.1	2.5	18.2	19.0	0.4	1.2
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: "Analysis of the Unemployment Record of Claimants Aged 18 to 64 . . ." *Ministry of Labour Gazette*, Vol. 38, January, 1930, pp. 6-7.

This table brings out the important fact in both investigations that among men claimants, with the exception of coal miners, and among women, the largest single group was unemployed for less than three out of twelve months. Coal mining is an important exception; during the two twelve month periods studied, the largest group of coal miner claimants was unemployed nine but less than twelve months out of a single year. Among the men in all industries there was a nucleus of 18.6 per cent which was unemployed for three-fourths of the year or more in the first

period. The larger proportion in coal mining unemployed for long periods accounts for the higher average days' unemployment recorded for the claimants in this industry. Among women, the percentage unemployed for less than three months was larger than the corresponding percentage for men, while the nucleus of women out of work for nine months or more in a year was smaller than the corresponding group among men.

The investigation also showed that this unemployment was not continuous, but that it was broken by periods of employment, followed by unemployment.¹ The men, on the whole, averaged 2.4 periods of unemployment during the twelve months ended September 16, 1929, while the women averaged 2.0. When the coal industry is excluded, men in all other industries averaged 2.6 periods of unemployment while the coal miners averaged 1.7, a fact which coincides with the larger percentage of coal miners unemployed for long periods (Table 21). The coal miners, in other words, had fewer periods of unemployment during the year, but when they lost employment, they remained out of work for longer periods.

Table 21 indicates that the duration of unemployment varied greatly. The results are probably modified by the fact that it was found necessary to exclude from the analysis all but complete weeks of unemployment, for where a week contained less than six days of unemployment it was impossible to tell whether these odd days were continuous with an adjacent week. The most frequent length of the period of unemployment in the twelve months preceding September 16, 1929, was from one to three weeks.² This accounted for approximately half the periods of unemployment among men in all industries except coal mining, and also among women. The average duration of unemployment among men in the year ending September 16, 1929, was 8 weeks in all industries, 7 weeks for all industries except coal mining, and 16 weeks in coal mining. Among women the average duration of each period was 6 weeks.

Unemployment is distinctly less among women than among men, whether measured by the percentage of men and women who claim benefit, by the relative proportions of men and women who claim benefit for shorter and longer periods, or by the shorter average duration of unemployment among women.³

Trends Indicated By Sample Studies.—Exact comparison of the results of the 1926 and 1927 studies with those for the two years ending March 18, 1929, and September 16, 1929, is impossible; the two earlier investigations covered only days on which benefit was received, while

¹ "Analysis of the Unemployment Record of Claimants Aged 18 to 64 . . ." *Ministry of Labour Gazette*, Vol. 38, January, 1930, p. 8.

² *Ibid.*

³ It is probable that the early studies, made when extended benefit was provided only at the discretion of the Minister of Labour who excluded married women living with husbands able to support them and single women living with relatives able to support them, are affected by these rulings.

Table 21

NUMBER OF UNBROKEN PERIODS OF UNEMPLOYMENT OF CLAIMANTS TO BENEFIT CLASSIFIED BY DURATION, GREAT BRITAIN, TWELVE MONTHS PRIOR TO SEPTEMBER 16, 1929

Number of Weeks* in Unbroken Period	Number of Periods			
	Men			Women
	Total	Coal Mining	All Except Coal Mining	
None.....	871	218	653	294
1-3.....	9,221	674	8,547	1,874
4-6.....	2,826	228	2,598	528
7-9.....	1,667	194	1,473	266
10-12.....	998	147	851	182
13-15.....	776	107	669	157
16-18.....	524	90	434	91
19-21.....	366	86	280	68
22-24.....	335	72	263	46
25-27.....	279	65	214	33
28-30.....	165	36	129	15
31-33.....	142	47	95	20
34-36.....	120	43	77	9
37-39.....	124	47	77	5
40-42.....	76	28	48	11
43-45.....	86	30	56	14
46-48.....	68	29	39	4
49-52.....	485	285	200	28
Total number of periods.....	19,129	2,426	16,703	3,645
Average number per person.....	2.4	1.7	2.6	2.0
Average weeks' duration of each period.....	8	16	7	6

* Any week which included less than six days' unemployment was excluded from the count.

Source: "Analysis of the Unemployment Record of Claimants Aged 18 to 64 . . ." *Ministry of Labour Gazette*, Vol. 33, January, 1930, p. 8.

the two latter included days on which those with current claims to benefit were unemployed, regardless of whether benefit was received. In addition, the age groups covered by the four studies are not uniform; the 1926 and 1927 studies included persons sixteen and seventeen and persons over sixty-four; the two 1929 samples included only persons eighteen to sixty-four. The inclusion of persons sixteen and seventeen years of age would tend to shorten the average duration of unemployment; the inclusion of those over sixty-four would tend to increase it. A more serious obstacle to comparison is the fact that during the two and one-half and three and one-half year periods covered by the two investigations of 1926 and

1927, standard and extended benefit combined were often not available for the entire duration of unemployment. Furthermore, as a result of frequent changes in the duration of extended benefit, the proportion of the total unemployment period covered by the maximum benefit in individual cases, as set forth in the two earlier studies, cannot be compared with that portion of the total period of unemployment covered by the Act of 1927, which governs the length of time during which those in the two 1929 samples received benefit. In the two earlier studies, the proportion of the total period of benefit is restricted by statutory provisions, limiting standard benefit in proportion to contributions, as well as by the actual duration of unemployment. The two 1929 studies refer to the duration of recorded unemployment among those with current claims to benefit.

With these limitations in mind, it is possible to compare very roughly the trends in the different percentages of those unemployed drawing benefit and of those unemployed for longer and shorter periods (Table 22). There is an apparently constant tendency for the proportion of males drawing benefit for a shorter time, less than 10 and 20 per cent of the period, to decrease; conversely, the proportion of males drawing benefit for more than 50 per cent of the periods has been steadily increasing. This tendency is manifest if only the first two investigations—October 17, 1923, to April 12, 1926, and October 17, 1923, to April 4, 1927—are compared with each other. During the first period, 47.4 per cent of the males drew benefit for less than 10 per cent of the possible benefit days; during the second period, this percentage had fallen to 26.4. A similar but less marked decrease is found among females drawing benefit for the same length of time. In these two investigations, the percentage of males drawing benefit for 50 per cent and more of the period has increased, 9.7 per cent in the first to 16.6 in the second.

A comparison of the two more recent investigations, covering a year each, shows a slight increase—0.7 per cent—in the percentage of men unemployed 50 per cent or more of the period. Forty and one-tenth per cent of these were unemployed during the year ending September 16, 1929, while 39.4 per cent were unemployed during the year ending March 18, 1929. The coal industry improved markedly between these two dates. Considering the list of industries in which men were engaged, exclusive of coal mining, a marked increase may be observed in the percentages of those receiving benefit for more than half of the period, an increase from 33.7 per cent in the year ending March 18, 1929, to 36.6 per cent in the year ending September 16, 1929. Among women, there is also a tendency for the percentage unemployed for more than half the period to increase, an increase from 17.1 per cent in the year ending March 18, 1929, to 19.1 per cent in the year ending September 16, 1929.

Table 22

PERCENTAGE DISTRIBUTION OF WORKERS RECEIVING UNEMPLOYMENT BENEFIT AND OF CLAIMANTS TO BENEFIT RECORDED AS UNEMPLOYED, BY DURATION, SELECTED PERIODS, GREAT BRITAIN, 1923-1929

Proportion of Period	Percentage Receiving Benefit				Percentage Recorded as Unemployed					
					Men				Women	
	All Industries		All Industries Except Coal Mining							
	October 17, 1923- April 12, 1926		October 17, 1923- April 4, 1927		March 19, 1928- March 18, 1929	Sept. 17, 1928- Sept. 16, 1929	March 19, 1928- March 18, 1929	Sept. 17, 1928- Sept. 16, 1929	March 18, 1928- March 19, 1929	Sept. 17, 1928- Sept. 16, 1929
	Men	Women	Men	Women						
Up to 10%...	47.4	58.3	26.4	53.6	....	....	....	....	....	....
Up to 20%...	65.6	81.3	47.1	83.7	....	....	....	....	....	....
Up to 25%...	....	....	....	....	30.5	31.1	34.0	33.0	51.7	50.5
Up to 50%...	90.3	99.1	83.3	99.1	60.6	59.9	66.3	63.4	82.9	80.9
50% and over.	9.7	0.9	16.7	0.9	39.4	40.1	33.7	36.6	17.1	19.1

Source: Compiled and computed from: Ministry of Labour, *Report on an Investigation into the Employment and Insurance History of a Sample of Persons Insured against Unemployment in Great Britain*, op. cit., p. 47; Ministry of Labour, *Report on an Investigation into the Personal Circumstances and Industrial History of 9,748 Claimants to Unemployment Benefit, April 4th to 9th, 1927*, op. cit., p. 47; "Analysis of the Unemployment Record of Claimants Aged 18 to 64 on the Registers of the Employment Exchanges," *Ministry of Labour Gazette*, Vol. 33, January, 1930, p. 7.

The tendency observed in these two investigations is in agreement with the more marked trend noticed in the two earlier studies. Since the direction of change has been the same in both, it is fair to conclude that the same trend has been maintained between the dates of the first two investigations and of the recent two. But because of the marked limitations in the comparability of the data in the two sets of sample studies, no conclusion can be drawn as to the amount of the change or as to its rate between the dates of the two pairs of investigations.

By indirect methods, some governmental actuarial studies indicate that as the rate of unemployment increases, turnover decreases, since an increased unemployment percentage is mainly due to larger or more frequent periods for the same claimant, while the number of separate persons making a claim tends to become more nearly stationary. Government actuaries have prepared a hypothetical table from a graph based on figures of individual trade union members claiming benefit in each of a series of years around 1900 and of those claiming benefit for the first time in their individual benefit year. In the case of first-time claimants these figures are adjusted to allow for persons with claims in force at the beginning of each year.¹ The table follows:

Rate of Unemployment	Days of Unemployment Per Insured Worker	Percentage Unemployed Some Time in Year	Duration of Claim in Days
2	6.2	17.5	35.7
4	12.5	26.0	48.0
6	18.7	30.2	62.0
8	25.0	31.8	78.5
10	31.2	33.0	94.5
12	37.4	34.0	110.0

It is quite evident that the proportion unemployed at some time during the year tends to become more stationary with the increase in the unemployment percentage instead of being affected in direct proportion to it as is the case at first. This would lead to the deduction that in times of heavy unemployment discharges are less frequent, and that the increase is due rather to the fact that when once a worker loses his job at such times it is harder for him to secure another. On the average, therefore, he is out of work for a longer period. Moreover, workers are more hesitant to leave their jobs, no matter how undesirable they may be, in times of acute unemployment and this also reduces the rate of turnover.

Duration by Industries.—While the monthly figures of unemploy-

¹ J. G. Kyd, and G. H. MacDex, "Some Actuarial Aspects of Unemployment Insurance," *Journal of the Institute of Actuaries*, Vol. 60, July, 1929, p. 135.

ment in insured industries give the numbers insured, the numbers unemployed and the percentage unemployed, month by month, little is known of the proportion of claimants to insured persons or of the duration of unemployment in the various industries.

The Investigation into the Employment and Insurance History of a Sample of Persons Insured against Unemployment in Great Britain, made by the Ministry of Labour in 1926, disclosed that there were marked differences between industries, as regards the proportion of insured members who had made claims to benefit and the average numbers of days of benefit received by those drawing benefit.

When the persons in the sample were classified according to the years of their entry into insurance, it was found that benefit had been claimed between November 7, 1920, and January, 1926, on claims made up to January, 1925, by 66.6 per cent of the males entering insurance in 1912-1913 (i.e., persons employed in building, construction of works, ship-building, mechanical engineering, ironfounding, construction of vehicles and sawmilling when carried on or of a kind carried on in connection with an insured trade); by 76.3 per cent of the males entering insurance in 1916-1917 (persons employed in war time industries, including at least 10 per cent employed on general munitions work) and by 52.2 per cent of the males entering in 1920-1921 under the act of 1920.¹ It was also found that the days' benefit per male claimant varied directly with the proportion who had claimed benefit; males receiving benefit who entered insurance in 1912-1913 averaged 288 days between November 7, 1920, and January, 1926, on claims made up to January, 1925; males drawing benefit who entered insurance between 1916-1917 had, on the average, 295 days of benefit, while males drawing benefit among those entering in 1920-1921 drew on the average but 195 days' benefit. Women who drew benefit showed similar fluctuations; the highest average days' benefit was received by those entering insurance in 1916-1917 and the lowest by those entering in 1920-1921.²

The low average days of benefit received by those entering insurance in 1920-1921 may be due in part to their more recent insurance resulting in fewer contributions and qualification for less standard benefit under the operation of the rule of one week's benefit for each six weeks' contributions. Although those entering insurance in 1920-1921, both men and women, showed a higher average of contributions paid between November 7, 1920, and July, 1925, than did the groups, men and women, entering insurance in 1912-1913 or in 1916-1917, the earlier entrants had had an opportunity to accumulate a reserve of contributions, useful in

¹ Great Britain Ministry of Labour, *Report on an Investigation into the Employment and Insurance History of a Sample of Persons Insured Against Unemployment in Great Britain*, op. cit., p. 29.

² *Ibid.*

claiming standard benefit under the one-in-six rule then in force. But lack of qualifying contributions cannot be the sole explanation, because of the wide variations in average number of days' benefit among industries insured for the first time in 1920. These data by industries¹ show that males drawing benefit in some of the industries insured for the first time under the Act of 1920, received on the average as much and in some cases more days of benefit than those in some of the trades insured under the Act of 1911.

In other words, during the early years of the post-war depression, persons formerly employed in war industries and insured under the Act of 1916, had less employment than other groups of insured workers, as measured by the fewer average contributions for this group, and had more unemployment, as indicated by the larger proportion claiming benefit and by the higher average number of days of benefit. The Ministry of Labour stated that this was not surprising in view of the fact that a number of the 1916-1917 entrants would probably not have found their way into industry but for the necessity of replacing those who had left for war service.

Further analysis shows fluctuations between individual industries in the average contributions paid, the proportion drawing benefit and the average days' benefit received. This analysis is given in Table 23 for selected industries having more than five hundred active accounts for males in the sample.

The table shows that the metal industries had a higher proportion of males receiving benefit than did other industries, with the exception of casual dock work, cotton operating and the irregular public work construction. Moreover, men in metal industries averaged more days of benefit than males in other industries, with the exception of public works and dock labor. Among all industries considered, shipbuilding gave the greatest number of days of benefit per person to male workers. The cotton industry, because of systematic short time, showed the highest proportion receiving benefits, while the average days' benefit received was relatively low, lower than the average for all industries. At the time of this investigation, the proportion of males claiming benefit in coal mining was lower than that in all industries with the lowest average number of days of benefit for men. It was also well below the average days' benefit received by males in all industries combined.

By the time of the investigations covering the year preceding March 18, 1929, and September 16, 1929, the position of the coal industry was reversed. There is no information for these dates to show how coal mining compares with individual industries, but the average days of unemployment among coal miner claimants, on those dates, as distin-

¹ See p. 184, and Appendix VII, pp. 502-505.

Table 23

TOTAL ACCOUNTS OF MALES WITH CONTRIBUTIONS PAID AND AVERAGE NUMBER OF CONTRIBUTIONS PAID PRIOR TO JULY, 1925, NUMBER OF ACCOUNTS DRAWING BENEFIT PRIOR TO JANUARY 31, 1926, ON CLAIMS MADE PRIOR TO JANUARY 31, 1925, AND AVERAGE DAYS' BENEFIT PER RECIPIENT, SELECTED INDUSTRIES, GREAT BRITAIN

Industry	Accounts with Contributions Paid	Average Number of Contributions Per Account with Contributions Paid	Accounts with Benefit Drawn		
			Number	Percentage of Total with Contributions Paid	Average Days' Benefit per Account with Benefit Drawn
Coal mining	5,926	190	2,883	48.7	142
Chemicals	688	274	374	54.4	196
Pig iron, iron and steel manufacturing	1,017	293	856	84.2	298
Engineering	3,337	328	2,254	67.5	283
Shipbuilding	1,068	325	826	77.3	458
Other metal industries	1,545	270	986	63.8	258
Building	3,630	307	2,164	59.6	200
Public works contracting	700	211	471	67.3	282
Canal, river, dock, harbour, etc., service	911	205	640	70.3	312
Other transport	1,374	204	611	44.5	235
Cotton	921	191	776	84.3	180
Bread, biscuit, cake	494	193	216	43.7	233
Woodworking	801	227	371	46.3	191
Printing and bookbinding	692	187	215	31.1	166
Distributive trades	4,160	180	1,316	31.6	191
All industries	40,472	233	21,777	53.8	226

Source: Compiled and computed from Great Britain Ministry of Labour, *Report on an Investigation into the Employment and Insurance History of a Sample of Persons Insured against Unemployment in Great Britain, op. cit.*, p. 88.

guished from days on benefit in the preceding study, were well above the average for men claimants in all industries. During the year ending March 18, 1929, men claimants in all industries averaged 140 days' unemployment in the preceding year; men claimants in the coal industry averaged 214. During the year ending September 16, 1929, men claimants in all industries averaged 141 days out of work in the previous twelve months; those in coal mining averaged 185. Although the average days' unemployment among coal miner claimants was less in the year ending September 16, 1929, than in the year ending March 18, 1929, the average was still well above that for men in all industries combined.¹ It has already been pointed out that the greater number of days of unemploy-

¹ "Analysis of the Unemployment Record of Claimants Aged 18 to 64 . . ." *Ministry of Labour Gazette*, Vol. 28, January, 1930, p. 7; see pp. 175-176 of this volume.

ment in a year among coal miners, as compared with that for men in all industries, is due to the fact that more coal miners were unemployed for a large proportion of the year; the unbroken periods of unemployment were longer among coal miners, while the number of periods was fewer.

Age and Unemployment¹

In studies of samples of insured persons and claimants to benefit, the data have been analyzed to show the age distribution of the unemployed, the unemployment percentage in each age group, and variations in duration of unemployment with differences in age.

Age Distribution of Claimants to Benefit.—The age distribution of claimants has been determined at different times. As a result of the study of the sample of all persons insured against unemployment taken in April, 1926, it is possible to compare the age distribution of claimants with the age distribution of the insured population as a whole.² A comparison of the age distribution of the insured males and of male claimants is given at numerous dates in Table 24. The data for women are not given because 78 per cent of the insured females are less than thirty-five years old. This is due to the fact that many women leave insured employment

Table 24
PERCENTAGE DISTRIBUTION OF MALE CLAIMANTS TO BENEFIT ON SPECIFIED DATES AND OF SAMPLE OF INSURED PERSONS TAKEN IN APRIL, 1926, BY AGE, GREAT BRITAIN

Age Group	Percentage of Sample of Insured Persons, April, 1926,	Percentage of Male Claimants to Benefit				
		February, 1925--March, 1926	April, 1927	April 12, 1926	November, 1924	November, 1923
16-17	6.5	2.8	1.5	1.0	1.9	1.9
18-19	6.7	6.2	5.2	5.2	4.9	4.7
20-24	16.0	17.6	15.2	15.8	15.6	16.5
25-29	12.5	13.6	14.1	11.7	12.4	12.0
30-34	10.6	11.0	10.0	10.5	9.2	10.3
35-44	18.6	18.2	17.8	18.3	17.4	17.1
45-54	15.6	16.3	17.6	17.8	17.3	17.8
55 and over	13.5	14.3	18.5	19.7	21.3	19.7
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Compiled and computed from: Great Britain Ministry of Labour, *Report on an Investigation into the Employment and Insurance History of a Sample of Persons Insured against Unemployment in Great Britain*, *op. cit.*, p. 36; Great Britain Ministry of Labour, *Report on an Investigation into the Personal Circumstances and Industrial History of 9,748 Claimants to Unemployment Benefit, April 4th to 9th, 1927*, *op. cit.*, p. 4.

¹ See also Chapter XV.

² Great Britain Ministry of Labour, *Report on an Investigation into the Personal Circumstances and Industrial History of 9,748 Claimants to Unemployment Benefit, April 4th to 9th, 1927*, *op. cit.*, p. 8.

upon marriage.¹ Because of this, recorded unemployment in middle life and old age is not marked among females.

The claimants fall into three main divisions, those under twenty, those twenty to forty-four, and those over forty-five. Males under twenty years show uniformly a lower representation among claimants to benefit than among the male insured population. This is probably due to their better opportunities for employment; another reason is that many of them have not been in employment long enough to accumulate sufficient contributions to qualify for benefit and therefore are not found on the live claims files at the exchanges,² the source from which four out of the five samples were drawn.

The age distribution of male claimants in the next twenty-five year group (twenty to forty-four years) does not vary markedly from the age distribution of males in the insured population. The age groups twenty to twenty-four, and twenty-five to twenty-nine, are an exception; in two samples they are more heavily represented among claimants than among males in the insured population. Both these groups have excess representation among claimants in the sample which lodged claims between February, 1925, and March, 1926. This sample included all persons who lodged claims, regardless of the payment of benefit, while the earlier samples largely represented claimants to whom benefit was payable. Hence the sample of February, 1925, to March, 1926, is considered more nearly representative of all persons who lose employment, in circumstances leading to the lodging of a claim.³ The excess representation of males in the age group twenty to twenty-four among claimants in two studies is probably due to the preference of employers to pay boys' wages for work that does not require skill and training, and also to the fact that young men as they emerge from boyhood lose interest in such jobs. When youths without skill or training reach twenty and are replaced by boys, it is hard for them to find other jobs. The fact that after the armistice there was an attempt to reinstate in industry ex-civilian and ex-service men, and that this drove out of work many boys who by 1923 had succeeded in finding other jobs, may explain the excess of this same age group in 1923. That this group received its "industrial training" in the munitions industries during the war and was untrained for peacetime occupations probably aggravated the situation.

The excess representation among male claimants of the age group twenty-five to twenty-nine in the sample studied from February, 1925,

¹ Great Britain Ministry of Labour, *Report on an Investigation into the Employment and Insurance History of a Sample of Persons Insured Against Unemployment in Great Britain*, op. cit., p. 10.

² Great Britain Ministry of Labour, *Report on an Investigation into the Personal Circumstances and Industrial History of 10,903 Claimants to Unemployment Benefit, November 23rd to 29th, 1924*, op. cit., pp. 24-25.

³ Great Britain Ministry of Labour, *Report on an Investigation into the Employment and Insurance History of a Sample of Persons Insured Against Unemployment in Great Britain*, op. cit., p. 37.

to March, 1926, and in the sample of April, 1927, is possibly a reflection of the failure of this same group to become re-established, but is largely due to the numbers of men discharged from the Forces with contribution credits entitling them to unemployment benefits.¹ Nearly 80 per cent of the unemployed men thirty to thirty-four had served with the Forces during the war and approximately 58 per cent of the men from twenty-five to forty-nine had been removed from their usual civil occupations during the war. One authority has said, "Not for a hundred years has the industrial world offered so bleak a prospect to young people as it has done since 1920."²

The percentage of male claimants from ages thirty to forty-four, the remainder of the second main division including those twenty to forty-four, agrees very closely or is even less in some instances than the percentage for the corresponding age group in the insured male population. There is no undue unemployment among this group.

Male claimants above forty-five years of age, who constitute the third main division, have uniformly accounted for proportions of claimants in excess of their representation in the insured population as a whole. In the investigation of November, 1923, male claimants forty-five and over amounted to 37.5 per cent of the sample, while this age group formed but 29.1 per cent of the insured male population. In each of the investigations, male claimants to benefit forty-five and over have formed consistently about the same proportion of the samples, with the exception of the inquiry covering claims made from February, 1925, to March, 1926, when this group contained but 30.6 per cent of the male claimants. This investigation which, it will be recalled, covered all claims filed during the period under review, regardless of whether or not benefit was paid, is considered more representative of the age distribution of those who become unemployed under circumstances leading to a claim for benefit, than the earlier studies which covered in the main persons actually in receipt of benefit.³ It indicates that among men receiving benefit, males forty-five and over account for a disproportionate percentage while among males who lose employment, the representation of this group is but slightly in excess of its representation in the male insured population. This finding is in harmony with others concerning this age group contained in the investigation of the sample of all persons insured against unemployment, made in 1926. The Ministry of Labour points out in its report on this sample that, "It would appear to be true generally that the incidence of the loss of employment among insured adult males,

¹ Great Britain Ministry of Labour, *Report on an Investigation into the Personal Circumstances and Industrial History of 9,748 Claimants to Unemployment Benefit, April 4th to 8th, 1927*, op. cit., p. 5.

² H. C. Davison, *The Unemployed*, op. cit., p. 173.

³ Great Britain Ministry of Labour, *Report on an Investigation into the Employment and Insurance History of a Sample of Persons Insured Against Unemployment in Great Britain*, op. cit., p. 37.

138 UNEMPLOYMENT INSURANCE IN GREAT BRITAIN

except those aged 60-64 (and to a less extent among insured adult females), over a period is more uniform as between the various age groups, than would be indicated by an analysis of the figures relating to persons in receipt of benefit at any given date.”¹

On a night in February, 1928, the Ministry of Health took a census of 2,582 vagrants in London and certain provincial unions. Twenty-one per cent were between thirty and forty and 46 per cent were between forty and sixty years of age.²

The bulk of claimants for unemployment benefit in the insurance industry are between the ages of twenty-one and forty.

Among women, age apparently has little influence on unemployment. This is due no doubt to the nature of their occupations, and to the fact that they are usually discharged when they marry.

Table 25 shows the percentages unemployed in various age groups as given in the sample study of claimants made in April, 1927, by the Ministry of Labour.

Table 25
AGE DISTRIBUTION OF TOTAL INSURED WORKERS AND OF CLAIMANTS TO BENEFIT, BY SEX, GREAT BRITAIN, APRIL 4, 1927

Age Group	Men			Women		
	Estimated Number Insured, July, 1928	Claimants to Benefit, April 4, 1927		Estimated Number Insured, July, 1926	Claimants to Benefit, April 4, 1927	
		Number	Percentage		Number	Percentage
16-17	564,000	12,400	2.2	401,000	8,300	2.1
18-19	577,000	44,000	7.6	399,000	21,100	5.3
20-24	1,374,000	127,800	9.3	841,000	42,600	5.1
25-29	1,074,000	118,400	11.0	481,000	20,700	4.3
30-34	909,000	84,300	9.3	285,000	11,800	4.1
35-39	848,000	78,200	9.2	201,000	9,000	4.5
40-44	748,000	71,400	9.5	148,000	6,300	4.3
45-49	698,000	75,400	10.8	114,000	5,200	4.6
50-54	644,000	72,800	11.3	80,000	4,200	5.2
55-59	495,000	64,200	13.0	52,000	2,500	4.8
60-64	350,000	52,900	15.1	31,000	1,700	5.5
65-69	208,000	36,100	17.4	17,000	1,000	5.9
70 and over	106,000	2,500	2.4	5,000	.....	.....
Total	8,595,000	840,400	9.8	3,055,000	134,400	4.4
Total 18 and over	8,031,000	828,000	10.3	2,654,000	126,100	4.8

Source: Great Britain Ministry of Labour, *Report on an Investigation into the Personal Circumstances and Industrial History of 9,748 Claimants to Unemployment Benefit, April 4th to 9th, 1927, op. cit., p. 5.*

¹ Great Britain Ministry of Labour, *Report on an Investigation into the Employment and Insurance History of a Sample of Persons Insured Against Unemployment in Great Britain, op. cit., p. 38.*

² *Times* (London), December 28, 1928.

The results shown in Table 25 agree with the analysis of the same sample according to the age distribution of claimants. A comparison of the unemployment percentages for males in each age group with the unemployment percentage for males of all ages reveals that boys under twenty had a lower rate of unemployment than males of all ages. Males twenty to forty-five showed a very steady rate of unemployment, slightly less than that for males of all ages, with the exception of those between twenty-five and twenty-nine. This age group has a higher rate of unemployment than males of all ages. This is in harmony with the finding, based on age distribution of claimants in the same sample, that this group contains a disproportionate number of claimants. Male claimants in the age group above forty-five uniformly showed a distinctly higher rate of unemployment than males of all ages. This coincides with the finding based on age distribution that males over forty-five are represented among claimants in excess of their representation in the male insured population. By contrast, the unemployment percentages among female claimants of different ages are very nearly uniform. The unemployment percentage among female claimants increases slightly in the age group fifty to fifty-four, only to fall in the group fifty-five to fifty-nine and to increase again among those sixty to sixty-four. These fluctuations are so small, only six and seven-tenths of one per cent, that they are of little significance.

The percentages unemployed in different age groups vary with the industry. The investigation of the sample of claimants from April 4 to April 9, 1927, gives the relative incidence of unemployment among insured persons in two main age groups in various industries. Examples appear in the following tabulation:¹

Men			
Industry	Percentage Unemployed		
	Aged 16-44	Aged 45 and Over	All Ages
Coal mining.....	13.3	20.3	15.3
Steel smelting, etc.....	12.7	18.0	14.3
General engineering.....	9.9	12.3	10.6
Electrical engineering.....	4.8	9.9	5.7
Marine engineering.....	13.1	26.3	16.5
Motor vehicles, cycles, etc.....	4.9	10.2	5.9
Shipbuilding.....	24.7	31.3	26.9

Some industries, such as chemicals, constructional engineering, cotton, sawmilling, furniture, tramway and omnibus service and canal, river,

¹ Great Britain Ministry of Labour, *Report of an Investigation into the Personal Circumstances and Industrial History of 9,748 Claimants to Unemployment Benefit, April 4th to 9th, 1927, op. cit., p. 7.*

dock and harbor service, did not show much variation between the rates of unemployment for males sixteen to forty-four and males forty-five and over. On the other hand, the industries which were most expanded to meet the needs of the war and those in which there have been stagnant pools of unemployed during the post-war depression show almost uniformly a high rate of unemployment among males of forty-five and over.

This analysis leads to the conclusion that, except in the heavy and less skilled occupations, the elderly man is able to retain his employment in normal times; however, when there is economic depression and heavy shrinkage of employment, age is liable to affect his chance of being re-employed, especially where the job requires unusual physical strength. With large numbers, both of young and old seeking employment, the older men are unable to compete with the younger, who are undoubtedly given the preference when new employees are engaged.

Employment by Age Groups.—The only index to the fluctuations of employment with age is an analysis of contributions by age groups contained in the Report upon an Investigation into the Employment and Insurance History of a Sample of Persons Insured against Unemployment in Great Britain. This study included one person out of every 218 persons insured against unemployment between the time unemployment insurance was introduced in 1912 and July, 1925. Contributions were examined up to July, 1925, and benefits to January, 1926, on claims made up to January, 1925. The age group analysis of those within each range of fifty contributions, i.e., those who had paid from 1 to 50 contributions, 51 to 100 contributions, etc., showed no variation by age within each range of contributions, indicating that "if there is capacity for work, age is not a governing factor in the retention of employment."¹ Considering only unexhausted contributions on November 7, 1920, for males insured under the earlier acts, the average number of unexhausted contributions per account tends to increase with the age of the contributor. The younger men have not been in insurance as long and have not had the same length of time in which to accumulate contributions. But among older men, the average contributions per account increased up to the age group of sixty-five to sixty-nine and declined only after the age of seventy.²

An analysis by age groups of contributions paid by the insured between November 7, 1920, and July, 1925, the early years of the post-war depression, reveals that there is no significant increase or decrease in the average number of contributions paid according to the advanc-

¹ Great Britain Ministry of Labour, *Report on an Investigation into the Employment and Insurance History of a Sample of Persons Insured Against Unemployment in Great Britain*, op. cit., p. 26.

² *Ibid.*, pp. 94-95.

ing age of contributors.¹ From this and more detailed analyses not published, the investigation concludes that "there can have been no general policy of discharging workers merely on the ground that they had reached a certain age."² These facts concerning the contributions paid by males in the sample before and after November 7, 1920, and the benefit received after the same date, are shown in Table 26.

Table 26

NUMBER OF CONTRIBUTIONS PAID AND BENEFITS RECEIVED, CLASSIFIED BY AGE OF INSURED WORKERS, GREAT BRITAIN, NOVEMBER 7, 1920—JANUARY, 1925

Age Group	Contributions				Benefit Received between November 7, 1920, and January, 1925, on Claims to January, 1925	
	Unexhausted, November 7, 1920		Paid between November 7, 1920, and July, 1925			
	Number of Accounts	Average per Account	Number of Accounts	Average per Account	Number of Accounts	Average Days per Account
16-17	....	....	1,555	30	69	60
18-19	....	....	2,711	98	594	83
20-24	1,220	50	6,611	173	3,496	180
25-29	1,671	92	5,185	181	3,294	232
30-34	1,586	151	4,394	188	2,594	219
35-39	1,608	196	4,118	192	2,456	205
40-44	1,465	219	3,633	192	2,024	206
45-49	1,430	231	3,405	192	1,899	235
50-54	1,370	246	3,130	183	1,766	248
55-59	1,050	250	2,404	187	1,377	274
60-64	762	268	1,702	179	996	326
65-69	442	282	1,021	176	583	357
70 and over	213	273	523	181	272	371
Age not stated	11	53	49	175	18	223
Total	12,828	188	40,441	172	21,438	225

Source: Great Britain Ministry of Labour, *Report on an Investigation into the Employment and Insurance History of a Sample of Persons Insured against Unemployment in Great Britain*, *op. cit.*, pp. 94-95.

This regularity of employment for males in the higher age groups during the early years of the post-war depression, as shown by contributions paid, also appears to some extent in a study of all claims filed between February, 1925, and March, 1926, which does not take into account whether or not benefit was paid. As a study of all persons who lost employment under conditions leading to a claim, this report was held to be more nearly representative than the earlier samples of claimants on the live files. The study of claims filed during that year showed that among males in the upper age groups, only those fifty-five years of

¹ Great Britain Ministry of Labour, *Report on an Investigation into the Employment and Insurance History of a Sample of Persons Insured Against Unemployment in Great Britain*, *op. cit.*, pp. 94-95.

² *Ibid.*, p. 26.

age and over were disproportionately represented among claimants, as compared with their representation among the insured male population, and that this excess was very slight. In other words, the older men lose their employment with about the same degree of frequency as those in other age groups. When members of all age groups are unemployed, it becomes a question as to the relative number of days out of work of the different age groups.

Duration of Unemployment by Age Groups.—Each investigation into a sample, whether of claimants to benefit or of the insured population, has shown that the number of days of unemployment benefit drawn increases with age. Unfortunately, the age groupings and the periods covered by the various investigations differ, so that the results are not comparable except as between two early investigations. The average number of days of benefit received by claimants within the various age groups from 1912-1913 to the date of the inquiry are given in the following tabulation:

Age Group	Average Days' Benefit Drawn from 1912-1913 to—			
	Beginning of November, 1923 ^a		End of November, 1924 ^b	
	Males	Females	Males	Females
16-17.....	53	49	56	60
18-19.....	177	93	131	88
20-24.....	270	140	305	177
25-29.....	309	146	385	174
30-34.....	308	138	366	200
35-44.....	311	163	407	225
45-54.....	338	174	412	252
55-59.....	352	166	444	190
60 and over.....	400	206	505	328
Total 18 and over	316	140	388	183

^a Great Britain Ministry of Labour, *Eighteenth Abstract of Labour Statistics of the United Kingdom*, *op. cit.*, pp. 74-75.

^b *Ibid.*, pp. 78-79.

Among both male and female claimants in these two samples, there is a well marked increase in the number of days of benefit received with an increase in age. Males in the age group twenty-five to twenty-nine, all of whom received more days of benefit than those in the immediately younger and older age groups, present exceptions to the regularity of this increase.

During the post-war depression, as distinguished from the years prior to November 7, 1920, there is a similar tendency for the days of benefit to increase with the age of the recipient. Table 25 shows the regularity

of this increase among males who drew benefit between November 7, 1920, and January, 1926, on claims made before January, 1925. In this instance, males between twenty-five and twenty-nine and between thirty and thirty-four drew more benefit than those in the age groups immediately younger or older. The most recent investigation of persons with current claims for benefit, for the year ending September 16, 1929, shows that the number of days of unemployment among men in that year increased with age. Chart 5 and Table 27 indicate that the number of days of unemployment among men increased regularly from an average of 117 days in twelve months among men eighteen to twenty-four years of age to 183 days among men fifty-five to fifty-nine, with a slight drop to 182 days among men sixty to sixty-four.

This table also brings out the interesting fact that, among the younger men, a large proportion were unemployed for shorter periods and only a very small minority for the major part of the year. Among the older men, the position is reversed; as age increases, continually smaller proportions were unemployed for less than seventy-five days in a year while at the other end of the scale, the proportions of each age group unemployed for more than 312 days in a year increased with age.

The same tendency is apparent when the length of the last period of continuous unemployment is analyzed, as distinguished from the total unemployment during the last twelve months. Male claimants unemployed continuously for less than 4 weeks in their last period of unemployment at September 16, 1929, accounted for 62.2 per cent of the men in the age group eighteen to twenty-four and for 46.5 per cent of those between sixty and sixty-four. Among men continuously unemployed for 49 to 52 weeks, but 2.2 per cent of the men claimants eighteen to twenty-four were in this group, in contrast with 13.8 per cent of the men sixty to sixty-four. Among coal miners claiming benefit this situation was even more striking; 56.9 per cent of the claimants eighteen to twenty-four had been unemployed continuously for less than 4 weeks; among coal miners sixty to sixty-four, 36.4 per cent had been continuously unemployed for 49 to 52 weeks in their last period of unemployment during the preceding twelve months. For men of all ages in all industries, 59.2 per cent were continuously unemployed for less than 4 weeks and 6.0 per cent for 49 to 52 weeks.¹ In other words, taken as a whole, the majority are continuously unemployed for short periods, but with advancing age, the proportion unemployed continuously for longer periods increases.

A classification of the wholly unemployed benefit claimants according to age and length of time on the employment exchange register, made

¹ "Analysis of the Unemployment Record of Claimants Aged 16 to 64 . . ." *Ministry of Labour Gazette*, Vol. 38, January, 1930, p. 8.

Table 27

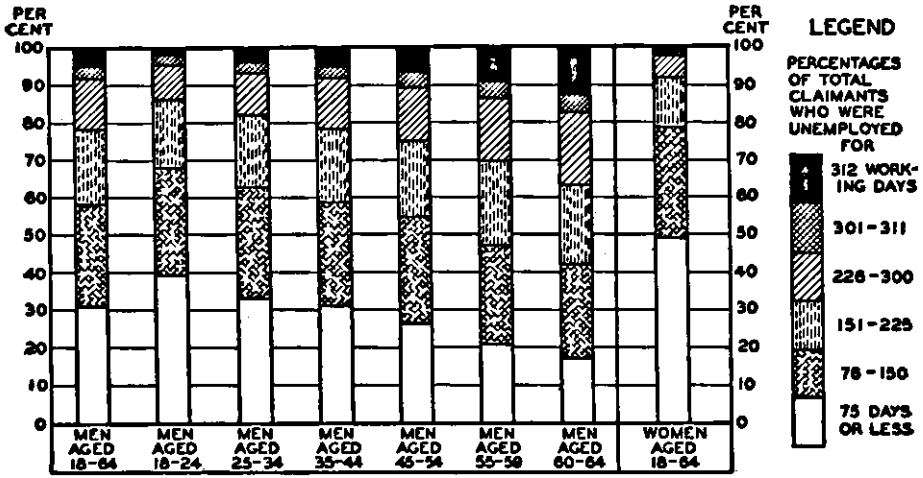
CLAIMANTS TO UNEMPLOYMENT BENEFIT, CLASSIFIED BY DURATION OF UNEMPLOYMENT AND BY AGE, GREAT BRITAIN, TWELVE MONTHS PRIOR TO SEPTEMBER 16, 1929

Days of Unemployment	Men														Women	
	Aged 18-24		Aged 25-34		Aged 35-44		Aged 45-54		Aged 55-59		Aged 60-64		Aged 18-64		Aged 18-64	
	Number	Percentage of Total	Number	Percentage of Total	Number	Percentage of Total	Number	Percentage of Total	Number	Percentage of Total	Number	Percentage of Total	Number	Percentage of Total	Number	Percentage of Total
0-75.....	632	30.7	610	32.7	486	31.0	421	26.4	146	20.3	93	16.9	2,378	30.2	...	49.2
76-150.....	450	23.3	557	29.0	429	27.4	441	27.6	191	26.7	134	24.4	2,202	28.0	...	29.6
151-225.....	280	17.3	356	19.0	319	20.4	336	21.0	163	22.3	118	21.5	1,572	20.0	...	12.5
226-300.....	149	9.5	217	11.6	202	12.9	235	14.7	117	16.4	109	19.8	1,029	13.1	...	7.2
301-311.....	37	2.4	47	2.5	48	3.1	57	3.6	34	4.7	27	4.9	250	3.2	...	.8
312.....	28	1.8	80	4.3	81	5.2	107	6.7	65	9.1	69	12.5	430	5.5	...	1.2
Total.....	1,566	100.0	1,867	100.0	1,565	100.0	1,597	100.0	716	100.0	550	100.0	7,861	100.0	...	100.0
Average days unemployed per year.....	117	...	133	...	139	...	150	...	183	...	162	...	141	...	95	...

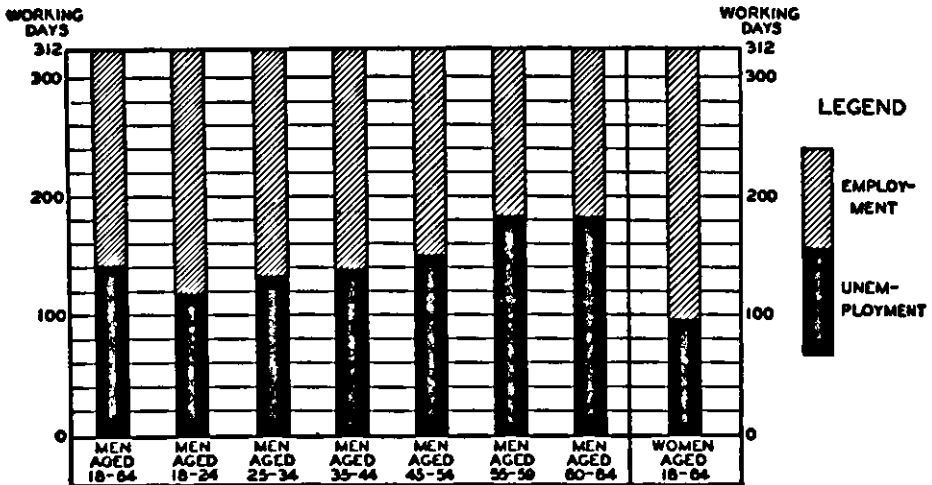
Source: "Analysis of the Unemployment Record of Claimants aged 18 to 64 . . ." *Ministry of Labour Gazette*, Vol. 33, January, 1930, pp. 6-7, figures for "women" were estimated from a chart in *Supplement to the Ministry of Labour Gazette*, Vol. 33, February, 1930.

Chart 5

PERCENTAGE DISTRIBUTION OF CLAIMANTS TO UNEMPLOYMENT BENEFIT, BY DURATION OF UNEMPLOYMENT AND BY AGE, GREAT BRITAIN, TWELVE MONTHS PRIOR TO SEPTEMBER 16, 1929



AVERAGE DURATION OF UNEMPLOYMENT OF CLAIMANTS TO UNEMPLOYMENT BENEFIT, CLASSIFIED BY AGE, GREAT BRITAIN, TWELVE MONTHS PRIOR TO SEPTEMBER 16, 1929



Source: Table 27.

in the summer of 1930, indicates that unemployment persists longest among adult women and next longest among men in the same age group. Young women aged eighteen to twenty have the next highest percentage unemployed for more than 4 weeks, while boys of sixteen and seventeen are least likely to remain on the register beyond a month.¹

Age Group	Number Who Had Been on the Register—							Per-centage on Register More Than 4 Weeks
	Not More Than 1 Week	1 Week and Not More Than 2 Weeks	2 Weeks and Not More Than 3 Weeks	3 Weeks and Not More Than 4 Weeks	Total 4 Weeks or Less	More Than 4 Weeks	Total	
Men, 21-64.....	55,723	47,289	32,553	35,156	170,721	587,541	758,262	77.5
Young Men, 18-20.....	4,916	4,726	2,920	3,299	15,861	46,489	62,350	74.6
Boys, 16-17.....	1,370	1,046	665	777	3,858	6,212	10,070	61.7
Women, 21-64.....	8,331	8,005	5,329	6,742	28,407	166,228	194,635	85.4
Young Women, 18-20....	1,998	1,849	1,115	1,398	6,360	21,591	27,951	77.2
Girls, 16-17.....	563	452	263	393	1,671	3,627	5,298	68.5
Total.....	72,901	63,367	42,845	47,765	226,878	831,688	1,058,566	78.6

The Problem of Older Workers

Once the older insured men have lost employment, they experience difficulty in securing fresh employment, as evidenced by the longer periods of their unemployment, and they are not eligible for an old age pension until they become sixty-five. In connection with extended benefit, an authoritative report suggests that the unemployment insurance fund is being used as an irregular way of extending the old age pension scheme because of the difficulty which older people, not yet of pensionable age, experience in finding work.²

In January, 1928, the Contributory Pensions Act of 1925 went into effect. Employed persons of sixty-five became eligible for a pension of 10s. a week, thus eliminating their own, but not their employers' contributions to the unemployment insurance fund, although no unemployment benefit is paid them when they are out of work. On December 31, 1928, there were 766,223 insured and uninsured persons in receipt of this pension, which number does not include persons in receipt of old age pensions under the Old Age Pensions Act of 1908-1924. Of these pensioners, 475,808 were between the ages of sixty-five and seventy, and 290,415 were over the age of seventy, the cost of paying these people 10s. a week being approximately £19,922,000 a year. These figures include those who have retired from industry as well as those still employed and the unemployed.

As a solution for this distressing problem of the older men unable

¹"Wholly Unemployed Benefit Claimants," *Ministry of Labour Gazette*, Vol. 38, July, 1930, p. 263.

²*Unemployment Insurance in Great Britain: A Critical Examination by the Authors of "The Third Winter of Unemployment," op. cit., p. 16.*

to secure employment and not yet eligible for a pension, Davison suggests a "King's National Roll" similar to that maintained for ex-service men, making it a matter of honor for a firm or local authority to enroll; firms enrolled would guarantee that a certain percentage of labor employed would consist of these elderly men and that they would be given work adapted to their strength.¹

The Conference on Industrial Reorganization and Industrial Relations adopted an estimate that there are in industry 340,000 persons aged sixty-five or over (including those engaged in agriculture, but not those in private domestic service).² A sample study made in April, 1926, showed that persons over sixty-four years of age represented 3.2 per cent of the total insured population. The estimated number of insured persons aged sixty and over in all insured industries in July, 1927, was 669,000 males and 53,000 females; those aged sixty-five and over numbered 319,000 males and 23,000 females. These figures exclude persons insured under the special schemes for the banking and insurance industries, for which details of particular age groups are not available except in relation to claimants.

The estimated numbers of insured males over sixty years of age in the coal mining, shipbuilding and iron and steel industries, in July, 1927, were as shown below:³

Industry	Aged 60 and Over	Aged 65 and Over
Coal mining	78,400	34,200
Shipbuilding	18,200	7,100
Pig iron (blast furnaces)	3,600	1,500
Steel-smelting and iron-puddling furnaces, iron and steel rolling mills and forges	15,700	6,400

Figures for females are not available, but the number employed in these industries is very small.

Poor Relief and Duration

A comparison of the periods for which the insured have drawn benefit with the periods for which out-door poor relief has been received by the able bodied is significant. It must be remembered that the able-bodied unemployed receiving this form of relief are very often the lowest strata of the unemployed; in the great majority of cases, they are persons whose claims for unemployment benefit have been disallowed. In June, 1928, a study of 84,159 able-bodied unemployed disclosed the fact that more than half of them had been continuously in receipt of relief for a year or more; nearly a fifth for three years or more, and 9,471 for four years or more.⁴

¹ R. C. Davison, *The Unemployed*, *op. cit.*, pp. 254-255.

² Trades Union Congress General Council, and Representative Group of Employers-Conference on Industrial Reorganization and Industrial Relations, *Interim Joint Report on Unemployment*, *op. cit.*, p. 10.

³ "Insured Persons at and over ages 60 and 65," *Ministry of Labour Gazette*, Vol. 86, January 1928, p. 7.

⁴ *Times* (London), December 28, 1928.

Summary

It is evident that the incidence of unemployment is full of variations. First, there is a large proportion of the insured who have been virtually unaffected by even the post-war unemployment. Among those who are unemployed, the majority are out of work for short periods at a time. An unbroken period of not more than four weeks accounted for 59.2 per cent of men claimants in the sample of September 16, 1929, while only a minority have long unbroken periods. An unbroken period of forty-nine to fifty-two weeks included but 6.0 per cent of men claimants in the same sample. Those out of work on any given day have had a succession of periods of employment and of unemployment during the preceding year, on the average 2.4 periods of unemployment for the men in the year preceding September 16, 1929.¹

Excepting the physically or otherwise disabled, the unemployed, for the purpose of national insurance plan administration, fall into three main divisions: the wholly unemployed, the temporarily stopped and the casual workers.

Increasing mechanization, amalgamation, or the decline of a specific industry are principally responsible for those wholly unemployed with little hope of again finding employment. The coal mining industry affords a striking picture of such a shrinkage in employment, the number of miners at work having decreased about 23 per cent during 1924-1928. There are also large numbers of workers unemployed in iron and steel, shipbuilding and heavy engineering who cannot be reabsorbed in their old occupations. No doubt a certain proportion of the wholly unemployed is unemployable. Further analysis of the so-called permanently unemployed is needed to discover how much case work is required for this group.

The temporarily stopped (who in November, 1930, numbered about 532,518, or 22.5 per cent of the total insured unemployed) include those laid off with definite expectation of resuming work within six weeks. Among these belong the large groups of part-time workers whose existence in industries such as coal, textile and shipbuilding cloaks much chronic under-employment. Short-time work schedules may be, and often are, due to the reluctance of employers to discharge workers, preferring to distribute what work there is among a greater number of employees; in other instances they are systematically arranged for the purpose of having a labor reserve ready against emergencies, as well as for the prevention of employment at overtime rates. Certain employers have organized their work schedule to provide each employee with three days'

¹ "Analysis of the Unemployment Record of Claimants Aged 18 to 64 . . ." *Ministry of Labour Gazette*, Vol. 38, January, 1930, p. 8.

work a week, so as to enable workers to take turns and at the same time to collect unemployment benefits for the three idle days each week, any three days of unemployment within a period of six consecutive days constituting, under the law, compensatable "continuous" unemployment. The outlook is that widely spread short-time work will increasingly be supplanted by total unemployment as amalgamation and other forms of rationalization proceed.

Casual workers, the majority of whom are untrained and unskilled, and of whom in November, 1930, there were about 108,000 insured registered as unemployed, present a serious problem particularly in the shipping centers. In Liverpool, for instance, one-fourth of the adult male population faces casual employment. A factor in this situation is the fear of shipowners and employers of port labor who, not wishing to be caught short of help in emergencies, are reluctant to adopt measures to stabilize the market for such labor.

Some steps toward the decasualization of dock labor have been taken but it is difficult to make further progress in view of the general unemployment.

Seasonal workers are not segregated in the reports of the Ministry of Labour but such a group exists. It includes both those who are dependent upon some sort of employment throughout the year and those who suffer no particular hardship from the seasonal character of their work. Although the latter do not usually expect to work during off seasons, many of them claim out-of-work benefits at such times because exemption from the state scheme is on a voluntary basis for seasonal workers who are employed over eighteen weeks in the year and are not ordinarily employed in any other insurable occupation. Building is probably the most seasonal of British industries but the cotton and wool trades also show seasonal influence.

The personnel of the unemployed is constantly changing; the total of registered unemployed during 1928 was about 4,500,000 or nearly four times the average number on any given date during the year. From October, 1923, to April, 1926, 8,000,000 out of a total of 11,500,000 insured drew no benefit at any time; of the remaining 3,500,000, only 1,000,000 drew benefits for more than 100 days during the two and one-half year period. Persons ordinarily employed quite regularly constitute between two-thirds and three-fourths of the insured working people; the remainder is made up of the ebb and flow and the stagnant pools of labor.

The duration of unemployment varies greatly between individuals and between industries. A sample study showed that the average duration of unemployment during the year ending March 18, 1929, was 140 days for men and 93 days for women for all industries combined; coal miners in the same period scored an average of 214 days without work. More

than 30 per cent of the men and more than 50 per cent of the women, in all industries combined, were unemployed less than three months in the preceding year, about the same proportion of men but only slightly more than 30 per cent of the women were out from three to six months, about 20 per cent of the men, and between 11 and 12 per cent of the women, were laid off from six to nine months; about 15 per cent of the men, and between 5 and 6 per cent of the women, were unemployed from nine to twelve months, and approximately 5 per cent of the men and one or less per cent of the women had been out of work more than a year (Table 20 and Table 21). There is evidence that the proportion of those drawing benefits for long periods, that is, for half a year or more, is increasing (Table 22).

The factor of age has been a distinct influence upon the incidence as well as the duration of unemployment, but does not seem to affect the frequency of layoffs. Unemployment is least among those under twenty years of age and steadily increases among the advanced age group of males forty-five years and over (Table 25). In the sample studies of April, 1926, and April, 1927, it was also relatively heavy in the group of males between twenty-five and thirty which included those whose occupational careers had been much upset by the war. Study of employment at different age groups, as reflected by insurance premiums paid, reveals no general tendency to discharge workers merely because they have reached a certain age and older men are laid off with about the same frequency as their younger fellow workers (Table 26). The duration of unemployment, however, definitely increases with advancing age. The older men usually draw benefits for relatively long terms. Age apparently has little effect on recorded employment for women, due, no doubt, to the nature of their occupations and to the fact that many are discharged on marriage.

Under the Contributory Pension Act which went into effect in January, 1928, persons reaching the age of sixty-five are eliminated from the unemployment benefit system, drawing from that time on an old age pension of 10s. a week whether employed or not. While they no longer have to pay contributions to the unemployment fund even when working, this does not relieve their employers from making contributions. At the end of 1928, more than three-quarter million persons received such a pension, exclusive of those drawing old age pensions under a previous act.

CHAPTER XII

MOBILITY OF LABOR

It is a prime essential in an unemployment insurance scheme that it shall not interfere unduly with the mobility of labor. As the Balfour Committee said in 1929, "Mobility, in the widest sense of the term, is the very breath of life to modern industry."¹ By "the widest sense of the term" is meant mobility between trades and occupations as well as geographical mobility. At a time when the industrial order is being remade, as in Great Britain at present, it is of paramount importance that labor should be mobile, so that the dying or depressed industries will not be overmanned and new and more flourishing industries will be able to obtain the required personnel.

Underlying Factors Affecting Mobility

It is often asserted that the mobility of British labor has been retarded by the advent of unemployment insurance which gives workers a sense of security and deprives them of initiative. Security against the worst dangers of unemployment is one of those subjects which is always a target for criticism; in the United States where the government has done practically nothing in this direction, Julius Barnes, the chairman of President Hoover's National Business Survey Conference, speaks of the necessity for lifting the "deadening fear of unemployment" from the people.² But when this paralyzing fear has been lessened to some degree, as in Great Britain, it is then said that this new sense of security adversely affects the mobility of labor.

It is charged that there are various ways in which a false sense of security renders labor less mobile. For example, it is said that workers want to "play safe" and that, especially when they have families, they fear the mishaps a change may involve. The Balfour Committee said that, while the provision of unemployment benefit to some extent lessens the incentive to emigration and also to migration within the country, it is possible to reduce this danger to a minimum by wise regulations and procedure. A government document printed in 1929 recorded that trans-

¹ Great Britain Board of Trade—Committee on Industry and Trade (Arthur Balfour, Chairman), *Final Report*, *op. cit.*, p. 235.

² J. H. Barnes, "The New Ebb and Flow of Industry," *Survey Graphic*, Vol. 64, June 1, 1930, p. 232.

ferring had been done, "despite the various forms of help for the depressed areas which tend to anchor men there," referring not only to unemployment insurance but also to large sums dispensed by boards of guardians and by charity to the able-bodied unemployed and their families.

It is frequently asserted that workers supported by unemployment benefit refuse work at wages below the level to which they have been accustomed, for they are not forced by need to accept anything that may be offered. Indeed many assail unemployment insurance on the ground that, because the trade unions will not allow the unemployed to accept work below the current rates until after a "reasonable time," current rates of wages are indirectly maintained by it. A critic has said that such a policy may be for the ultimate good of a workman but that if unemployment which may possibly be created by keeping up wages is the price of progress, no effort should be spared to increase the mobility of labor.¹

No doubt some workers refuse work at wages below the ordinary rates, but when workers have been unemployed for some time, refusal of work at lower wages is officially discouraged. The amending Act of 1927 enlarged the definition of suitable work to include, after a reasonable length of unemployment, work in another occupation, provided only that the wages and other conditions were not less favorable than those generally observed by agreement between associations of workers and employers or by "good" employers. Under this provision a worker can be required, under penalty of becoming disqualified for benefit, to accept employment in an occupation other than his own for lower wages and under less favorable conditions than those which he formerly enjoyed, provided only that the work in this new field is not under conditions definitely sub-standard for that occupation.

Cannan points out that there is apt to be confusion of thought on this subject, for

no one except a few lunatics imagines that there is a "general" or even a widespread inclination to refuse employment offered at standard wages on ordinary conditions and available immediately on the spot. All that is believed and alleged is that, especially in the occupations in which the superiority of employment over unemployment is least, the insurance scheme has reduced the economic pressure which used to make persons grab at every chance of employment, take what they could get regardless of every inconvenience and stick to what they had got regardless of every disagreeableness.²

¹ J. W. F. Rowe, *Wages in Practice and Theory*, London: George Routledge and Sons, Ltd., pp. 239-240.

² Edwin Cannan, "The Problem of Unemployment," *Economic Journal*, Vol. 40, March 1930, p. 46.

Keynes believes that pressure on the worker to accept a rate of wages or kind of employment which may not please him is diminished by unemployment insurance and that the power of industry to absorb would be much greater, therefore, in its absence. Sir Josiah Stamp, too, admits that unemployment insurance has affected old methods of economic adjustment when "in hard times there was the necessity for taking a lower wage, or the necessity for moving about."¹

In acknowledging the futility of redistribution of labor under abnormal post-war conditions Clay maintains that, "Either a reduction in wages, at least to the real level of 1924, or an increase in the productivity of industry by the application of more capital, technical improvement, or reorganization, is necessary, or we must expect unemployment to continue. And this whether we abolish unemployment relief or not."² But as far as the effect of unemployment insurance on delaying the expansion of employment is concerned he says, satirically, referring in particular to the standard rate of wages as a condition of suitability of work, "If the unemployed would work for a pound a week, there are many new industries that would spring up to absorb them."³

This "willingness to accept any sort of work on any terms," says one authority, "has been one of the most deplorable features of our industrial system in the past. . . . In so far as incentive has been reduced, for good or ill, by public payments, the responsibility must lie rather with the Poor Law than with the Unemployment Insurance scheme."⁴ The poor law, with its laws of settlement and without any machinery for placing the unemployed in new positions, has unquestionably a far greater tendency than unemployment insurance to freeze the unemployed to the districts around their former jobs. No one questions the possibility of finding some sort of work at some wage, if one has no interest in maintaining working conditions and wages. But if some deplore the fact that certain unemployed workers in receipt of benefit are not driven as formerly to accept jobs through fear of starvation, others welcome the fact that insurance raises the wage standards of the lowest grades of employment.

The Act of 1911 was passed under normal industrial conditions. One of its purposes was to enable the unemployed drawing benefit to hold out for the same wages and conditions habitually received. A worker offered a job in a district in which he was not living, was not to be compelled to accept employment below standards set by agreement between associ-

¹ Josiah Stamp, and J. M. Keynes, "Unemployment, a Discussion," *Listener*, Vol. 3, February 26, 1930, p. 361.

² Henry Clay, "Dr. Cannan's Views on Unemployment," *Economic Journal*, Vol. 40, June, 1930, p. 335.

³ *Ibid.*, pp. 332-334.

⁴ R. S. Gibson, "Incentive to Work as Affected by Unemployment Insurance and the Poor Law Respectively," *Manchester School*, (Manchester University, England), Vol. 1, No. 1, 1930, p. 27.

ations of workers and employers or by "good" employers alone. But during the post-war depression and industrial upheaval, it was impossible to hold rigidly to these standards. Even though no legislative change was made, the umpire's decisions took cognizance of the altered industrial situation and the principles enunciated in them were followed by insurance officers and courts of referees. In 1927 the unemployed in receipt of benefit were required for the first time by statutory enactment to seek work outside their usual occupation, but with the provision that the new employment should not be under sub-standard conditions.

It is charged that unemployment benefit tends to affect the wages recognized in joint agreements between associations of workers and of employers; that representatives of organized labor in negotiating for wage rates sometimes insist upon a rate higher than the industry can afford, not caring whether the industry can prosper on the level set, because those who become unemployed will be eligible for benefits.¹ Although there are no data on the matter, it is indisputable that the state scheme of unemployment insurance has greatly strengthened the bargaining power of trade unions and almost completely removed the fear of "black-leg" labor during strikes.

On the other hand, it is said that the sense of security made possible by the receipt of benefit during unemployment, tends also to increase the fluidity of labor. For instance, the availability of unemployment benefit for discharged workers has probably lessened the feeling of responsibility of employers for retaining employees during slack periods.² Some assert that with the possibility of benefit when unemployed, workers are more irresponsible in throwing up their jobs for trivial causes.³ This appears to be largely a theoretical objection, for the circumstances of the loss of employment in each instance are investigated before paying benefit and those who have voluntarily left employment without just cause are disqualified for benefit for six weeks.⁴ Without doubt a widespread feeling exists that the insurance system, even after all these years of watchful administration, may be delaying the transfer of labor and its reabsorption into employment.

Unfortunately, comparable data relating to pre-unemployment insurance and post-unemployment insurance periods do not exist and it is impossible adequately to evaluate the effect of the system on the mobility of labor.

An interesting example of immobility before unemployment insurance may be found in the hand-wrought nail trade, which was gradually driven out of existence by the cut-nail and wire-nail industries. Although

¹ Henry Clay, *Post-War Unemployment Problem*, *op. cit.*, p. 155; J. W. F. Rowe, *Wages in Practice and Theory*, *op. cit.*, pp. 180-182, 229-230.

² J. B. Seymour, *British Employment Exchange*, *op. cit.*, p. 186.

³ *Ibid.*, p. 187.

⁴ Great Britain Parliament, *Unemployment Insurance Act, 1920*, *op. cit.*, p. 7.

workers in this trade suffered greatly from low wages and chronic under-employment, they remained in their districts and in their trade. Their lack of initiative was in no wise influenced by factors so often blamed for immobility today—trade union restrictions in other occupations and unemployment insurance.¹

One fact stands out; during the post-war years there has not been in any part of Great Britain an unsatisfied demand for labor and the existence of a shortage would have to be proved to justify the charge that British labor is immobile. To be sure, employment exchanges are able to fill only eight out of nine vacancies reported to them. But this does not mean that it is not possible to secure the personnel for these jobs, for it is the custom among British workers to search for work independently of the exchange. This practice is so widespread, that of all the vacancies filled, the exchanges fill but one-fifth, it was officially stated in 1929.² There is a marked shortage of bricklayers and plasterers, due to restrictions on entrance into these trades.³ But there is no record of overtime worked, and even if there were, overtime does not inevitably mean that sufficient workers could not be procured to work regular hours. All in all, indications of an unsatisfied demand for labor are slight in relation to the magnitude of the total problem.

One cannot say definitely that any single factor promotes or retards mobility. For instance, while it is officially recognized that steps must be taken to prevent unemployment insurance from lessening mobility, the employment exchanges, through which the insurance is administered, furnish a means of counteracting this tendency. The close co-ordination of insurance and exchanges means that no worker will be allowed to draw benefit if the exchange knows of any vacancy which he can fill suitably. Since the exchanges form a national system, each exchange is in touch with employers' needs throughout Great Britain, and workers can be placed in other localities when any one district is depressed. The degree to which the exchanges actually promote labor movement depends ultimately upon the extent to which they are used by both employers and workers. They obviously provide the means for an intelligent geographic and occupational transfer of workers,⁴ transference when intelligently guided is better "than when left to the blind promptings of hunger."⁵

¹ G. C. Allen, "Labour Transference and the Unemployment Problem," *Economic Journal*, Vol. 40, June, 1930, p. 245.

² Great Britain Ministry of Labour—Committee on Procedure and Evidence (Harold Morris, Chairman), *Report, op. cit.*, p. 21.

³ In July, 1927, while the percentage of unemployment for the building trades as a whole was 6.8, for bricklayers and plasterers it was only 1.6 and 1.5 respectively. Henry Clay, "Unemployment and Wage Rates," *Economic Journal*, Vol. 38, March, 1928, pp. 8-9.

⁴ Professor Pigou makes some interesting observations concerning the need of movement where, due to ignorance, the initial distribution of new generations of workpeople among different occupations results in overmanning an industry. A. C. Pigou, *Economics of Welfare*, 3rd ed., rev., *op. cit.*, pp. 488-510.

⁵ Letter from E. C. Davison to Industrial Relations Counselors, Inc., February 21, 1929.

R. C. Davison gives the following testimony to the part which the exchanges play in the better distribution of labor:

Not only locally, but over wide distances, the supply and demand have been brought together by means of a national clearing house, by the advance of fares to workers and, not least, by the assistance rendered in finding accommodation. Mobility has been increased among the skilled workers, even though the craft trade unions always did and still do a big business in this field. Thus, while the Exchanges cannot of themselves create employment, they can and do perform a service indistinguishable from it when they satisfy a demand for labour sooner than it would otherwise be satisfied.¹

It is probable that the combined effect of insurance and the exchanges has been an increased mobility. Whereas formerly the worker anxious to migrate had to depend upon rumor, now a government organization gives him precise information, covering all parts of the country, even to the offer of a job. This undoubtedly inspires confidence and increases the willingness to migrate. The worker hesitant about migrating has new pressure put upon him, in the loss of his unemployment benefit because of his refusal of suitable work.²

At the same time, aimless mobility has probably been reduced. Formerly, the worker's only chance for a job away from home was to wander around, following rumors or newspaper "ads." And when he arrived at the plant which advertised for one hundred men, he found one thousand there before him. Now the employed worker knows that if work at a distance is available, the exchange will notify him, making unnecessary the former unorganized and often hopeless search for work which came perilously near to vagrancy. Some may think of this as reduced mobility; in reality it is the elimination of harmful mobility.

Salvation Army officials and members of boards of guardians can furnish ample testimony that there used to be a great deal more futile tramping about the country. At the fifty-fifth central conference of the poor law guardians of England and Wales in February, 1930, Commissioner David Lamb of the Salvation Army said that, partly as a result of old age pensions, health and unemployment insurance, and the establishment of employment exchanges, the old type of tramp had largely disappeared. He claimed that, whereas thirty years ago the boards of guardians were confronted with an army of from 50,000 to 80,000 "driven to or taking to the road," today there were, in his opinion, very few habitual vagrants. He said that forty years ago the homeless in the streets in mid-winter could be counted by the thousand, that between 2:00 a.m. and 4:00 a.m. London County Council enumerators had counted

¹ R. C. Davison, *The Unemployed*, *op. cit.*, p. 203.

² See pp. 54-55.

as many as 2,800. In 1904 they counted 1,797 and in 1929 only 31. As for the entire country, in 1904 the number of people in the casual wards in London was 1,000 while in 1929 there were only 1,000 in the whole of England. He claimed that employment exchanges had eliminated the need of this aimless wandering about and that, in consequence, casual wards should be abolished.¹

However, the complete mobility possible through the general use of the exchange is limited by a series of personal and industrial considerations, affecting the desire and the practicability of moving into a strange locality for a new job or moving from one job to another.

It is often said that British industrial development is handicapped by the inability of its workers to adjust themselves to changes and that, therefore, British industries find it more difficult than those of other countries to create and conduct new business enterprises.² But this conflicts with the results of detailed studies of "minute costs" of production conducted by the Ford Motor Company in its plants throughout the world. Under the Ford conditions of a uniform product, similar tools and machinery and the same methods of manufacture and assembly, it is possible to measure accurately differences in output of the labor employed in different countries. At the first ordinary general meeting of the Ford Motor Company, Ltd., the chairman of the company said, "I know you will be interested to hear that these comparative statistics [i.e. of minute costs] have enabled us to establish the fact that the American workman is no miracle monger. Neither is the British, Irish or continental artisan any inferior creature. Given like conditions and treatment, our workers here in Europe actually beat their American cousins, as proved by the standard of our minute costs."³

At the present time, on the other hand, it is probable that the past industrial experience of many of the unemployed—miners, shipbuilders, workers in the heavy metal trades—unfits them for work in the expanding industries, such as food, artificial silk, and the distributive trades. These industries can absorb most readily persons accustomed to lighter work. Consequently the type of new industry and the kind of worker desired, restrict the possibilities of transferring the unemployed from the heavy industries. Yet the division of labor which is progressing so rapidly in many industries will accelerate mobility between occupations in Great Britain as elsewhere. The more closely industrial progress causes the operations required in one occupation to resemble those in another, the lower is the cost of training for new jobs, and consequently the greater is the inducement toward mobility.⁴

¹ *Times* (London), February 27, 1930.

² Ludwell Denny, *America Conquers Britain*, op. cit., p. 47.

³ *Times* (London), March 8, 1930. See also p. 233.

⁴ A. C. Pigou, *Economics of Welfare*, 3rd ed., rev., op. cit., p. 501.

The Balfour Committee gives the following list of other factors which influence mobility: (1) Shortage of housing accommodation, an impediment to geographical transference; (2) imperfect and narrow training; trade policies and rivalries; "demarcation" rules and customs of trade unions; (3) personal defects of initiative and indisposition to face change or risk, including the possible deterrent influence of social insurance; (4) family ties, age, etc.¹

The difficulty of securing housing accommodation during the post-war years undoubtedly affected migration to new industrial areas. The influence of this factor was increased by the particular methods adopted to restrict rent increases on the cheaper grades of houses. By a series of rent restriction acts in force in England between 1915 and 1927,² rent increases were carefully limited in amount and were permitted only when necessary to meet specified increased outlays for such items as repairs, improvements, increased taxes. One of the later acts provided that after a house became vacant, the restrictions no longer applied to it. This meant that the landlord was free to raise the rent for new tenants. The increased rents demanded on such occasions or the fear of such increases, coupled with the initial housing shortage, were obstacles to migration.

It is easy to overlook the human problems involved in the mobility of labor. Workers in the building trades may be needed in one part of the country and unemployed men of these trades may be available in another, but this is not a simple matter of picking up the unemployed and planting them elsewhere overnight. As a government document expressed it "Transference is not a matter of theory; it consists in moving men and women away from their homes and from their familiar surroundings, to live among strangers, to work in unfamiliar occupations, under conditions as to such practical matters as rents, wages, cost of travel, cost of living, etc., often quite different from those to which they have been accustomed."³

The movement of an entire family is often impeded by the fact that several members are employed, all supplementing each other's wages. If one is unemployed it is a hazard for the members who are employed to move with him, even though their wages may be low.⁴ Costs of movement due to the comparative difficulty faced by older men with families, are discussed by Pigou: "It should, indeed, be noted that as a trade or place decays and the young men gradually leave, the relevant costs of movement will tend to rise, because the age distribution of the population will be modified. Statistical inquiry shows that in decaying trades the propor-

¹ Great Britain Board of Trade—Committee on Industry and Trade (Arthur Balfour, Chairman), *Final Report*, *op. cit.*, p. 236.

² F. E. Freemantle, *Housing of the Nation*, London: Philip Allan and Co., Ltd., 1927, pp. 117-120.

³ Great Britain Ministry of Labour, *Memoranda on Certain Proposals Relating to Unemployment*, *op. cit.*, p. 12.

⁴ A. C. Pigou, *Economics of Welfare*, 3rd ed., rev., *op. cit.*, p. 504.

tion of old men is above the normal, and becomes greater and greater as the decay proceeds."¹

Moreover, it is essential to guard against the displacement of other workers, to consider the specialized character of vacancies and of labor available, and above all, if wholesale transferring is contemplated, to pay due regard to what Davison terms the "Psychological obstacles which always impede the free mobility of large masses of labour."² As an example of these, S. K. Ratcliffe says, "A miner of middle age is usually regarded as an almost hopeless case. He is a peculiar product, the result of conditions that do not exist in any other occupation. His community is detached from the larger world of labour; his state of mind is not that of the great industrial centres; there is almost as much difference between him and the city labourer as there is between the city labourer and the farm worker."³ Possibly these obstacles have been over-emphasized, in the face of some notable cases of miners successfully trained for other kinds of work. More training experiments and longer experience with transferred miners and other workers will throw light on this question.

Industrial Mobility

Where Stagnation is Worst.—Unemployment, like prosperity, is not necessarily general; it may be very spotty. When a medieval village suffered from destitution because of crop failure, flood or conflagration, the ravages of pestilence or war, "all the folk in a common calamity hungered together." But "in a modern city, masses of men find themselves periodically wageless in the midst of plenty."⁴ Fact and opinion regarding mobility in relation to its industrial and geographical manifestations merit some attention.

Figures of unemployment in different industries make it obvious that what are termed the heavy industries and those producing mostly for export have been the worst sufferers. Scarcely any of the basic industries in Great Britain have been working more than 60 to 70 per cent of capacity during the last seven or eight years.⁵ The greatest and most continuous unemployment has been localized chiefly in coal mining, iron and steel, engineering, shipbuilding, and textiles (Table 28). Clay pointed out in 1928 that "over half of the unemployment is concentrated in 30 per cent of the insured population: coal, iron, steel, shipbuilding, general and marine engineering, docks, shipping and textiles."⁶ Industries in which the working forces were most expanded by war require-

¹ A. C. Pigou, *Economics of Welfare*, 3rd ed., rev., *op. cit.*, p. 499.

² R. C. Davison, *The Unemployed*, *op. cit.*, p. 265.

³ S. K. Ratcliffe, "Miners and Doles," *Survey*, May 15, 1929, p. 232.

⁴ Sidney Webb, and Beatrice Webb, *English Local Government: English Poor Law History; Part II: The Last Hundred Years*, *op. cit.*, p. 634.

⁵ Great Britain Board of Trade—Committee on Industry and Trade (Arthur Balfour, Chairman), *Final Report*, *op. cit.*, p. 306.

⁶ Henry Clay, "Unemployment and Wage Rates," *Economic Journal*, Vol. 38, March, 1928, pp. 1-15.

ments, such as shipbuilding and iron and steel, suffered most acutely during post-war readjustment. On November 24, 1930, the coal industry had 21.1 per cent of its personnel unemployed; the iron and steel industry, 44.7; shipbuilding, 42.1; shipping, 32.1; and dock and harbor service, 37.4.

"The outstanding feature of unemployment in the heavy industries," reported the Industrial Transference Board in 1928, "is that it is 'frozen' by its close concentration in or about the coalfields in areas of comparatively small extent. Industrial development within these areas in the past has been highly specialized. In the inland districts many large communities are dependent on one industry only, the coal industry; in others the only alternative employment outside coal mining is in the iron and steel industries, and, to some extent, in shipbuilding." It is these "frozen" areas which present the most baffling problems. Examples of them are South Wales where in May, 1928, at Merthyr Tydfil unemployment was 62.3 per cent; at Blaina, 48.6 per cent; and Durham at Bishops Auckland, 42 per cent.

Coal is in a class by itself; when other industries were hard hit, it remained prosperous for a time. But coal mining had a particularly distressing record after March, 1925; the unemployment figures of 1926 were low only because they did not include workers disqualified from benefit because of the coal stoppage. Serious unemployment and distress continued throughout 1928, and were more acute during the first nine months of this year than in the corresponding period of 1927. Exports and export prices for coal steadily declined; consequently output was reduced and a large number of pits were closed. The industry showed some improvement in 1929 and 1930, but in the latter year it was by no means in a healthy condition.

The shipbuilding industry has had as many as 46.2 per cent of its workers registered as unemployed and since 1920 the percentage has never fallen below 20. A critic said,

We have been so occupied of late with the problem of distress in the coalfields that we are disposed to forget the scarcely more tolerable situation of the shipyard workers. Unemployment is as severe among them as among miners, and has been, in certain cases, of even longer duration. The shipyard worker is, indeed, rather more easily transferable than the miner to other industrial callings; but that profits him little unless there are openings for employment to which he can be transferred. That this is not the case, the stagnant pools of labor in such places as Newcastle and Glasgow unfortunately bear witness. In the shipyards, as well as in the coalfields, there is a problem to be faced of thousands of workers who are never again likely to find work at their old trades.¹

¹ *New Statesman*, Vol. 32, January 19, 1929, p. 459.

Table 28

PERCENTAGE DISTRIBUTION OF THE UNEMPLOYED, BY INDUSTRY, QUARTERLY, GREAT BRITAIN AND NORTHERN IRELAND, 1923-1928

Period	Building	Public Works, Contracting, Etc.	Shipbuilding	Engineering and Iron Founding	Coal Mining	Textile Trades	Distributive Trades	Clothing Trades	All Others	Total Unemployed	Total Unemployed of Total Insured
1923											
June.....	6.9	1.9	9.2	12.5	2.5	15.0	5.6	3.2	43.2	100.0	11.3
September....	6.3	1.8	8.7	11.9	2.9	16.0	5.8	4.3	42.3	100.0	11.7
December....	7.9	2.0	7.6	11.8	2.5	12.3	6.1	5.1	44.7	100.0	10.6
1924											
March.....	6.4	1.9	6.8	11.0	2.3	13.1	7.6	4.1	46.8	100.0	9.8
June.....	5.4	1.9	6.8	10.2	5.5	13.8	7.2	3.1	46.1	100.0	9.3
September....	5.7	1.9	6.3	9.0	8.3	12.2	6.9	4.5	45.2	100.0	10.6
December....	6.8	2.0	6.4	8.3	7.9	9.2	7.0	5.2	47.2	100.0	10.7
1925											
March.....	5.3	1.9	6.5	7.7	11.3	10.8	7.7	3.7	45.1	100.0	11.1
June.....	3.8	1.5	5.9	6.9	22.3	12.7	6.1	2.8	38.0	100.0	11.9
September....	4.5	1.6	6.1	6.9	20.5	12.0	6.2	4.4	37.8	100.0	12.0
December....	8.1	2.5	7.2	7.7	11.3	10.6	6.5	4.3	41.8	100.0	10.4
1926											
March.....	5.5	2.2	7.6	8.4	9.9	12.5	7.8	2.8	43.3	100.0	9.8
June.....	4.1	1.6	5.4	8.3	7.2 ^a	18.1	5.7	2.8	46.8	100.0	14.6
September....	4.9	2.0	6.0	8.5	6.5 ^a	16.7	6.4	3.9	45.1	100.0	13.7
December....	7.6	2.5	6.6	8.7	8.7 ^a	12.0	6.4	4.2	43.3	100.0	11.9
1927											
March.....	6.4	2.6	5.5	7.4	17.3	9.0	7.7	2.8	41.3	100.0	9.8
June.....	5.2	2.2	4.8	6.8	21.8	10.0	6.7	2.2	40.3	100.0	8.8
September....	6.9	2.4	4.2	6.5	20.3	10.1	6.9	3.5	39.2	100.0	9.3
December....	11.4	2.9	3.9	5.8	17.4	9.2	6.3	3.4	39.7	100.0	9.8
1928											
March.....	8.1	2.8	4.1	6.1	17.8	9.4	7.7	2.3	41.7	100.0	9.5
June.....	6.3	2.2	4.3	5.4	23.5	12.4	6.4	3.1	36.4	100.0	10.7
September....	7.0	2.4	4.6	5.5	18.5	14.3	6.8	4.6	36.3	100.0	11.4
December....	9.3	2.9	4.6	5.4	16.0	11.5	7.1	4.7	38.5	100.0	11.2

^a Exclusive of those persons who were disqualified for benefit by reason of the coal mining disputes.

Source: Statistics Division, Ministry of Labour of Great Britain.

The improvement in the shipbuilding industry during 1928 which resulted in a decreased rate of unemployment was partly due to launching tonnage delayed by the coal disturbance in 1926. The activity in shipbuilding reacted favorably on a number of auxiliary trades, including engineering. The coal stoppage of 1926 brought unemployment in the engineering trades to the high peak of 31.9 per cent, and shipbuilding registered 46.2 per cent—an unemployment percentage higher than ever previously recorded. The mining and metal industries accounted for about a third of the total volume of unemployment, and with the textile and clothing trades, for almost one-half.

Cotton and woolen trades were more depressed than ever in 1926, reaching percentages of 25.1 and 25.0, respectively. Percentages of unemployment have remained high (Table 19, page 171). In 1930, unemployment in the textile trades rose markedly, until on November 24, 1930, those recorded as wholly unemployed and temporarily stopped accounted for 40.3 per cent of the cotton operatives, 25.1 per cent of the woolen workers, 24.8 per cent of those employed in silk and artificial silk, and 39.5 per cent of those employed in the linen industry.¹

Food trades, distributive trades, public utilities and certain manufacturing industries like chemicals, electrical engineering, artificial silk and motor engineering have been prosperous, but their activity in the past has not compensated for the unemployment in the heavy industries.

Table 29 shows the distribution of the unemployed for January 21, 1929, and January 27, 1930, among various industries. The first group, consisting of the heavy industries, accounted in January, 1929, for approximately one-third of the total unemployment. A year later, unemployment in this same group of industries was 17.4 per cent less, accounting for a little over a quarter of the unemployed. This change in the relative amount of unemployment found in coal mining and the metal trades is not due to any diminution of unemployment, but to the substantial increase in unemployment in other industries, notably, textiles, and the distributive trades.²

On November 24, 1930, unemployment in the heavy industries had increased to about 775,000; in the textile and clothing group to about 529,000; in the transport group to about 173,000; in the distributive, commerce and hotel group to about 264,000; in the building trades to about 247,000; and in the group of remaining industries to about 381,000. At this date the heavy industries (Group I) and the textile and clothing trades accounted for over half of the total volume of unemployment.³

¹"Numbers Insured and Percentages Unemployed," *Ministry of Labour Gazette*, Vol. 38, December, 1930, p. 458.

²"Number of Insured Persons Recorded as Unemployed at 27th January, 1930," *Ministry of Labour Gazette*, Vol. 39, February, 1930, pp. 62-63.

³"Number of Insured Persons Recorded as Unemployed at 24th March, 1930," *Ministry of Labour Gazette*, Vol. 38, December, 1930, pp. 456-457.

Table 29

NUMBER OF INSURED WORKERS UNEMPLOYED, SELECTED INDUSTRIES,
GREAT BRITAIN AND NORTHERN IRELAND,
JANUARY 21, 1929 AND JANUARY 27, 1930

Group	Insured Workers Unemployed (In thousands)		Group	Insured Workers Unemployed (In thousands)	
	Jan. 21, 1929	Jan. 27, 1930		Jan. 21, 1929	Jan. 27, 1930
I			IV		
Coal mining.....	213	138	Road transport..	24	27
Other mining... ..	14	13	Shipping.....	27	30
Metal manufac- ture.....	57	64	Docks, etc.....	53	55
Engineering.....	78	83	Other transport..	20	19
Vehicle trades..	25	26	Total.....	124	131
Shipbuilding....	56	48	V		
Other metal....	50	54	Distribution....	111	132
Total.....	493	426	Commerce.....	6	7
II			Hotels, clubs, etc.	35	42
Cotton.....	63	111	Total.....	152	181
Wool and worsted.....	37	49	VI (Others)		
Other textiles... ..	45	54	Pottery.....	13	15
Dyeing, etc.....	20	26	Glass.....	6	6
Tailoring, etc....	47	46	Chemicals, etc..	14	16
Boot and shoe..	23	17	Leather.....	7	8
Total.....	235	303	Food, drink and tobacco.....	45	50
III			Woodwork.....	19	22
Building.....	163	153	Printing and paper.....	19	22
Contracting.....	43	45	Gas, water, elec- tricity.....	11	11
Bricks, etc.....	12	11	National and local govern- ment.....	39	41
Total.....	218	209	All others.....	71	79
			Total.....	244	270
			Grand Total	1,466	1,520

Source: *Ministry of Labour Gazette*, Vol. 37, February, 1929, pp. 62, 63, and Vol. 38, February, 1930, pp. 62, 63.

It is impossible to secure, as an index of different rates of unemployment in various industries, any body of data giving the relative amounts of contributions and benefits in the insured industries. The sample study of July, 1925, covering 58,347 insured workers, disclosed that the industries which had experienced a continuously high rate of unemployment showed the highest proportion of individuals who had drawn benefit at some time (Table 30).

Table 30

PROPORTION OF 55,009 INSURED WORKERS WITH CONTRIBUTIONS
PAID UP TO JULY, 1925, WHO HAD DRAWN BENEFIT AT SOME TIME
PRIOR TO JANUARY 31, 1926, GREAT BRITAIN

Industry	Percentage	
	Men	Women
Coal mining.....	47.8	52.1
Other mining and quarrying.....	60.6	54.5
Nonmetalliferous mining products.....	62.0	33.3
Brick, tile, etc., making.....	57.4	60.7
Pottery, earthenware, etc.....	80.0	77.2
Glass manufacture.....	70.5	34.3
Chemicals, explosives, oils, paints, etc.....	54.4	41.6
Pig iron and iron and steel manufacture.....	84.2	31.8
Tinplate manufacture.....	82.4	95.0
Engineering (all classes).....	67.5	43.5
Motor vehicles, cycles, etc.....	63.5	41.2
Other vehicle building.....	49.7	33.3
Shipbuilding and repairing.....	77.3	35.7
Stove and general iron founding.....	66.5	60.5
Watches, clocks, jewelry, etc.....	54.9	56.3
Other metal industries.....	63.8	58.2
Cotton.....	83.2	82.2
Woolen and worsted.....	69.4	71.6
Hosiery.....	41.3	54.0
Silk.....	63.4	51.4
Other textiles.....	57.7	64.4
Textile bleaching, etc.....	71.5	66.5
Leather and leather goods.....	56.7	56.0
Tailoring.....	48.7	58.7
Boot and shoe.....	57.9	51.7
Other clothing.....	39.8	48.3
Bread, biscuit, cake making.....	43.7	41.8
Other food.....	47.5	53.1
Tobacco and drink.....	30.8	44.6
Wood working.....	46.3	52.8
Printing and bookbinding.....	31.1	30.2
Paper, cardboard boxes, stationery, etc.....	55.1	49.3
Building.....	59.6	17.2
Public works, contracting.....	67.3	66.7
Rubber manufactures.....	67.1	65.5
Gas, water and electricity supply.....	39.7	13.0
Railway service.....	42.5	27.3
Canal, river, dock, etc., service.....	70.3	25.0
Shipping and fishing.....	70.4	36.7
Other transport.....	44.5	28.8

Table 30—Continued

Industry	Percentage	
	Men	Women
Distributive trades	31.6	28.7
Commerce and finance, etc.	22.6	15.3
National and local government.	44.5	22.0
Hotel, boarding house, etc., services.	48.7	37.1
Laundries, etc.	42.9	23.4
Other industries and services.	43.8	32.4
Total.	53.8	48.0
Lead, tin and copper mining.	90.5	....
Puddling furnaces and iron and steel rolling mills.	84.4	....
Pig iron.	82.3	....
Marine engineering.	74.0	....
Professional services.	22.0	....
Cocoa, chocolate and sugar confectionery. . . . .	....	54.8

Source: Computed from Great Britain Ministry of Labour, *Report on an Investigation into the Employment and Insurance History of a Sample of Persons Insured against Unemployment*, op. cit., pp. 88, 89.

The high rate of unemployment in the older export industries has influenced industry and trade throughout the country, as Clay has pointed out, inasmuch as these industries employ a third of the insured population, which constitutes the sole market for retailers and other neighborhood tradesmen over large areas of the country; as a result, "their misfortunes are diffused throughout industry." He adds, "The difference between unemployment pay and normal earnings in the case of the 450,000 unemployed workpeople dependent on these industries and the profits their employers would make, if they were working at full capacity, would go far to wipe out the 8 per cent of unemployment in the tailoring industry, the 11.2 per cent in the chocolate and confectionery industry, the 16 per cent in pottery and 15.1 per cent in building."¹

Spontaneous Mobility.—Statistical evidence shows that in some of the industries with stagnant pools of the unemployed, well defined migration to other industries has taken place. It is estimated that the war drew into employment one million workers who otherwise would not have been employed. Between the censuses of 1911 and of 1921, the period covering the war, the group including iron and steel, general engineering and shipbuilding, increased by 40 per cent, four-fifths of the entire increase in the occupied male population being in this group.² At the signing of the armistice in 1918, the workers in engineering, iron and steel, shipbuilding, and the industries related to them, including coal, were consequently

¹ Henry Clay, *Problem of Industrial Relations*, op. cit., p. 123.

² Henry Clay, "Unemployment and Wage Rates," *Economic Journal*, Vol. 38, March, 1928, pp. 1-15.

altogether in excess of normal requirements. The data in Table 31 suggest that there has been a substantial decline in the number of insured persons attached to the shipbuilding, engineering and ironfounding industries. Unfortunately, differences in classification invalidate any comparison between the figures for 1913-1920 and those for 1923-1928. The decrease between 1923 and 1928 in the number of insured persons attached to these industries has been accompanied by some reduction in unemployment percentages.

As to the causes and the significance of this shift in Britain's industrial population, opinions differ. Clay challenged Pigou's theory that, in the absence of any other change, it is not correct to assume that any large number of workers would have found employment by the mere process of shifting from the war-swollen industries.¹ "Such a shift is actually taking place on a large scale," maintained Clay, "and has already relieved unemployment to a marked degree." He concluded, after arguing that wage rates have not been chiefly responsible for unemployment, that "maldistribution of labour is the principal influence in causing the present unemployment."² This, he considered the most dire effect of the war.

There is continuous change in unemployment percentages in separate industries and industrial groups. For example, while the engineering and allied industries accounted for 15.8 per cent of all recorded unemployment in January, 1922, coal accounted for only 5.8 per cent. Contrast these figures with those of January, 1929, when the coal industry showed an unemployment percentage of 19.1 per cent and the engineering group only 5.3 per cent. Such changes, though not so marked, are constantly taking place indicating improvements here and deteriorations there.³ The shipping service of Great Britain and Northern Ireland may be noted as an example of the many rapid shifts. Unemployment in this industry increased from 16.5 in May, 1929, to 22.9 in May, 1930, showing an increase of 6.4 per cent. The increase over May, 1928, is 8.1 per cent. By November, 1930, unemployment had increased to 32.1 or 9.2 per cent over May, 1928.

Between June, 1923, and June, 1928, the unemployment percentage in the engineering industry fell from 17.6 to 8.8; but this improvement is not due to any expansion of employment. The explanation lies in a decline in the number of persons seeking employment in that industry, since the *number in employment* was practically the same throughout the period. The same condition appears in several of the worst affected industries.

¹ A. C. Pigou, "Wage Policy and Unemployment," *Economic Journal*, Vol. 37, September, 1927, pp. 355-368.

² Henry Clay, *Problem of Industrial Relations*, *op. cit.*, pp. 113-114.

³ Henry Clay, *Post-War Unemployment Problem*, *op. cit.*, p. 27.

Table 31

INSURED WORKERS, CLASSIFIED BY INDUSTRY, GREAT BRITAIN AND NORTHERN IRELAND, 1913-1929

Period	Building ^a	Con- struction of Works ^a	Ship- building ^a	Engineering and Iron Founding ^a	Coal Mining	Textile Trades	Dis- tributive Trades	Munition Workers ^b	Clothing Trades	All Other	Total
United Kingdom ^c											
1913-1914.....	812,659	144,231	264,217	817,931	....	....	....	....	....	286,560	2,325,508
1914-1915.....	673,803	151,270	247,745	763,731	....	....	....	....	....	241,176	2,077,725
1915-1916.....	516,998	110,662	231,994	953,451	....	....	....	....	....	216,117	2,029,222
1916-1917.....	454,574	112,084	239,885	1,270,193	....	....	....	1,339,971	....	215,556	3,632,263
1917-1918.....	474,738	108,991	264,062	1,440,754	....	....	....	1,417,027	....	216,306	3,921,878
1918-1919.....	651,879	114,550	302,533	1,274,336	....	....	....	1,111,705	....	266,272	3,721,275
1919-1920.....	794,634	144,337	338,798	1,398,312	....	....	....	1,215,142	....	305,795	4,197,018
Great Britain and Northern Ireland ^d											
July 1, 1921.....	....	....	....	....	....	....	....	....	....	....	11,337,650
July 1, 1922.....	....	....	....	....	....	....	....	....	....	....	11,432,450
July, 1923.....	716,020	127,940	269,970	901,340	1,243,580	1,311,410	1,253,980	....	579,210	5,082,350	11,485,800
July, 1924.....	726,280	133,770	254,230	871,460	1,259,470	1,326,680	1,354,910	....	578,640	5,158,560	11,664,000
July, 1925.....	768,930	150,080	240,120	871,300	1,233,330	1,332,330	1,465,050	....	583,930	5,256,930	11,892,000
July, 1926.....	804,590	166,380	223,100	863,590	1,225,560	1,335,060	1,514,140	....	582,710	5,415,520	12,041,000
July 1, 1927.....	847,860	169,300	216,030	853,650	1,198,990	1,323,040	1,581,070	....	584,390	5,351,670	12,131,000
July 1, 1927 ^e	807,210	162,410	208,480	823,320	1,164,380	1,295,610	1,552,730	....	575,380	5,194,480	11,784,000
July, 1928 ^e	816,560	160,030	202,430	832,500	1,115,910	1,312,090	1,613,790	....	576,870	5,251,320	11,881,500
July, 1929 ^e	825,980	164,430	204,500	846,620	1,047,710	1,315,420	1,679,090	....	581,270	5,401,980	12,094,000

^a The figures for 1913 to 1920 are not comparable with those for 1923 to 1928, owing to changes in the scope of the Acts and in the basis of industrial classification.

^b Covered by Munition Workers Act, October, 1916.

^c Workpeople insured under Part II, National Insurance Act, 1911, and National Insurance (Part II) (Munitions Workers) Act, 1916.

^d Workpeople insured under the Unemployment Insurance Acts, 1920-1928.

^e Excluding age 65 and over.

Source: Statistics Division, Ministry of Labour of Great Britain.

An investigation of unemployment in the city of Leeds shows the shift to the less depressed areas, but the investigators found a great shrinkage in the engineering trade and in the manufacture of metals, which could not be accounted for by migration alone. They concluded that a proportion of the ex-engineers had become attached to other industries. Corroborative evidence of this was shown in the experience of a firm which undertook to re-engage its former employees. In this connection, it prepared a list of those it wished to re-employ and traced those who had gone to other occupations. Most of these were skilled men, with a few apprentices and semi-skilled workers, but they were found employed in the following miscellany of occupations: drysalter's packer, motor driver, caretaker of golf club, clothing trade, teacher of singing, blanket trade, building trade, coach builder, aeroplane work, tram conductors, fish dealers, mining, gardener, emigrated, hawker, corporation gas department, newspaper printing office, tram driver, printing trade, bricklayer's laborer, sheet metal workers, lamplighter, soapboiler.¹

The following figures show the total movement of men out of the heavy industries and, in all but coal mining, a consequent reduction in the percentage unemployed:²

Industry	October, 1924		October, 1929	
	Men Insured	Percentage Unemployed	Men Insured	Percentage Unemployed
Coal mining.....	1,252,430	10.3	1,069,180	15.6
Steel and iron manufacture...	203,150	23.7	174,520	20.4
General engineering.....	588,500	15.9	539,330	10.4
Marine engineering.....	64,860	17.8	57,520	10.2
Shipbuilding, etc.....	251,610	31.7	201,430	25.5

Many of the more enterprising coal miners have been finding jobs for themselves, as was pointed out at the seventy-fifth annual conference of the Trades Union Congress. A number of Welshmen have gravitated toward London and settled in areas around new factories. An example given was a large gramophone factory in Middlesex, to which hundreds of miners had walked, found jobs and settled down. This is not an isolated instance, for the figures for the coal industry as a whole (given in the preceding tabulation and in Table 31) show a reduction in the number of insured workers in the industry. This decline in the number of insured workers was not as great, however, as the diminishing opportunities for employment. This difference is shown in Chart 4 (page 161).

¹ *Unemployment Insurance in Great Britain; A Critical Examination by the Authors of "The Third Winter of Unemployment," op. cit., pp. 42-43.*

² *Times (London), December 12, 1929.*

The decrease in the number of insured coal miners is due to transference from coal mining to other, more prosperous trades. The results of a study of the migration from the coal industry in the year 1928-1929 are given in Table 32. These figures include workers whose migration was promoted by the government as well as those who found work for themselves.

Table 32
TRANSFER OF WORKERS TO AND FROM COAL MINING,
GREAT BRITAIN, JULY, 1928-JUNE, 1929

Industry	Transfers from Coal Mining	Transfers to Coal Mining	Net Transfers from Coal Mining
Building and public works, contracting	9,424	2,628	6,796
Transport and communication, fishing, etc.	2,391	563	1,828
Metal and metal goods manufacture	2,347	688	1,659
Engineering, engineers' iron and steel founding	2,045	575	1,470
Explosives, chemicals, coke ovens, etc.	1,328	213	1,115
Brick, tile, etc., making	1,230	622	608
Mining (other than coal mining)	1,077	237	840
Hotel and laundry services	1,051	110	941
Construction and repair of vehicles	815	190	625
Textile industries	787	380	407
Shipbuilding	537	91	446
Food, drink and tobacco	424	93	331
Rubber and leather trades	419	26	393
Sawmilling, furniture and woodworking	273	103	170
Papermaking, printing, etc.	178	42	136
Clothing trades (including boots and shoes)	115	33	82
Commerce and finance	41	15	26
Other industries and services	6,300	1,871	4,429
Total	30,782	8,480	22,302

Source: *Ministry of Labour Gazette*, Vol. 37, November, 1929, p. 306.

An official investigation disclosed that between 1920 and 1925 the cotton industry showed a lower percentage of outward transfers than any other industry except coal.¹ Investigators² who examined a large number of unemployment books in the Lancashire area which were deposited during the annual transfer of July, 1927, found that there appeared to have been no movement of labor since 1920 between areas comparatively prosperous and those comparatively depressed. They concluded that "labour in the cotton industry is naturally immobile, due to the high proportion of women workers and the close personal relation which still exists between employers and employees," and that "there seems little doubt that

¹ Great Britain Ministry of Labour, *Report on an Investigation into the Employment and Insurance History of a Sample of Persons Insured Against Unemployment in Great Britain*, op. cit., p. 108.

² J. Jewkes and H. Camplon, "Mobility of Labour in the Cotton Industry," *Economic Journal*, Vol. 88, March, 1928, pp. 135-137.

this immobility has been accentuated by the general system of short-time working which has been steadily adhered to since 1921, combined with the practice of organizing short-time working in a way which has enabled the worker to draw his weekly income partly from the employer and partly from the Unemployment Insurance Fund.”¹

Changes in the distribution of Britain's industrial population are found in a long list of her industries. Table 31 (page 217) shows the fairly rapid changes, largely spontaneous, in the number of insured workpeople attached to the more important industries. Table 33 gives the percentage increase and decrease for a slightly different classification of industries and on the dates from which the increases and decreases are reckoned.

Table 33

INCREASE AND DECREASE IN NUMBER OF INSURED, AND UNEMPLOYMENT RATE, GREAT BRITAIN, JUNE, 1923-JUNE, 1928

Expanding Industries	Percentage Increase	June, 1923	June, 1928
Distributive trades.....	31.0	5.9	5.2
Building and contracting.....	19.8	12.5	10.0
Tramway and omnibus.....	34.1	2.9	2.7
Other road transport.....	21.5	17.5	11.1
Motor manufacture, etc.....	23.9	9.5	7.9
Brick, tile, etc.....	40.0	8.1	10.1
Printing, etc.....	14.0	5.7	3.8
Furniture.....	27.7	7.2	5.5
Shipping service.....	11.0	16.3	14.9
Electrical engineering.....	33.3	6.6	4.9
Silk and artificial silk.....	93.6	6.5	6.4
Contracting Industries	Percentage Decrease	June, 1923	June, 1928
General engineering.....	9.3	21.2	9.5
Shipbuilding.....	22.3	44.1	26.5
Coal mining.....	7.5	2.6	25.7
Woolen and worsted.....	6.4	6.9	12.0
Iron and steel.....	12.4	20.9	20.5
Baking, etc.....	8.2	10.4	6.4
Dress and mantle.....	9.4	5.7	3.4
Canal, docks, etc.....	5.1	26.1	31.8
Chemicals.....	0.7	11.6	6.2
Marine engineering.....	14.2	21.4	13.1

Source: Statistics Division of the Ministry of Labour of Great Britain. See also Henry Clay, *Problem of Industrial Relations*, *op. cit.*, pp. 113-114.

It is significant that with one exception the industries in which the insured personnel has increased in the five-year period ending July, 1928,

¹ J. Jewkes, and H. Campion, "Mobility of Labour in the Cotton Industry," *Economic Journal*, Vol. 38, March, 1928, p. 137.

showed a decrease in the percentage unemployed. Most of the contracting industries also showed a diminution in the unemployment percentage. The diverse trends of unemployment in the expanding and contracting industries were not apparent during the rapid increase of unemployment in 1930, when by November 24, 1930, all of the industries in both groups except coal mining showed an increase in unemployment.¹ How far this is an abnormal situation and how long before unemployment will recede and industries follow the trends previously observed, it is impossible to say.

In calling attention to the reduction in unemployment in 1927 as compared with that of 1923, accompanied by an increase of 3.2 per cent in the number employed in insured industries and by a slight rise in wage rates, Clay said, "this is due no doubt in part to the influence of new savings and increased efficiency, to which Professor Pigou refers, but much more to the shift of labour."² Subsidies and tariffs, he claimed, also had much to do with what is often assumed to be the inherent absorptive power of industry, since these forms of governmental coddling have been evident in many, though not all, of the expanding industries.³ It is conceivable that the indirect effects of this protection of certain groups may have an adverse effect upon the contracting industries.

After examining the effect of wages and protection on unemployment, Clay concluded that if a considered and co-ordinated policy of post-war reconstruction was "beyond the capacity of any government the country is likely to get, it would be safer to confine government intervention to the negative policy of relieving industry of burdens that press with different weight on different industries, and to removing obstacles to the spontaneous re-orientation of industry and re-distribution of labour that is all the time going on."⁴ The de-rating of industry effected by the Conservative Government in 1929 aimed to remove obstacles to this spontaneous redistribution of labor, although it has been criticized on the ground that relief was not related to the degree of depression attributable to the effects of the war.

Geographical Mobility

The industries showing most unemployment in 1929 were coal mining, shipbuilding and ship-repairing, iron and steel, the textile industries and public works contracting. The first four of these industries are located

¹ "Numbers Insured and Percentages Unemployed," *Ministry of Labour Gazette*, Vol. 38, December, 1930, pp. 458-459.

² *Ibid.*, p. 118.

³ *Ibid.*, p. 124.

⁴ Henry Clay, "Unemployment and Wage Rates," *Economic Journal*, Vol. 38, March, 1928, pp. 1-15. In 1929, however, Clay seemed to think that government intervention on the side of reconstruction of industry is essential and possible and therefore recommends it as a solution to the post-war unemployment problem, Henry Clay, *Problem of Industrial Relations*, *op. cit.*, 322 pp.

chiefly in the north and in Wales; their significance in the geographical concentration of unemployment is reflected in the following figures:¹

Division	Average Percentage of Unemployment Among Insured Workers		
	1927	1928	1929
London.....	5.8	5.6	5.6
Southeastern.....	5.0	5.5	5.6
Southwestern.....	7.3	8.1	8.1
Midlands.....	8.4	9.9	9.3
Northeastern.....	13.7	15.1	13.7
Northwestern.....	10.6	12.4	13.3
Scotland.....	10.6	11.7	12.1
Wales.....	19.5	22.0	19.3
Northern Ireland.....	13.0	17.1	14.9

As in the case of adult unemployment, juvenile unemployment is largely concentrated in the distressed areas. The average monthly percentages of unemployment of insured juveniles from sixteen to eighteen in the different areas showed great variations in 1929:²

Division	Average Monthly Percentage Rate of Unemployment Among Insured Juveniles	
	Boys	Girls
London.....	1.8	1.3
Southeastern.....	1.9	2.7
Southwestern.....	2.5	3.4
Midlands.....	2.4	2.3
Northeastern.....	3.8	5.1
Northwestern.....	5.0	4.5
Scotland.....	4.7	4.2
Wales.....	5.6	6.4
Great Britain.....	3.3	3.3

By November 24, 1930, the percentage unemployed had reached 6.8 per cent among boys, and 6.4 per cent among girls. Unemployment among boys ranged from 2.9 per cent in the London division to 11.1 per cent in the northwestern division; for girls, from 1.6 per cent in the London division to 11.6 per cent in the northwestern and Wales divisions.³

The London Advisory Council for Juvenile Unemployment reported for the year 1928 that there had been a steady decline in the number of

¹ "Employment, Wages, Cost of Living and Trade Disputes in 1929," *Ministry of Labour Gazette*, Vol. 38, January, 1930, p. 2.

² Great Britain Ministry of Labour, *Report for the Year 1929, op. cit.*, p. 111.

³ "Percentage Rates of Unemployment Among Insured Juveniles Aged 16 and 17," *Ministry of Labour Gazette*, Vol. 38, December, 1930, p. 460.

unemployed boys and girls between sixteen and eighteen years of age claiming benefit, until only 421 boys and 110 girls for the whole London County Council area were recorded on October 22, 1928, as unemployed, and even in these cases they were on benefit for very short periods.¹

Although the metropolitan area had, as a whole, between 1910 and 1913, more unemployed than other parts of Great Britain, this section was a comparatively bright spot in the years from 1920 to 1928. Generally speaking, large towns tend to show lower percentages of unemployment than the smaller districts, even in the depressed counties, due, no doubt, to the fact that they offer a great diversity of occupation. Moreover, the Midlands, southwestern and southeastern districts have benefited by the development of such new or expanding industries as those connected with artificial silk, wireless, phonograph, moving pictures, etc. For example, the silk and artificial silk industries which had 37,300 insured employees in July, 1923, in Great Britain and Northern Ireland² had increased to 73,860 (between sixteen and sixty-four years of age) in July, 1929.³ The growth in these lines has resulted in relatively slight unemployment in large parts of Great Britain. While in the north-eastern and northwestern districts the insured population increased from 1924 to 1929 by about 3½ per cent, and in Scotland by about 1 per cent, and while in Wales there has been an actual diminution, the corresponding increase in the Midlands has been 7 per cent, in Greater London 10 per cent, in the southwestern district 10 per cent, and in the southeastern district 18 per cent. What is more, where the insured population has increased, the percentage of unemployment has gone down.⁴ In 1923, 45.7 per cent of the insured population were employed in the south of England as against 47.5 per cent in 1928. As the industries which show the heaviest contraction are carried on chiefly in the northern part of the country and in Wales, it is quite evident that a transfer of the wage-earning population from north to south is taking place.⁵

The present development of new industries in those districts which have been the less industrialized areas of Great Britain means an inevitable shift in population, one comparable to the population movement which occurred with the industrial revolution and the development of the new machine and power industries in the north of Great Britain. It took years to accomplish the earlier shift, even though it was stimulated by poverty and was unhampered by trade union restrictions or by any

¹ Great Britain Ministry of Labour—London Advisory Council for Juvenile Unemployment, *Fifth Annual Report, 1928, 1929*, (36-36-0-28) p. 5.

² Great Britain Ministry of Labour, *Nineteenth Abstract of Labour Statistics of the United Kingdom*, op. cit., p. 34.

³ "Numbers Insured and Percentages Unemployed," *Ministry of Labour Gazette*, Vol. 38, May, 1930, p. 178.

⁴ The figures were given by Mr. Betterton, then Parliamentary Secretary of the Ministry of Labour, in the House of Commons. Great Britain House of Commons, *Parliamentary Debates: Official Report, Fifth Session of the Thirty-Fourth Parliament, February 11, 1929*, (Vol. 225 H.C. Deb. 5a.) Col. 70.

⁵ *Times* (London), November 21, 1928.

considerations connected with unemployment insurance. The present movement cannot be accomplished in the few years under review or in a decade. But it is evident that even in the short space of five years, a change in the geographical distribution of the industrial population has been under way.

As time goes on and the unemployed population becomes convinced of the hopelessness of the conditions in the depressed industries, the migration toward the more prosperous regions of the country seems to be taking on greater volume. In conjunction with the fact that unemployment from July, 1928, to July, 1929, had decreased only 0.3 per cent in London, 0.5 per cent in the southeastern district, 0.4 per cent in the southwestern district, and 2.2 per cent in the Midlands,¹ the figures in Table 34 may be taken as an indication that, in spite of unemployment insurance, there will be mobility of labor, even to a greater extent than is warranted by the circumstances, providing that the existence of vacancies

Table 34
INCREASE OR DECREASE IN NUMBER EMPLOYED, CLASSIFIED BY INDUSTRY AND BY SECTION, GREAT BRITAIN, JULY, 1927-JUNE, 1929

Industry	Increase, Southern Section ^a	Increase (+) or Decrease (-), Northern Section ^b
Building.....	24,710	- 7,700
Electric cables, wire and electric lamps, etc.	11,150	- 910
General engineering.....	10,090	- 1,420
Musical instruments.....	4,470	- 10
Pottery, earthenware, etc.....	4,420	- 410
Stoves, grates and general iron founding....	3,970	- 100
Dock, harbor, river and canal service.....	3,200	- 2,890
Railway carriages, wagons and tram cars....	3,070	- 2,810
Food industries not separately specified....	3,050	- 650
Cardboard boxes, paper bags and stationery	2,650	- 680
Dressmaking and millinery.....	1,110	- 2,880
Iron ore and ironstone mining.....	1,060	- 310
Cement, lime kilns and whiting.....	840	- 210
Distributive.....	73,020	+ 50,200
Hotel, club and boarding-house service....	18,210	+ 8,110
Local government.....	17,940	+ 10,600
Silk and artificial silk.....	13,510	+ 6,420
Motor vehicles, cycles and aircraft.....	9,970	+ 5,010
Road transport, not separately specified....	9,080	+ 5,670
Laundries, dyeing and dry cleaning.....	7,390	+ 3,390
Furniture making, upholstering, etc.....	7,340	+ 2,790
Metal industries not separately specified....	6,330	+ 2,110

^a London, southeastern, southwestern and Midland divisions. The total insured working population of this section is about five and three quarter million.

^b Northeastern, northwestern, Wales, and Scotland divisions.

Source: *Ministry of Labour Gazette*, Vol. 37, November, 1929, p. 397.

¹ "Unemployment Summary by Districts," *Ministry of Labour Gazette*, Vol. 37, August, 1929, p. 285.

in other regions is generally known. But the knowledge of available openings in other districts is possible only with the organization of the labor market, which the employment exchanges have helped to accomplish.

It is suggestive that those industries in the south of England which reveal an actual increase in the number of employees show a decrease in the north, or at best a much smaller absolute increase. To what extent this change has been accomplished by the shifting of employees within the industry to those sections of the country with the best chances of employment, it is impossible to say.

The data in the two previous sections have shown that during the post-war depression, there has been a very real shifting in the distribution of the industrial population. In the trades which have been hardest hit, a well-defined migration into other industries has occurred, although, unfortunately, this has not been sufficiently extensive to compensate fully for the lessened opportunities of employment. There has also been a distinct movement from the north with its dying industries to the expanding industries of the south. These changes have occurred in spite of unemployment benefits, of the inherent difficulties of moving and obtaining employment in another occupation, and of the few artificial barriers to mobility.

Artificial Barriers to Mobility of Labor

Trade Unions and Craft Demarcations.—Trade unions aid and encourage their members to migrate to more favorable opportunities, giving them allowances while traveling in search of work as well as furnishing help to members who emigrate. In fact, from the very time when they first started to pay out-of-work benefits, traveling allowances have been an important item of expenditure (Table 2, page 35). Their facilities for placing members are important in promoting mobility, although the pooling of these resources with those of the national employment exchanges might further help to promote the shifting of workers, especially as between occupations.

As for the attitude of trade unions toward the government's 1928-1929 policy of transferring workers from depressed to more prosperous areas, a government document said that transferring had been done "despite a singular lack of enthusiasm for the policy from organized labour."¹ This lack of enthusiasm was doubtless largely due to the political situation,² although there were cases of transfer which were justifiably criticized on the basis of adding burdens to an already depressed locality.

¹ Great Britain Ministry of Labour, *Memoranda on Certain Proposals Relating to Unemployment*, op. cit., p. 12.

² See pp. 231-232.

Compared with conditions in the United States,¹ the lines of demarcation between crafts, or between skilled and unskilled workers in Great Britain, make the question of shifting from one part of the country to another, or from one occupation to another comparatively serious.² Pigou calls attention to the part which the demarcation rules of trade unions play in restricting mobility of labor. He thinks this difficulty might be overcome "by the development of industrial unionism, as exemplified by the National Union of Railway Workers, alongside of craft unionism, or by systems of affiliation among the craft unions themselves and between the craft unions and unions of unskilled workers."³

Effect of Noninsured Trades.—The Balfour Committee noted the great advantage of a practically universal scheme of unemployment insurance, stating that any narrower scheme would check mobility between insured and uninsured occupations.⁴ The Blanesburgh Committee pointed out, previous to the passage of the Act of 1930, that when some industries were covered and others not, if a man was required to go from an insured into an uninsured industry he was liable, on becoming unemployed, to be deprived of benefit. This, they claimed, often deterred employment exchanges from too great insistence on acceptance of work in uninsured industries.⁵

It is popularly claimed that unemployment insurance prevents the natural flow from insured to noninsured occupations, such as agricultural work and domestic service.⁶ This alleged interference implies that the noninsured industries are expanding and therefore are in a position to absorb some of the unemployed from other industries, which is not the case. It is impossible to gauge any such actual effect, but it is probable that it is greatly exaggerated, if only because an unemployed insured person who refused farm work or domestic service or any other kind of work which the employment exchange officials judged "suitable," would be refused benefit. It must be conceded that farm and domestic work are not "suitable" for all the unemployed. The Blanesburgh Committee said in regard to domestic service that only a minority of the unemployed insured women were fit for it and that "one reason why so few mistresses

¹ In this connection it may be interesting to quote the results of a study of 217 cutters and trimmers laid off permanently at Hart, Schaffner and Marx during 1926 made by E. J. Myers, at the University of Chicago, and cited by E. M. Squires in the *Economic Review, Supplement*, Vol. 19, March, 1929, p. 35. By 1928 only 10 were back in regular jobs in the Chicago market, although 16 were engaged in temporary work in their trade in Chicago, and 13 were in allied trades; 4 were in non-union shops in and about Chicago, and 6 resumed their trade in other cities. The remaining number were in a great variety of occupations; the greatest number being salesmen, others were tailors and cleaners, grocers, confectioners, politicians, office clerks, real estate and insurance agents, drivers, firemen, police, letter carriers, farmers, bootleggers, caretakers, janitors, and day laborers; 25 were found unemployed.

² A. C. Pigou, *Economics of Welfare*, 3rd ed., rev., op. cit., pp. 505, 506.

³ *Ibid.*

⁴ Great Britain Board of Trade—Committee on Industry and Trade (Arthur Balfour, Chairman), *Final Report*, op. cit., p. 133.

⁵ Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report*, op. cit., Vol. 2, p. 185.

⁶ J. B. Seymour, *British Employment Exchange*, op. cit., p. 187.

use the employment exchanges is because what they find there, for the most part, are factory workers, dressmakers, clerks, typists, and the like, whom they will not engage."¹

However, the Blanesburgh Committee in examining evidence offered by representatives of the Association of Poor Law Unions, asked, "Is it your experience that if in fact domestic service were an insurable trade there would be greater interchange of labour between industrial occupations and domestic service?" The answer was that it probably would, and that there would be a decided advantage "from the point of view of fluidity of labor."² In any case, the employment exchanges are receiving an ever-increasing number of calls for private domestic servants which they have been unable to fill, and this situation is one factor in the widespread belief that unemployment insurance is responsible for this shortage.

It is probable that low wages, long hours, and isolation while at work have made private domestic service unpopular in the post-insurance as in the pre-insurance days. The Ministry of Labour in 1923 appointed a committee to discover whether there was any possible connection between unemployment insurance and the difficulty in securing domestic help. "The report of the committee completely exonerated the unemployment insurance scheme. . . . The Committee could find no cases of wrongful payment of benefit, nor any indication that the supply of domestic servants would be increased by the stoppage of unemployment benefit to women." Although at the time of this investigation, insured women who went into domestic service lost their rights to benefit, the committee reported that this had little to do with the shortage of domestic workers.³ It has been pointed out that this might make some insured women less willing to enter domestic service. The Act of 1930 removed this disability; now when workers are employed in a noninsured trade, their contributions remain credited to them for a period of two years after they have entered it.

Training of unemployed women to meet the shortage of domestic workers has been an activity of the Ministry of Labour since 1921, but mistresses, like many other employers, will find the exchanges better able to meet their needs when more of them learn their notification of vacancies is essential to adequate placement.

Effect of Definition of Continuous Unemployment.—The definition of continuous unemployment, which permits three days' unemployment out of six days and any two periods of three days' unemployment within ten weeks to count as a continuous period of unemployment,⁴ has

¹Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report, op. cit.*, Vol. 1, p. 59.

²*Ibid.*, Vol. 2, p. 102.

³Great Britain Ministry of Labour—Committee Appointed to Inquire into the Present Conditions as to the Supply of Female Domestic Servants, *Report, 1923*, p. 30.

⁴Great Britain Parliament, *Unemployment Insurance Act, 1927, op. cit.*, p. 6.

encouraged the adoption of organized short time which unquestionably has operated to check mobility.¹ Transfer in certain industries, such as the cotton industry, is more difficult as the result of the continued working of short time which masks the real volume of unemployment and of labor surplus and decreases the worker's incentive to move, besides delaying the government's inclination to stimulate migration. In so far as unemployment insurance encourages the practice of short time by supplementing the short-time wage with unemployment benefits, it is fair to say that theoretically it checks mobility. Many people would become impatient with only two or three days' pay and look for work in other places and other industries if unemployment benefit did not supplement their wages; but under present conditions, when practically every industry has its quota of labor, the chances of securing employment elsewhere are dubious, so that many doubtless prefer part-time employment at home, supplemented by insurance benefits. Given the existing situation, the definition of "continuous" unemployment literally encourages part-time schedules, since they result in holding in reserve large numbers of workers for possible peak loads.

The payment of benefit to those in casual employments, who are unemployed three or more days out of six and are thus considered continuously unemployed, mitigates the uncertain income of such work and thereby lessens the incentive to leave it for more regular employment. Decasualization of the chronically casual occupations, such as dock labor, is one of the reforms urgently needed.² But the problems and the difficulties inherent in its solution were experienced in the days before the adoption of unemployment insurance. Unemployment insurance has merely tended to lessen the incentive of the workers to demand decasualization.

Much criticism of unemployment insurance arises from the hesitancy of a worker to undertake an odd job which may deprive him of benefit. The claimant for benefit is officially warned that he must not declare himself as unemployed, "if he has done or is likely to do any odd job for which he receives payment, even though the payment is not in money: [but is] for example, in goods, free lodging or food."³ If casual work were organized so that the odd jobs of sweeping walks, cleaning windows, etc., of a number of employers were dovetailed so as to afford full-time employment to a group of men, the exchanges would then have no difficulty in furnishing workers for such openings. Until this is done, such workers can hardly be blamed for refusing an hour's work which will deprive them of a day's benefit.

¹ Henry Clay, *Problem of Industrial Relations, op. cit.*, p. 118. Also *Post-War Unemployment Problem, op. cit.*, p. 118.

² See pp. 167-169.

³ Great Britain Ministry of Labour, *Notice to Claimants for Unemployment Benefit*, (U. I. L. 18) 1 p.

Definition of Suitable Employment.—The Liberal Industrial Inquiry stated, "It has long been evident that the definition of 'suitable employment' needed reconsideration, with a view to increasing, rather than restricting, fluidity of labour as between occupations and areas."¹ Pigou asserts, "the fact of unemployment insurance being arranged, as in practice it always is, with the proviso that benefit is payable if an insured person is unable to obtain work in his accustomed trade may, on occasions, injure production by checking the movement of workpeople in decaying trades away to others."² The provision of the Act of 1927 that a man may be refused further benefit if, after a "reasonable" period he refuses employment in an occupation other than his own, was made with the object of removing this barrier to mobility. The Act of 1930 amended this provision in order to meet the change under which a refusal of a "suitable" job offered by the employment exchange becomes a disqualification for benefit, whereas formerly it was among the statutory conditions for receipt of benefit. Umpires' decisions surely indicate that unjustified immobility, both as to occupation and place of work, is discouraged by officials of employment exchanges, insurance officers, and courts of referees. It has been pointed out³ that the reasonable period in which a claimant may hold out for work in his own trade may vary with the circumstances of each individual case. In its present form, the definition of suitable work does not unduly hamper the mobility of labor.

Migration Promoted by the Government

Adults.—Training centers⁴ furnish a means of inducing change from one occupation to another, but, more important than any other factor, is the influence of employment exchanges in promoting industrial and geographical mobility. Although in a prolonged period of unemployment due to trade depression, this influence is not so marked as in good times, a national system of employment agencies, if adequately supported would give both employers and employed a wider range of choice. The exchanges promote mobility between trades, for they have broader knowledge than any individual or association of workers could possibly have, concerning vacancies in a wide variety of occupations. The National Confederation of Employers' Organizations said, "It is because industries are so little self-contained that the administering authority must have a much wider ambit than that of any individual trade if the desideratum of employment rather than unemployment benefit is to be achieved."⁵ It

¹ Liberal Industrial Inquiry, *Britain's Industrial Future*, op. cit., p. 277.

² A. C. Pigou, *Industrial Fluctuations*, London: Macmillan and Co., Ltd., 1927, p. 339.

³ See pp. 54-55.

⁴ See Chapter XVI.

⁵ National Confederation of Employers' Organizations, *Report on Unemployment Insurance submitted by . . . to the Minister of Labour in Reply to the Minister's Letter to . . . dated 28th November, 1922*, op. cit., p. 12.

goes without saying that the co-operation of employers in reporting vacancies is essential to the achievement of this end.

To facilitate mobility, when workers are transferred to new districts through employment exchanges they are met on arrival by exchange officials who direct them to lodgings procured for them and they are given directions for proceeding to work the next day. If necessary they are given also a small advance of money. In case a man has a family, the exchanges are authorized to pay necessary family expenses and maintenance grants in order to enable him to accept a new job. Parliament voted £100,000 in January, 1929, to assist unemployed married men and their families to move.

Serious problems of readjustment are faced by workers in districts such as those in South Wales, Durham and Northumberland, where pits have been worked past the point of economy and are permanently closed down. The more enterprising and less sentimental look for jobs in other places without the aid of employment exchanges, some of them tramping about the country until they can find work, often accepting anything in the unskilled labor market, even though inferior to their colliery jobs,¹ and sometimes taking a job which a local unemployed worker might have filled.

Employment exchanges have done all they could to find other employment for workers from "stagnant pools," but where the numbers were overwhelming, the results have been of relatively little importance. Before 1928 the government took no marked action, with the exception of limiting recruiting and promoting ineffective relief works. A real awakening to the seriousness of the situation was apparent when the Conservative Government, in January, 1928, appointed the Industrial Transference Board "for the purpose of facilitating the transfer of workers, and in particular of miners, for whom opportunities of employment in their own district or occupation are no longer available." The report of this board² which appeared in July, 1928, gave a discouraging account of the depressed areas—a permanent surplus of 200,000 coal miners and a probably permanent surplus in heavy engineering, shipbuilding, and iron and steel. The recommendations were somewhat general, though the need of immediate action was insisted on and the indifferent measures taken in dealing with the permanently unemployed were deplored. The board expressed distrust of public works and other artificial activities as merely temporary stimuli. They estimated that there were about 2,000 boys between sixteen and eighteen and approximately 45,000 young men between eighteen and twenty-five in the depressed areas, and they based their hopes on these groups as promising material for transfer. The chief recommendations

¹ R. C. Davison, *The Unemployed*, *op. cit.*, p. 259.

² Great Britain Ministry of Labour—Industrial Transference Board, *Report*, *op. cit.*, 83 pp.

were for the transfer of surplus men and boys to districts with comparatively low rates of unemployment and for greater co-operation of the dominions in migration ventures. They emphasized the need of help from the national government both in money and organization and urged more training centers for young people.

On the ground that there were great variations geographically in the rate of unemployment, and that the more prosperous areas should accept their share of the burden, it was held justifiable to explore the absorptive capacity of such districts. Transfers were accelerated as a result of these investigations. A report published in April, 1929, by the Ministry of Labour gives a summary of results of industrial transference.¹ Figures were not compiled prior to August, 1928, but the following are of interest. Over 90 per cent of the 7,290 men who had passed through training centers from the time the first center was opened in 1925 up to February 22, 1929, found employment. Of the 2,484 girls and young women trained in homecraft from April 1 to December 31, 1928, 746 were placed in local domestic employment and 1,443 were placed in domestic work away from home. In addition to the transfers, over 50 married miners with their families had been settled in forest holdings by the middle of February, 1929.

The Prime Minister's appeal to 166,000 employers to take on people from depressed areas was issued in August, 1928, and this had some effect on accelerating transfer. During the period from August 19, 1928, to February 25, 1929, about 14,000 persons were transferred from depressed areas to employment elsewhere. The figure is made up as follows:

People transferred through Ministry of Labour machinery	10,585
Trainees transferred from the training centres for men . . .	1,550
Women and girls trained and transferred by the Central Committee on Women's Training and Employment and the Ministry of Labour	690
Boys transferred	1,417
Total	14,242

It is evident that at this rate, transfer cannot make spectacular inroads on the total surplus.

By February, 1929, over 700 men, boys and girls who had resided in the coal mining regions were being transferred weekly by the employment exchanges. In addition, 300 or 400 were moving on their own initiative.

While the Conservative Government of 1924-1929 advocated and encouraged transfer of labor, many members of the Labour Party condemned it as an inconsequential and even objectionable method of combating unemployment. They held that importing the unemployed from

¹ Great Britain Ministry of Labour, *Facilities Available to Unemployed Workers for Training and Transference Including Migration Overseas*, 1929, pp. 11-12.

depressed into more fortunate areas was a futile game of chess inasmuch as no area, however prosperous, was without a certain percentage of unemployed. However, on the Labour Party's assumption of power in 1929 the policy of transfer became one of the accepted methods of dealing with the unemployment situation.

It is impossible at this early stage to estimate the value of transfer schemes. While great difficulties are involved in taking very young persons away from their homes and in finding proper lodgings within their means, it is the young persons who offer hope of any considerable success in these schemes. Adult men and women are often so unadaptable to new work and surroundings as to make their transfer a practically useless gesture. At any rate, by the autumn of 1929 authorities acknowledged that the limit of transferring had apparently been reached as far as appreciable numbers were concerned. In other words, the most adaptable workers had been moved, so far as opportunities would permit, and it was becoming increasingly difficult to transfer advantageously.

Special Measures to Encourage Juvenile Transfers.—Until recently, the exchanges have not attempted to encourage the migration of juvenile workers, considering it preferable for them to work near their homes under parental control. But continuing depression in certain areas made it increasingly necessary to find work for young persons in other districts rather than to let them deteriorate in prolonged idleness. In December, 1927, a network of juvenile employment centers was established in South Wales, Durham, Northumberland, and other places. With the consent of their parents, boys are there prepared to take up employment anywhere in Great Britain. In February, 1928, the Ministry of Labour arranged to have certain officers acquaint themselves with the types and qualifications of the boys available for transfer and to canvass firms in prosperous areas for suitable vacancies. A relatively large number of boys were transferred as a result. In many apprenticeship jobs, wages were not sufficient for board and lodging and in April, 1928, the mayors of London, Newcastle and Cardiff, in issuing an appeal for funds to relieve distress in mining districts, urged the importance of facilitating the transfer of juveniles from those areas.¹ Subsequently grants were made to supplement wages and assist in other ways to place boys in employment. Boys selected for employment are not only given free traveling facilities to their new places of employment, but lodgings are found, and arrangements are made for juvenile advisory and employment committees to keep in contact with them.

The employment exchange system by arranging for cost of transportation has of late years enabled employers in the large industrial centers

¹ Great Britain Ministry of Labour. *Memorandum on the Transfer of Juveniles from Distressed Areas to Employment in Other Districts*, Revised 1928, p. 5.

to obtain young workers from neighboring districts within daily traveling distance of the place of employment.¹

The total number of juveniles who passed through juvenile employment centers from April, 1925, to April, 1929, was approximately 220,000. Over 2,800 boys, most of whom had been trained in these centers, were transferred between the middle of February, 1928, and the end of April, 1929, from the depressed areas to other parts of the country and placed in work, through the offices of the employment exchanges and the local education authorities. About 830 of these boys were assisted out of money provided by the Lord Mayor's Fund.² Of 431 girls under eighteen years of age trained in homecraft in the centers in the mining areas or other depressed districts from March to October, 1928, 283 were placed in domestic work away from home.³

Through the combined efforts of official departments, chiefly employment exchanges, of voluntary organizations, of the employers of labor, and with the aid of the Lord Mayor's Fund, the work of transferring young persons from depressed areas is proceeding. Large numbers have not yet been transferred and are consequently idle.

Influence of Diversification of Industries on Mobility

It has been suggested that possibly "conscious and corporate control over localization" of industries might prevent concentration of unemployment. For example, Birmingham and some parts of the Black Country have not suffered so severely as other areas. This fact is largely due to widely diversified industries and the consequent demand for many different kinds of skill and labor as well as for managerial adaptability. An investigator has said of this district that while its industries have been subject to fluctuations, "it has been possible for brass workers to find employment in the cycle factories, for gunmakers and woodworkers to secure remunerative employment in the engineering trades, for jewelers to take up gauge-making and for penmakers to turn to the production of fine stampings." It has been said that persons who have always lived in a "specialized" district and have not had the stimulus furnished by diversification are not so alert and adaptable when it comes to reaching out for fresh opportunities. The cotton industry furnishes a striking example.⁴ Even in districts suffering from depression, large towns, with their diversity of trades and occupations, have fared better than smaller places, and this may be attributed in part not only to a larger number of opportunities but also to greater adaptability and alertness of the workers residing

¹ See Chapter XV.

² Great Britain Ministry of Labour, *Facilities Available to Unemployed Workers for Training and Transference, Including Migration Overseas*, op. cit., pp. 11-12.

³ Great Britain Ministry of Labour, *Memorandum on the Transfer of Juveniles from Distressed Areas to Employment in Other Districts*, op. cit., p. 10.

⁴ J. Jewkes, and H. Campion, "Mobility of Labour in the Cotton Industry," *Economic Journal*, Vol. 38, March, 1928, p. 135.

there. In view of the foregoing facts, it might indeed be well to adopt "a co-ordinated policy concerning the localization of the various new industries."¹

Can Redistribution of Labor Solve the Problem?

In March, 1928, Clay argued that by a redistribution of labor, an increase in production might be obtained and that all of the working population of Great Britain might be employed at approximately the same present average wages.² But in June, 1930, this economist said that, although theoretically he could still see the possibility of this yet, "practically, after two more years of abnormal unemployment," he could see "no likelihood of its being achieved, whether by spontaneous movement of labour or by a policy of Government transfer."³ Clay now says that unemployment has greatly increased in spite of much distribution of labor. He adds, "If and where there is a demand for labour, the spontaneous mobility of labour, assisted by the ordinary functioning of the Employment Exchanges, can be relied on to meet it, as is shown by the immense transfers from the munitions industries and into building since the Unemployment Insurance scheme was made national in extent. There appears to be little scope for a policy of transfer, over and above these existing agencies of redistribution."⁴

Emigration

It is argued from time to time that since migration within the country has only limited possibilities there is need for the emigration of the surplus population. But that is easier said than done. While no doubt emigration has served as a means of relieving unemployment, it has so far affected relatively few persons. The number of emigrants is necessarily limited, for the dominions want only carefully selected and fit immigrants, preferably for agricultural and domestic work, and they are averse to receiving them in numbers which will aggravate their own unemployment problems. Moreover, there are advocates of the idea that ways should be found for settlement on Great Britain's land instead of encouraging workers to emigrate. J. Ramsay MacDonald stated in the House of Commons in December, 1928, "The fact of the matter is that, so far as emigration is concerned, up-to-date opinion is that it is very doubtful whether we are not wasting a good deal of money in training men of British habits, British agriculture and British machinery to go to the Dominions to have their minds and training considerably revolu-

¹G. C. Allen, "Labour Transference and the Unemployment Problem," *Economic Journal*, Vol. 40, June, 1930, p. 248.

²Henry Clay, "Unemployment and Wage Rates," *Economic Journal*, Vol. 38, March, 1928, pp. 1-15.

³Henry Clay, "Dr. Cannan's Views on Unemployment," *Economic Journal*, Vol. 40, June, 1930, p. 334.

⁴*Ibid.*, p. 333.

tionized by the conditions under which they have to live there.”¹ However, the British Industrial Transference Board estimated that it would cost about £10,000,000 to settle only 5,000 to 7,000 families on small holdings in England and that because of this tremendous expense and the fact that “the successful conduct of a small holding in this country requires skill, experience and determination in the face of adverse conditions,” they hesitated to suggest that extensive schemes of land settlement be undertaken on ordinary agricultural small-holdings.

All the published statements of responsible investigating bodies make it clear that emigration must not be regarded as a method of relieving abnormal unemployment, but as a means of redistributing white population and serving to prevent future unemployment by providing food-stuffs for Great Britain and raw materials and markets for her manufactures. Stanley Baldwin, on July 24, 1928, emphasized this in the House of Commons when he said that the basis of Empire settlement should be the likelihood of the emigrant's making good in his new home rather than the immediate relief of unemployment in his old home.

No British government has ever formulated a consistent and whole-hearted emigration program, and attempted measures have often lacked political support.²

Empire Settlement Act.—In 1922 Great Britain passed the Empire Settlement Act, which empowered the British government to co-operate with dominion governments or with approved private organizations in carrying out schemes to promote emigration from Great Britain.

Subsequent to the passing of this act, Great Britain entered upon agreements with Australia, Canada, New Zealand and Southern Rhodesia. In some cases these provided for assisted passages and in others for land settlement or development schemes. The agreement with Canada provided for co-operation, including financial help, in the settlement of 3,000 families in various parts of the dominion, 500 families in New Brunswick and the same number in Nova Scotia. Canada has also agreed to a joint expenditure of £1,000,000 during ten years in making loans to young men for the purpose of purchasing and equipping farms. There is another joint agreement for training boys in agriculture in the province of Alberta. The fact that those in training have to pay their own board and lodging and must have £15 on arrival may serve to deter applicants.³

¹Parliamentary Report in *London Times* for December 21, 1928. G. M. Thomson in *The Rediscovery of Scotland*, London: Kegan Paul, 1928, p. 87, states that there are 8,226 outstanding claims for new or enlarged holdings awaiting the attention of the Scottish Board of Agriculture, while the government spends £1,500 to settle a man in Australia and the cost to settle him on a farm in Scotland would amount to only £360.

²Great Britain Ministry of Labour—Industrial Transference Board, *Report*, *op. cit.*, p. 35.

³The following advertisement in the *London Times* of January 9, 1930, is of interest: Wanted, Youths and Young Men, ages 17 to 25, good education, good physique, to learn farming in Alberta, Canada; one month's training at Agricultural Schools in Alberta, tuition free; students pay own board and lodging during training, and must have £15 on arrival; employment guaranteed after training; sail in March; free passages to youths under 19. Full particulars from Agent-General for Alberta.

The principal agreement with Australia, signed in April, 1925, arranged for financial co-operation in furthering opportunities for persons from the United Kingdom to settle in the dominion. This agreement has for its purpose the settling of 450,000 persons within ten years. Provisions for training in Australia and New Zealand have also been made by joint agreements,¹ but at the beginning of 1930 these dominions had erected temporary barriers because of their local unemployment situations.

If the statutory maximum of expenditure by the government contemplated by the Empire Settlement Act had been reached each year since the passing of the act in 1922, the amount expended up to the end of March, 1929, would have been £19,876,933, including advance loans recovered. The sum actually disbursed during this time was only £4,991,796. The Industrial Transference Board reporting in July, 1928, expressed the view that more might be done to find suitable openings for British workers in other parts of the Empire, particularly in Canada, Australia and New Zealand, thus tacitly recommending greater expenditure.²

Extent of Emigration.—There are no comparable statistics for measuring emigration before and after the war, because prior to April, 1912, official statistics did not differentiate between migrants and passengers. Figures from ports in the Irish Free State have been excluded since April, 1923, thus further invalidating comparisons. An official body estimates that there is less emigration than before the war, and that it has not substantially increased in spite of the passing of the Empire Settlement Act in 1922.³

The total number of British subjects who emigrated from Great Britain and Ireland in 1913, an especially heavy year for emigration, was 389,394. In 1927, the number from Great Britain and Northern Ireland was 153,505; in 1928, 136,834; and in 1929, 146,686. From 1923 to 1928 assisted passages from Great Britain and Northern Ireland, under the Empire Settlement Act, were: ⁴

1923 (including 6,479 departures in 1922)	42,664
1924	41,044
1925	39,529
1926	65,543
1927	60,900
1928	50,519
Total	300,199

¹ International Labour Office, *Unemployment: Some International Aspects*, op. cit., pp. 198-200.

² The Empire Settlement Act permits the British Government to contribute only 50 per cent toward any agreed scheme, however. Thus expenditures are, of course, limited by decisions of dominion governments and of private organizations embarking on schemes.

³ Great Britain Secretary of State for Dominion Affairs—Inter-Departmental Committee Appointed to Consider the Effect on Migration of Schemes of Social Insurance, *Report*, 1928, (Cmd. 2608) p. 4.

⁴ Great Britain Secretary of State for Dominion Affairs—Overseas Settlement Committee, *Report for the Year Ended 31st December, 1928, 1929* (Cmd. 3308), p. 25. The estimated population of Great Britain and Northern Ireland for the same years can be found in Table 1, p. 7.

It is evident that since 1926 there has been a steady decrease in emigration under the Empire Settlement Act, in spite of increasing population and prolonged unemployment.

The departures from Great Britain and Northern Ireland under the Empire Settlement Act in connection with agreed schemes (providing assistance to migrants, with free passage for children) for 1928 and 1929, were as follows: ¹

Destination	1928	1929
Australia.....	20,619	11,525
Canada.....	27,521	24,301
New Zealand.....	2,175	1,849
South Africa.....	197	84
India and other parts of Empire.....	7	....
Total.....	50,519	37,759

The provisional figures for 1929, which are subject to revision, show a marked decrease in the number of assisted passages. This decrease may have been due to special causes, such as the depression in Australia which diminished the requisitions from the various state governments and nominations by individuals and organizations. The number of assisted passages to Canada may have decreased because the shipping companies have made a special £10 rate, with the result that more persons go to Canada at their own expense. Thus, while the number of assisted passages to Canada declined in 1929, the total British migration to Canada was greater in 1929 than in 1928.² In addition to the assisted passages under the Empire Settlement Act, in 1929, 35,373 migrants to Canada were helped by the Oversea Settlement Department with the special passage rate of £10.³ Total emigration from Great Britain to British North America in 1929 amounted to 65,558 as compared with 54,709 in 1928. The figures for assisted migration and the total for all forms of migration may show opposing trends because those who pay their own way form 70 per cent of the total British migration to Canada⁴ and therefore have a greater influence upon the totals.

The number of assisted migrants to Australia under the Empire Settlement Act decreased from 20,619⁵ in 1928 to 11,525 in 1929, while total emigration from Great Britain to this dominion fell from 28,714 in 1928 to 18,377 in 1929.⁶

¹ Great Britain Secretary of State for Dominion Affairs—Oversea Settlement Committee, *Report for the Year Ended 31st December, 1928*, op. cit., p. 34; "Migration in Great Britain in 1929," *International Labour Review*, Vol. 21, May, 1930, p. 727.

² "Emigration in 1929," *Economist*, Vol. 110, May 3, 1930, p. 990.

³ "Migration in Great Britain in 1929," *International Labour Review*, Vol. 21, May, 1930, p. 727.

⁴ *Times* (London), March 8, 1930.

⁵ Great Britain Secretary of State for Dominion Affairs—Oversea Settlement Committee, *Report for the Year Ended 31st December, 1928*, op. cit., p. 16.

⁶ Great Britain Ministry of Labour, *Report for the Year 1928*, op. cit., p. 46.

Table 35 shows annually, 1921-1929, the total emigration from Great Britain, assisted and unassisted, the returning migrants and the net emigration of all forms. The net emigration does not show a uniform trend; but the general movement since 1923 appears downward. During 1929, however, the total emigration (exclusive of returning emigrants) from Great Britain was 143,686 as compared with 136,834 in 1928, while the net emigration was 87,469.¹ This means an increase in both the total and the net emigration, in a year when assisted emigration decreased markedly.

Table 35
EMIGRATION AND REPATRIATION, GREAT BRITAIN, 1921-1929^a

Year	Number of Emigrants	Number of Returning Emigrants	Net Emigration
1921	199,477	71,367	128,110
1922	174,096	68,026	106,070
1923	256,284	57,606	198,678
1924	155,374	64,112	99,039
1925	140,594	56,335	84,259
1926	166,601	51,063	115,538
1927	153,505	55,715	97,780
1928	136,834	59,105	77,729
1929	143,686	56,217	87,469

^a After 1923 the figures do not include the Irish Free State.

Source: "Migration in Great Britain in 1929," *International Labour Review*, Vol. 21, May, 1930, p. 727; International Labour Office, *Unemployment: Some International Aspects, 1920-1928*, op. cit., p. 154.

The destinations of emigrants from Great Britain have varied from time to time. The following tabulation shows the fluctuations in emigration to various parts of the British Empire and to the United States:²

Destination	1925	1926	1927	1928	1929
British North America.....	25,000	39,000	40,000	39,000	53,000
Australia.....	28,000	37,000	33,000	20,000	9,000
New Zealand.....	10,000	14,000	5,000	2,000	2,000
Total British Empire ^a	63,000	93,000	81,000	63,000	63,000
United States.....	21,000	22,000	19,000	16,000	25,000
Total World.....	84,000	116,000	98,000	79,000	88,000

^a These totals include South Africa and other parts of the Empire.

Emigration, within the Empire, remained at the 1925 level during the two years 1928-1929, notwithstanding marked changes in the distribution of the outward flow—the migration to Australia and New

¹ "Migration in Great Britain in 1929," *International Labour Review*, Vol. 21, May, 1930, p. 727.

² "Emigration in 1929," *Economist*, Vol. 110, May 3, 1930, p. 990.

Zealand has been constantly decreasing while Canada in 1929 took twice as many immigrants as in 1925. The decline in the Australian immigration was due to the depression in that country, while the Canadian immigration increased partly as the result of the special £10 rate for such migrants.¹

In the summer of 1928, 8,449 unemployed men, largely from the mining areas, were sent to Canada for temporary work as harvesters, but they had been hastily selected and by December 31, 1928, 6,000 of them had returned to Great Britain. However, the indications were that a considerable number of those who returned were anxious to go to Canada again in 1929 to settle permanently.² This sample furnishes no fair criterion of the success of emigration, for coal miners are among the least adaptable of Britain's industrial workers and therefore less suited to the adjustments involved in emigration.

British emigration to the United States increased in 1929 because of the larger British quota allowed after July 1, 1929.³ Since the United States has closed her doors to any large intake of immigrants and since only a few British citizens are willing to emigrate to such new countries as the South American republics where English is not spoken, it is obvious that the constituent parts of the Empire furnish the only other harbors for British emigrants.

Checks Upon Emigration.—In December, 1928, the British and Canadian governments agreed to further schemes, including assisted passages, provision of farms and buildings, and other measures, for the purpose of stimulating British migration to Canada. But Canada has her own problem, as has been noted, and she is becoming more and more averse to accepting industrially experienced workers even from the mother country. Recently, the province of Ontario decided to refuse entrance to any assisted immigrants except domestic servants and boys. The government of Ontario has already intimated that it has little prospect at present of placing in satisfactory employment the British trained workers who are due to leave in the near future. No restrictions, however, will be placed upon the entry of British immigrants who pay their own fares, and who in 1929 constituted 70 per cent of British immigration, but assisted passages will be restricted to boys and domestic servants. The government was fortified in its decision to alter its policy by the information that there were only about 1,000 men in training on farms in Great Britain, whereas the agreement reached with Mr. Thomas contemplated the emigration of 3,000 such men in the spring of 1930.⁴

¹ "Migration in Great Britain in 1929," *International Labour Review*, Vol. 21, May, 1930, p. 726.

² Great Britain Secretary of State for Dominion Affairs—Oversea Settlement Committee, *Report for the Year Ended 31st December, 1928*, *op. cit.*, p. 22.

³ "Migration in Great Britain in 1929," *International Labor Review*, Vol. 21, p. 726.

⁴ *Times* (London), March 3, 1930.

In 1930, also, the province of Alberta placed a ban "until the unemployment situation improves" on all immigrants except those with the intention and ability of settling on land of their own and with sufficient means to maintain themselves for a reasonable time. Only three classes of people are now being granted admission to Alberta: agricultural families with capital, domestic servants, and wives and children of people already settled in that province.¹

In March, 1930, the Canadian Minister of the Interior announced in the Canadian House of Commons that a new immigration policy was being negotiated with the various provinces.² The proposal was that the dominion government leave to the provincial governments all matters of colonization, including the decision as to the numbers and classes of immigrants desired by each province. The central government would act merely as a clearing house, seeking to obtain the desired immigrants and deporting those whom the provinces found undesirable or misfits. Under this plan, it was proposed that all assistance hitherto granted by the dominion should cease, with the exception of that granted to juveniles and domestic servants. Unassisted immigration by those able to pay their own way would not be restricted, unless the provinces should indicate that they did not desire such immigrants. It is also planned to check European immigration by terminating some of the present arrangements with organizations engaged in immigration work.

This suggested change in policy is the result of the very large immigration into Canada during the last few years.³ During the fiscal year ending in 1930 the total immigration was 167,722, or 17 persons per thousand of population. This, it is pointed out, is a more rapid expansion by immigration than has ever taken place in the United States where, at the peak, it was less than 15 per thousand of population. The peak of Canadian immigration was 54 persons per thousand. This means that Canada is faced with the problem of absorbing an unusually large number of immigrants in proportion to her total population, although this is relatively easy because about half of the total immigration is of British nationality or origin. But absorption is hindered by the rapid mechanization of Canadian industries and agriculture, which require a relatively small increase in the number of workers in comparison with a very large increase in output. Moreover, associations of agricultural producers are trying to restrict production of crops, such as wheat, and they do not welcome immigrants who contemplate taking up land to raise more produce.

¹ *Evening Citizen*, Ottawa, April 15, 1930, cited in "Organization of Immigration," *Industrial and Labour Information*, Vol. 34, May 19, 1930, p. 244.

² "The New Canadian Policy," *Industrial and Labour Information*, Vol. 34, April 21, 1930, pp. 108, 109. See Appendix VII., p. 501.

³ *Ibid.*, p. 109.

An economic mission visited Australia at the request of the Australian government, to confer on matters which might tend to the promotion of trade between Great Britain and Australia and the increase of settlement in Australia. In January, 1929, the mission reported that Australia's progress and her power to support an increased population were crippled by a "vicious circle of ever ascending costs and prices" and that, as a result, "present circumstances in Australia are not favorable to migration."¹ Since then Australia has temporarily refused to accept any assisted immigrants.

A report of the Oversea Settlement Committee enumerates the following checks on emigration:²

(1) The industrial habits and urban interests of the general population and consequent unfitness for the two types of work which offer the greatest number of openings—agriculture in the case of men and domestic service in that of women; (2) a higher standard of living; (3) the effect of schemes of social insurance *and especially of unemployment benefits*; (4) the granting of assisted passages only to single men or families going to land work, to single women going to domestic service and to nominated persons; (5) the opposition of labor organizations in the dominions, which argue that immigration tends to increase unemployment and depress wages;³ (6) the increasingly careful scrutiny by the dominion governments of all entrants to their territories.

In relation to social insurance this committee says, "The effect of these schemes is probably greater than has hitherto been supposed, and it seems inevitable that they should tend to anchor population in this country and decrease its mobility."⁴ Moreover, they assert that, although hunger and destitution may at times impel people to emigrate, "under modern conditions the population of this country is most ready to undertake the adventure of migration when it is prospering, and least ready to do so when it is faced with adversity." They add, "The spirit of successful migration is a spirit of buoyant optimism."⁵

The Inter-Departmental Committee appointed in 1926 to consider the effect of schemes of social insurance on migration reported that, although the assisted passage schemes carried with them "guaranteed em-

¹ Great Britain Secretary of State for Dominion Affairs—Oversea Settlement Committee, *Report for the Year Ended 31st December, 1928*, op. cit., p. 11.

² *Ibid.*, p. 11.

³ In this connection it may be noted that Mr. Speakman, Canadian M. P., stated in July, 1929, that enthusiasm for mass immigration should be lessened by the fact that there is already danger of a surfeit of farm products in Canada and consequently of "financial distress of all those engaged in the industry." More recently, the Executive Committee of the Trades and Labour Congress of Canada submitted to the Dominion Government an immigration program which called for regulation to the point where immigrants could be properly absorbed. It also urged that Canadian citizens should be given priority in the settlement of available lands and that they should be given the same assistance now accorded immigrants. *Industrial and Labour Information*, Vol. 34, April 21, 1930, p. 110.

⁴ Great Britain Secretary of State for Dominion Affairs—Oversea Settlement Committee, *Report for the Year Ended 31st December, 1928*, op. cit., p. 11.

⁵ *Ibid.*

ployment," the depressed conditions in Great Britain had disturbed the confidence of many potential emigrants. This committee reported that parents, in irregular employment themselves, were often averse to allowing their children to emigrate because the loss of the young people's wages or of their unemployment benefits would prove such a serious blow to the family exchequer. The committee also found that among juveniles approaching eighteen years of age and those a few years older, there was much less interest in emigration than in other age groups. The committee attributed this to the payment of adult rates of wages and unemployment benefits at the age of eighteen.¹ Among adults of good physique who suffered from irregular employment, the committee believed that the existence of unemployment benefit might play an important part in their decision to remain in Great Britain.²

This committee concluded that, although the two chief causes of the decrease in emigration since the war have been bad trade conditions and the restrictions enforced by dominion governments, the various schemes of social insurance have had a subsidiary effect in discouraging migration, "both directly as a result of the sense of security they induce, and indirectly in that they raise the standards of living in this country, and so counteract to an appreciable extent the attraction of the life of independence offered in the Dominions." But they added that social insurance legislation would have comparatively little effect in discouraging migration if openings in the dominions were more varied and attractive, if "bolder and more comprehensive schemes of development and settlement could be undertaken," and if the movement of families and women could be facilitated and cumbersome restrictions on assisted migration modified.³

This committee examined the pros and cons of continuing a migrant's retention in insurance after taking up residence in a new country and concluded it would be impracticable in view of administrative difficulties. But the conference on Industrial Reorganization and Industrial Relations promised a separate report on capitalizing the value of the emigrant's expectations under British state insurance, saying, "If the British Commonwealth could be brought together as an economic unit, the problems of emigration and unemployment could be regarded in an entirely new aspect."⁴

The Industrial Transference Board took sharp issue with the conclusion that social insurance legislation tended to check emigration, saying,

¹ Great Britain Secretary of State for Dominion Affairs—Inter-Departmental Committee Appointed to Consider the Effect on Migration of Schemes of Social Insurance, *Report*, 1926 (Cmd. 2608), p. 13.

² *Ibid.*, p. 12.

³ *Ibid.*, p. 25.

⁴ Conference on Industrial Reorganization and Industrial Relations (Lord Melchett, and Ben Tillett, Joint Chairmen), *Interim Joint Report on Unemployment*, London, 1929, p. 12.

We find it difficult to be patient before such a suggestion. It is part of the silly parrot cry about our national decadence that arises from our ingrained habit of ironic self-depreciation. The nature of a people is not altered thus abruptly. What we have been for centuries and were in 1914, we are still. . . . To hint that we have become deaf to the call [i.e., of adventure] because of the elaborate provision in our code of social legislation against the unforeseen accidents that overtake men in industry is mere nonsense.¹

If unemployment insurance were an important factor governing migration, it would operate equally in the various parts of Great Britain. But the fact is, that Scotland with a population of less than 5,000,000 during the last few years has sent more persons under the quota to the United States than have England and Wales, with many times the population of Scotland.²

Circumstances suggest that other factors are more important than social insurance in discouraging emigration. The following tabulation shows the number of persons who have made applications through the employment exchanges for assisted passage overseas and those actually granted such passage: ³

Year	Applications for Assisted Passage	Number Receiving Assisted Passage
Aug. 18, 1922 to Jan. 3, 1925.....	45,717	9,541
1925.....	9,963	2,132
1926.....	8,816	1,638
1927.....	7,708	2,092
1928.....	15,786	3,437
1929.....	22,127	7,157

These figures do not give the total applications, but only those made through the employment exchanges. Some of the dominions, notably Canada, had their own arrangements for selecting settlers, and so did not use the exchanges to the same extent.⁴ These data also do not include those nominated for assisted passage by friends or relatives overseas. The figures cannot be used in any way to show annual fluctuations in the total number of applications for assisted emigration, but they disclose the important fact that in each year only a minority of applicants for

¹ Great Britain Ministry of Labour—Industrial Transference Board, *Report, op. cit.*, p. 44.

² Letter from F. C. Bliss, Assistant Deputy Minister, Department of Immigration and Colonization, Canada, May 6, 1930, to Industrial Relations Counselors, Inc.

³ Great Britain Ministry of Labour, *Report for the Years 1923 and 1924, op. cit.*, p. 110; *Report for the Year 1925, op. cit.*, p. 48; *Report for the Year 1926, op. cit.*, p. 27; *Report for the Year 1927, op. cit.*, p. 25; *Report for the Year 1928, op. cit.*, p. 26; *Report for the Year 1929, op. cit.*, p. 28.

⁴ Great Britain Ministry of Labour, *Report for the Year 1926, op. cit.*, p. 27.

assisted passage through the employment exchanges were actually sent overseas. The percentage finally accepted for assisted emigration fluctuated from a minimum of 18.0 per cent of the applicants through the employment exchanges in 1926 to a maximum of 30.9 per cent in 1929.

In commenting upon the decrease in the number of assisted passages effected through the employment exchanges, the Ministry of Labour points out that in the early years, the facilities for emigration were less known, so that those interested turned to the government. A little later, the applicants applied directly to commercial agencies. But a more important factor, the Ministry believes, is that "assisted passages to the Dominions are by no means so universally open to members of the general public in this country as is sometimes supposed."¹

The Industrial Transference Board confirms this opinion. It states with emphasis that, "There is not an agency, official or unofficial, which has not experience and knowledge of many who wish to go, men and families of all types, and who cannot go because they are held to be ineligible for assistance owing to the conditions laid down by the Dominion Authorities, and they cannot afford to pay for themselves; in short, that there are many more people applying and ready to apply for assisted passages overseas than the Dominions are prepared to accept."² It points out in addition, "Many of the present restrictions and formalities have a cumulatively discouraging effect, not only upon those who experience them upon application, but upon the far larger number who may be contemplating migration."³ In conclusion the board says: "Migration procedure is highly complicated, and formalities are numerous and restrictive. We are satisfied that they constitute a real discouragement to potential settlers. Nothing can be more vital or urgent than the need for a radical simplification of all this."⁴

The International Labour Office believes that a more fundamental difficulty than the red tape of assisted emigration, is the change in occupation usually involved in emigration. While the British unemployed are engaged largely in heavy industries, the demands of the dominions are for agricultural workers. The tabulation below gives the occupations of British male migrants over eighteen years old, during 1928 and 1929.⁵ Agricultural workers account for approximately 21 per cent of the adult men migrating in these two years. This figure is entirely out of proportion to their representation among male workers; in 1921 workers in agricultural occupations accounted for 1,014,633 men out of a total of

¹ Great Britain Ministry of Labour, *Report for the Year 1927*, *op. cit.*, p. 26.

² Great Britain Ministry of Labour—Industrial Transference Board, *Report*, *op. cit.*, p. 42.

³ *Ibid.*, p. 50.

⁴ *Ibid.*, p. 58.

⁵ "Emigration in 1929," *Economist*, Vol. 110, May 3, 1930, p. 990.

Occupation	Number of Emigrants	
	1928	1929
Agricultural	12,500	12,300
Commercial, finance and insurance	9,200	9,800
Professional	2,700	2,400
Skilled trades:		
Mining and quarrying	6,400	3,900
Metal and engineering	5,800	6,600
Building	900	1,200
Other	5,200	6,200
Transport and communications	2,100	2,300
Laborers not in agriculture or transport	6,900	5,800
Other occupations	5,900	6,600
Total	57,600	57,100

12,162,712 male employees in Great Britain.¹ While there are more men employed in mining and quarrying, metal work, and transport and communication (industries with widespread unemployment), than there are in agriculture, nevertheless, agricultural workers migrate to a greater extent than do the others.

Even though efforts are being made to train industrial workers for their new occupations overseas, the International Labour Office concludes that "the need for a change of occupation at the same time as a move to another more or less distant country is one of the hindrances in the way of a larger emigration movement from Great Britain."²

The recent Balfour Committee report deplors the serious effects of the restrictive immigration policies of other countries, including the United States. It points out that since the United States has embarked on a restrictive immigration policy, there is little or no prospect that Britain can find an outlet there for any considerable proportion of her excess workers.³ The Balfour Committee realized this when it said, "Among the obstacles which hinder industrial emigration from Great Britain an important place must be given to the exclusive policy of the countries which in the past have been the main recipients of British emigrants, and . . . no schemes of Empire Settlement, as at present understood, can afford an alternative outlet to British industrial emigration comparable with the outlet closed by the United States." The committee concludes that "land settlement overseas can make little contribution to the prob-

¹ Great Britain Ministry of Labour, *Nineteenth Abstract of Labour Statistics of the United Kingdom*, *op. cit.*, pp. 4-7.

² International Labour Office, *Unemployment: Some International Aspects, 1920-1928*, *op. cit.*, p. 159.

³ Great Britain Board of Trade—Committee on Industry and Trade (Arthur Balfour, Chairman), *Final Report*, *op. cit.*, p. 237.

lem of increasing the mobility of British industrial labour," while such policies are in force.¹

Harry Jerome says that there is "close relation between the cyclical oscillations of employment and those of immigration and emigration . . . with considerable reason to believe that this similarity . . . is due to a sensitiveness of migration to employment conditions."² The International Labour Office, after an exhaustive examination of the subject, reports that,

Under a system of free and unregulated migration, the movement of migrants is determined mainly by the economic conditions prevailing in the countries of immigration. Since the war, this tendency has been strengthened because the immigration countries have adopted measures intended to adapt immigration more closely still to the needs of those countries for labour or population. . . . On the other hand, the relation between emigration and unemployment in the countries of emigration is not at all a close one, and emigration can therefore be considered only as a partial and somewhat haphazard remedy for unemployment.³

This has an important bearing on Great Britain's problem.

Summary

Some observers believe that unemployment insurance has tended to keep labor "frozen" in the depressed industries and areas. Hoping for a turn for the better, employees have not looked for other jobs but have accepted reduced time in combination with unemployment benefit. Employers with the same hope have sometimes encouraged or connived at such immobility and have so arranged the spells of unemployment as to afford the maximum benefits the rules would afford in the circumstances. By cushioning declines in employment, the insurance system, it is asserted, has retarded reductions in wages and consequently in production costs that would have resulted in increased business and employment. In short, the free movement of labor necessary in a period of industrial change, and willingness to undergo retraining for new industries and to accept the readjustments involved in much-needed rationalization of industry are discouraged by unemployment insurance. Labor has been enabled to resist downward revisions in wage rates in the face of a drop in the cost of living and so to secure an increase in real wages that cannot be justified in the stress of the post-war period. In the view of these critics, the system of unemployment insurance has resulted in a more immobile labor force and a more static industry.

¹ Great Britain Board of Trade—Committee on Industry and Trade (Arthur Balfour, Chairman), *Final Report*, *op. cit.*, p. 237.

² Harry Jerome, *Migration and Business Cycles*, New York: National Bureau of Economic Research, 1926, p. 243.

³ International Labour Office, *Unemployment: Some International Aspects, 1920-1928*, *op. cit.*, pp. 199-200.

Some of England's ablest economists acknowledge that the unemployment insurance scheme has prevented the prod of hunger and destitution from forcing men to accept "any work at any pay" but they see some advantage in this very maintenance of decent standards. Moreover, one of the principal functions of the labor exchanges is to locate jobs and to render aid in bringing the worker and the job together. Therefore, the unemployment insurance system as administered is not only promoting effective labor mobility despite many impediments but has been a potent factor in diminishing aimless wandering about in search of work. The present procedure as a matter of actual practice, discourages refusal of work at lower wages when the worker has been unemployed for some time. Whereas formerly he could decline another job unless it was "suitable employment," which usually meant work at his own occupation, and still receive benefit, the Act of 1927 requires him to accept employment in another occupation, so long as the wages are not substandard for that occupation, or forfeit unemployment benefit.

It has also been said that unemployment insurance increases the fluidity of labor in that, knowing benefits are available, employers are more inclined to release their workers in times of slackness. But there are instances before the advent of insurance when it was difficult to separate employees from declining industries. Whatever the situation might have been without unemployment insurance there is no evidence of an unsatisfied demand for labor during the past decade. In any case, there is every reason to believe that poor relief would anchor a man to his locality more than unemployment insurance.

There is, as a matter of fact, considerable and well-defined migration of labor between industries, reflected in the changing proportion of the number of unemployed not due to any change in the industry itself, since the number of those actually employed has remained fairly stationary. The reduction of the number of insured workers in industries afflicted with heavy unemployment and corresponding increases in the number of insured employees in more prosperous industries indicate a definite shifting of labor from the depressed to more active fields. A movement of the working population from the declining industries of the northern section to the south with its many new and expanding industrial enterprises is indicated by employment statistics.

The Conservative Government's policy of promoting and aiding transfers of labor from stagnant to active industrial communities was carried on "despite a singular lack of enthusiasm" on the part of organized labor. The government offers both financial and other aid in making such transfers and through its training centers particularly facilitates changes from one industry to another. Official appeals have been made to employers to take on workers from the distressed areas. According to the

UNEMPLOYMENT INSURANCE IN GREAT BRITAIN

report of the Industrial Transference Board and later reports, there is probably a heavy permanent surplus of labor in the coal mining, engineering, shipbuilding and iron and steel industries, and the limit of making further effective transfers of labor on any considerable scale is believed to have been reached. New and more prosperous industries such as the food and distributive trades, public utilities, chemicals, electrical engineering, artificial silk and motors cannot absorb the surplus from industries expanded during the war and also affected by the decline in exports. The increasing division of labor, no doubt, will accelerate mobility between occupations in Great Britain as in other countries. Generally large towns with their diversity of industry have suffered less and now afford greater opportunity to newcomers than the "specialized areas." The redistribution of labor that has occurred since the war has been accomplished despite trade union and craft demarcations, the fact that agriculture and domestic service are not insured occupations, and the impeding of mobility caused by adoption of organized short time in some plants and industries.

There have been special efforts to transfer, train and place juvenile workers which have been partially successful. Juvenile employment centers have been set up in some of the depressed districts and boys and girls have been transferred to distant employment, sometimes with a supplement to wages on the new job in order to meet the higher cost of living. But large numbers of young men are reported to be still "deteriorating in idleness in the depressed districts."

Measures aiming at redistribution of labor evidently can only mitigate the problem of a large labor surplus. Attempts to diminish the surplus by encouraging emigration through such measures as the Empire Settlement Act of 1922, under which Great Britain co-operates with the dominions to encourage emigration, have afforded little relief. Emigration indeed has not proved an important factor in effecting immediate relief, for in addition to such obstacles as the workers' reluctance to sever home ties, there has been no great eagerness abroad to receive large numbers of emigrants inasmuch as unemployment has become an almost universal problem within recent years. Not only has there been decreasing eagerness on the part of the receiving countries but they have been putting up more and more barriers against assisted migrants. While under the 1922 act a maximum of approximately £20,000,000 might have been spent in assisting British emigrants to settle in other parts of the Empire, less than £5,000,000 actually has been thus spent. During the seven years 1922-1929, only about 38,000 persons availed themselves of government assistance in emigrating and since 1926 their number has been diminishing from year to year. An inter-departmental committee reported in 1926 that the social insurance schemes have been a factor in deterring emigration.

The Industrial Transference Board did not agree with this conclusion and there is evidence that the applications for assisted passages have greatly exceeded the number granted.

In the face, then, of restrictions of receiving countries, and in view of other factors affecting emigration, such as the inertia of the majority of wage earners, the fear of strange surroundings and uncertain conditions, the inability of industrial workers to transform themselves into pioneer farmers, the sentiment attached to home and neighbors and the "home land," one cannot even estimate what part social insurance may play in preventing British workers from emigrating. Whatever may be the charges against the British unemployment insurance scheme, it cannot be gainsaid that employment exchanges advertise openings in the dominions and are of unquestioned value in selecting candidates for assisted passages. To this extent they at least furnish the prospective emigrant both impetus and aid. No doubt the government will be able through assisted passage schemes to get rid of a few thousand persons each year. But there is no possibility that any scheme which has been in operation up to now will compensate for the growth in population alone during the next decade, much less that it will diminish the surplus.

As for internal migration, undoubtedly one of the most serious charges which could be brought against unemployment insurance would be that it induced a man to stay where he was not needed when there was suitable work available for him elsewhere. But the whole question of mobility of labor is far too complicated to permit any attempt to evaluate the relative weight of any one of the many factors entering into it. Housing, domestic circumstances, personal characteristics, craft demarcations, the kind of worker required by new industries, are only a few things to be taken into consideration in relation to mobility and unemployment insurance and in comparison with them may be a light anchor indeed.

In any case, there is proof of the existence of no little amount of internal migration, even though migrants cannot find any place in Great Britain where there is not a certain amount of unemployment. More than this, there has not been an unsatisfied demand for labor in any quarter. But where unemployment insurance has enabled both employers and workers to settle down to the acceptance of short time and unorganized casual work as inevitable, it must be charged with weakening an influence that otherwise might have prompted employers to take constructive action. Their failure to act might lead workers to abandon chronic low wages due to protracted short time and to hunt for other work even though their "mobility" might prove futile.

CHAPTER XIII

THE UNEMPLOYED AND POOR RELIEF

The Poor Law of 1834 established local boards of guardians under the supervision of a central department, for the administration of public relief to the destitute able-bodied unemployed and other destitute poor. The boards had charge of this work until 1929 when they were replaced by the new machinery of the Local Government Act.¹ During this century, the relief of the destitute able bodied has been limited by the regulations and orders issued under the poor laws to relief with "test work," either in a workhouse or in a labor yard. Unconditional relief, that is, relief without a labor test, for the able bodied was prohibited except under special conditions. Prior to the war, during a period of relatively good trade, this relief had been reduced to a minimum. Indeed, the Webbs assert that in the years 1909 to 1914 "English poor law administration reached its high-water mark of efficiency."² All this was changed by the severity of the post-war depression, when the technical right to unemployment benefit, based on contributions, fell into disuse and necessarily brought about considerable relaxation in the selection of special cases. The increase in outdoor pauperism during the post-war depression, according to the Webbs, not only passed every previous record, but also nullified all accepted poor law wisdom, and "submerged principles, orders and circulars alike."³ By 1926 and 1927 the poor law situation was, they said, in some respects, more serious than it had been in 1834.⁴

This condition is surprising in view of the wholesale provision for the unemployed through the insurance acts. The present chapter will consider this heavy burden of unemployment upon the poor law authorities, its effect, and the extent to which there appears to have been actual overlapping between the relief given by the poor law authorities and that afforded by the unemployment insurance system.

Conditions of Granting Relief to Able-bodied Unemployed

The facilities for relief of the able-bodied unemployed afforded by the poor law have continued to exist side by side with the insurance of millions of persons against unemployment. Notwithstanding the weekly

¹ See pp. 268-270.

² Sidney Webb, and Beatrice Webb, *English Local Government: English Poor Law History; Part II: The Last Hundred Years*, op. cit., Vol. 2, p. 809.

³ *Ibid.*, p. 821.

⁴ *Ibid.*, pp. 917-918.

benefits provided through this system of insurance, some of the unemployed have turned to the poor law for relief. Those seeking poor relief include persons who for various reasons are outside the scope of the insurance act, some because of age or occupation, and others because of physical or mental deficiencies which render them only nominally able-bodied. There are also insured persons who fail to qualify for benefit, some through inability to accumulate sufficient contributions to entitle them to even the first benefit; others through failure to satisfy the statutory conditions, i.e., disqualification resulting from such causes as discharge for misconduct, voluntarily leaving without just cause, and unemployment due to a trade dispute; still others resort to poor relief because they are living on such a narrow margin that they are unable to subsist during the waiting periods. For example, among the 1,050,117 persons registered at the exchanges in Great Britain as unemployed on September 26, 1927, 66.9 per cent were in receipt of benefit, 16.5 per cent were in the waiting period or had their claims under consideration, while the claims of 8.5 per cent had been disallowed.¹ In addition to these persons who failed to qualify for insurance, there are able-bodied insured workers who cannot cover their family needs with benefits which have been adjusted to the income of the lowest paid workers.

A group of employers, the Bradford Dyers' Association, stated to the Blanesburgh Committee in April, 1926, that "It is quite certain that where a man is totally unemployed they [unemployment benefits] do not afford a living income, in many cases having to be eked out by the Poor Law."² Those whose ordinary wages allow a margin and whose unemployment is intermittent can usually manage, but if a large family depends on one unskilled wage earner, and he is unemployed for a long period, even if he receives insurance benefit, the family is not likely to have enough unless it obtains poor relief.

The committee appointed in 1928 to investigate conditions in South Wales and Monmouth reported that where unemployment has been prolonged and no other resources have existed, neither unemployment benefit nor outdoor (noninstitutional) relief was sufficient for much more than food for a family of any size.³

The high levels of unemployment prevailing since 1920 found the local boards of guardians unprepared. The problem was the more difficult because unemployment was concentrated; the new pauperism of the post-war depression was chiefly confined to some two hundred out of the six hundred odd poor law unions, but the two hundred unions affected

¹ Great Britain Ministry of Labour, *Memorandum on Certain Points Concerning the Statistics of Unemployment and of Poor Law Relief, 1927*, (Cmd. 2984) p. 3.

² Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report*, op. cit., Vol. 2, p. 187.

³ Great Britain Minister of Health, *Report on Investigation in the Coalfield of South Wales and Monmouth*, op. cit., p. 8.

included about one-half of the total population of England and Wales.¹ In the face of widespread unemployment within a union it is impossible to offer the workhouse, for the facilities do not permit it.² Besides, after the condemnation of the labor yard by both the Minority and Majority Reports of the Poor Law Commission of 1909, the Local Government Board discouraged its use in normally prosperous years. The Webbs point out that it could not then have been foreseen that these changes, by which the labor yard followed the general application of the workhouse test into obsolescence, left the boards of guardians no way of meeting the unparalleled unemployment of 1920-1921 except by granting unconditional outdoor relief.³

During the depression of 1920-1928, many boards of guardians did not wish to apply the labor test, but decided to avail themselves of the various exceptions for special cases in the relief orders. The Ministry of Health recently set its inspectorate to make a special inquiry into the various forms of test work in different unions, with special reference to the effect of test work on employability, the opportunities afforded for finding independent work, and the question of hardship or degradation. The result is a White Paper which makes interesting and, on the whole, encouraging reading. Out of 631 unions, 277 had no able-bodied men in receipt of outdoor relief, 146 had able-bodied men in receipt of outdoor relief but did not apply test work, and 208 had some form of test work. In 13 of these latter the men relieved were employed for wages by the local authority, and the amount of their relief was paid to the authority by the guardians. Of a round total of 70,000 able-bodied men receiving out-relief, about 41 per cent were in unions in which test work was in operation and about 12 per cent were employed on test work.⁴

This work was of a varied nature, ranging from bootmaking and matmaking to woodchopping, gardening, roadmaking and scavenging.⁵ There is a general consensus of opinion that unskilled work is preferable, as every man has a fair chance of performing it satisfactorily, and most of the men like it best. Almost all the inspectors found that the work was having a good effect in maintaining the morale, physical fitness and general employability of the recipients of relief, and most of the men engaged on it seemed to share that view, many of them expressing a preference for test work to idleness. The reports were unanimous in declaring that test work involved neither hardship nor degradation, but they suggested that in some instances the arrangements for allowing time off for the quest of permanent work might be improved.⁶

¹ Sidney Webb, and Beatrice Webb, *English Local Government: English Poor Law History: Part II: The Last Hundred Years*, *op. cit.*, Vol. 2, p. 823.

² *Ibid.*, pp. 976-977.

³ *Ibid.*, pp. 979-980.

⁴ Great Britain Ministry of Health, *Poor Law: Report of a Special Inquiry into Various Forms of Test Work, 1930*, (Cmd. 3585) p. 5.

⁵ *Ibid.*, p. 8.

⁶ *Ibid.*, pp. 9-20, 21-35.

Training classes were found to vary greatly in popularity, and a comparison of the reports from different districts suggests that everything depends upon their administration; the principle appears to be thoroughly sound.¹ In Sheffield,² for example, nearly 30 per cent of the men sent to the centers were restored to ordinary employment in ten months, and, in the opinion of the inspectors, very few of them would have been so restored without the training scheme. The impression left by the report is that it is to be regretted that not more than 12 per cent of the able-bodied recipients of out-relief are subjected to a system which seems to work out greatly to the advantage of those who come under it. No doubt one obstacle to its extension is the great difficulty, referred to in the report, of finding enough suitable work, but the ingenuity in overcoming this which has been displayed in some districts might be more widely extended with advantage.³

Variations in the incidence in outdoor pauperism among the able bodied are brought out in the special returns made since 1927. Table 36 shows that the majority of the unions report no outdoor relief to able-bodied persons.

Table 36

POOR LAW UNIONS REPORTING ON OUTDOOR RELIEF TO THE ABLE BODIED AND NUMBER RECEIVING RELIEF, SELECTED PERIODS, ENGLAND AND WALES, 1927-1929

Week Ending—	Number of Unions Reporting Outdoor Relief To—					Total Number of Able Bodied Receiving Outdoor Relief
	No Able-bodied Persons	Less Than 10 Able-bodied Persons	500 or more Able-bodied Persons			
			Unions	Number of Able Bodied Receiving Outdoor Relief	Percentage of Total Able Bodied Receiving Outdoor Relief	
June 18, 1927.....	206	185	50	96,004	82.5	116,342
June 16, 1928.....	230	183	38	64,133	76.2	84,159
June 15, 1929.....	243	180	34	49,598	75.5	65,683

Source: Great Britain Ministry of Health, *Unemployed Persons in Receipt of Domestic Poor-Law Relief in England and Wales during the Week Ending the 18th June, 1927*, p. 8; *ibid.*, *Week Ending the 16th June, 1928*, p. 2; *ibid.*, *Week Ending the 15th June, 1929*, p. 2.

Local rates have borne the burden of poor relief and this has had much to do with variations of leniency and strictness in the granting of

¹ Great Britain Ministry of Health, *Poor Law: Report of a Special Inquiry into Various Forms of Test Work*, *op. cit.*, pp. 23-30.

² *Ibid.*, p. 26.

³ "Test Work for the Able-Bodied," *Economist*, Vol. 110, June 21, 1930, p. 1382.

aid. There have been cases where boards of guardians have had little regard for the rate payers and have been far too lenient in meeting the demands of the able-bodied poor; much of the abuse directed against the "dole" properly belongs here. In the District of Poplar, London, "Poplarism" became a byword because of its generous scale of relief. In January, 1929, representatives of the Poplar rate payers complained to the inspector of audits, who stated that after a previous complaint he had ascertained that persons owning their houses were getting poor relief and that many other abuses were discovered which had been remedied "without recourse to measures of such a nature as to inflict hardship on the genuinely destitute of the parish."¹ Similar evidences of extravagant relief have appeared from time to time in the press. The Webbs term the lavish giving of outdoor relief "proletarianism," inspired by class consciousness. They claim that where this spirit prevails the ill-advised dispensing of public funds is done on principle and that in other unions dangerous laxity arises from the absence of any controlling theories as to the relief of destitution, or from a desire to supply funds for the rent or food of the office holders' constituents who will also be their tenants and customers, or it may arise merely from the desire to win votes in poverty-stricken districts.²

Examples of strict and lax boards as well as of those of intermediate or peculiar character in London and other urban areas are described by the Webbs. They conclude:

Passing from the general influences which, between 1920 and 1928, affected Poor Law administration, to the day-by-day work of particular Boards of Guardians, our enquiry reveals irreconcilable diversities. These variations in policy between one Board and another, so repugnant to the principles of 1834, appear to have no relation to the conditions of employment, degree of skill, extent of needs or range of opportunities of the able-bodied applicants residing within the several Unions. The diverse policies seem to arise, partly from the relative wealth or poverty of the area concerned, but mainly from the particular social or religious creed, the profession, the interest or the impulse of the men and women who happen to be chosen from time to time as Guardians in the several Unions by the habitually tiny fraction of electors who take the trouble to vote.³

The lax administration of the poor law coincided, in large measure, with the areas burdened with the largest numbers of unemployed. Often the administration was lax not only from the poor law point of view of making the most of the exceptions permitting outdoor relief without a

¹ *Times* (London), February 1, 1929.

² Sidney Webb, and Beatrice Webb, *English Local Government: English Poor Law History; Part II: The Last Hundred Years, op. cit.*, Vol. 2, p. 852.

³ *Ibid.*, p. 862.

labor test, but also from the standpoint of sound administration of relief of any kind.

Lax administration and possible abuse of outdoor relief are indicated in the recent special returns covering able-bodied pauperism, which reveal that a majority of the recipients have received outdoor relief continuously for more than one year. In this connection, "continuous relief" has the special meaning that relief has not been broken by more than ten weeks during one year. Table 37 gives the numbers and proportions of able bodied who have received outdoor relief for less than one year and those who have received it continuously for one year or more.

Table 37

ABLE-BODIED PERSONS IN RECEIPT OF OUTDOOR RELIEF, CLASSIFIED BY DURATION
SELECTED PERIODS, ENGLAND AND WALES, 1927-1929

Week Ending—	Total	Less Than One Year		Continuously for One Year but Less Than Three		Continuously for Three Years but Less Than Four		Continuously for Four Years or More	
		Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
June 18, 1927.....	116,342	57,082	49.0	38,968	33.5	9,265	8.0	11,027	9.5
June 16, 1928.....	84,159	38,496	45.7	29,024	34.5	7,168	8.5	9,471	11.3
June 15, 1929.....	65,683	27,864	42.4	20,453	31.2	7,693	11.7	9,673	14.7

Source: Great Britain Ministry of Health, *Unemployed Persons in Receipt of Domiciliary Poor-Law Relief in England and Wales during the Week Ending the 18th June, 1927*, op. cit., p. 4; *ibid.*, *Week Ending the 16th June, 1928*, op. cit., p. 4; *ibid.*, *Week Ending the 15th June, 1929*, op. cit., p. 4.

The total number receiving outdoor relief is in general decreasing, but an absolute decrease in numbers in each of the groups receiving outdoor relief for less than one year is accompanied by an increase in the proportion of those relieved for more than three years, and an even larger percentage of increase in the group receiving outdoor relief for four years or more.

This situation cannot be laid to the distress in Wales and Monmouthshire where the coal industry is badly depressed. In 1927 out of the total of 116,342 able-bodied persons receiving outdoor relief in England and Wales, only 8,467 were in Wales and Monmouthshire;¹ in 1928, out of the total of 84,159 able-bodied persons relieved at home, 6,598 were in Wales and Monmouthshire,² while in 1929 Wales and Monmouthshire accounted for 5,147 out of the total of 65,683.³

¹ Great Britain Ministry of Health, *Unemployed Persons in Receipt of Domiciliary Poor-Law Relief in England and Wales During the Week Ending the 18th June, 1927*, op. cit., pp. 4, 21.

² *Ibid.*, *Week Ending the 16th June, 1928*, op. cit., p. 21.

³ *Ibid.*, *Week Ending the 15th June, 1929*, op. cit., p. 21.

The Burden of the Unemployed Upon the Poor Law

The combined effect of strikes, lockouts and unemployment, on the one hand, and on the other, the vagaries of the regulations and the varying degrees of strictness in administering both unemployment insurance and poor relief are reflected in the great increases in the total numbers of persons receiving poor relief after the war (Chart 6, Table 47, page 447). The proportion of paupers per 10,000 of the population receiving indoor and outdoor relief in 1914 was small indeed, in comparison with those in 1927 and 1928, while the figures for 1926, the year of the coal dispute, greatly exceeded the rest. This increase in pauperism was largely due to violent fluctuations in the numbers receiving outdoor relief (Table 38).

Table 38

NUMBER OF PERSONS (INCLUDING DEPENDENTS)^a IN RECEIPT OF POOR LAW RELIEF, ENGLAND AND WALES, 1919-1927

Date ^b	Institutional Relief	Outdoor Relief
1919		
January 1.....	183,110	287,244
July 1.....	175,581	289,845
1920		
January 1.....	186,273	305,822
July 1.....	187,146	317,474
1921		
January 1.....	198,993	376,258
July 1.....	201,989	1,110,386
1922		
January 1.....	215,773	1,183,439
July 1.....	209,821	1,573,945
1923		
January 1.....	217,233	1,222,547
July 1.....	211,709	1,073,528
1924		
January 1.....	219,245	1,051,276
July 1.....	209,752	942,718
1925		
January 1.....	216,510	886,799
July 1.....	211,285	908,145
1926		
January 1.....	221,986	1,113,019
July 1.....	216,321	2,256,871
1927		
January 1.....	226,027	1,212,479

^a The figures exclude casuals, lunatics in asylums, registered hospitals and licensed houses and persons receiving outdoor medical relief only.

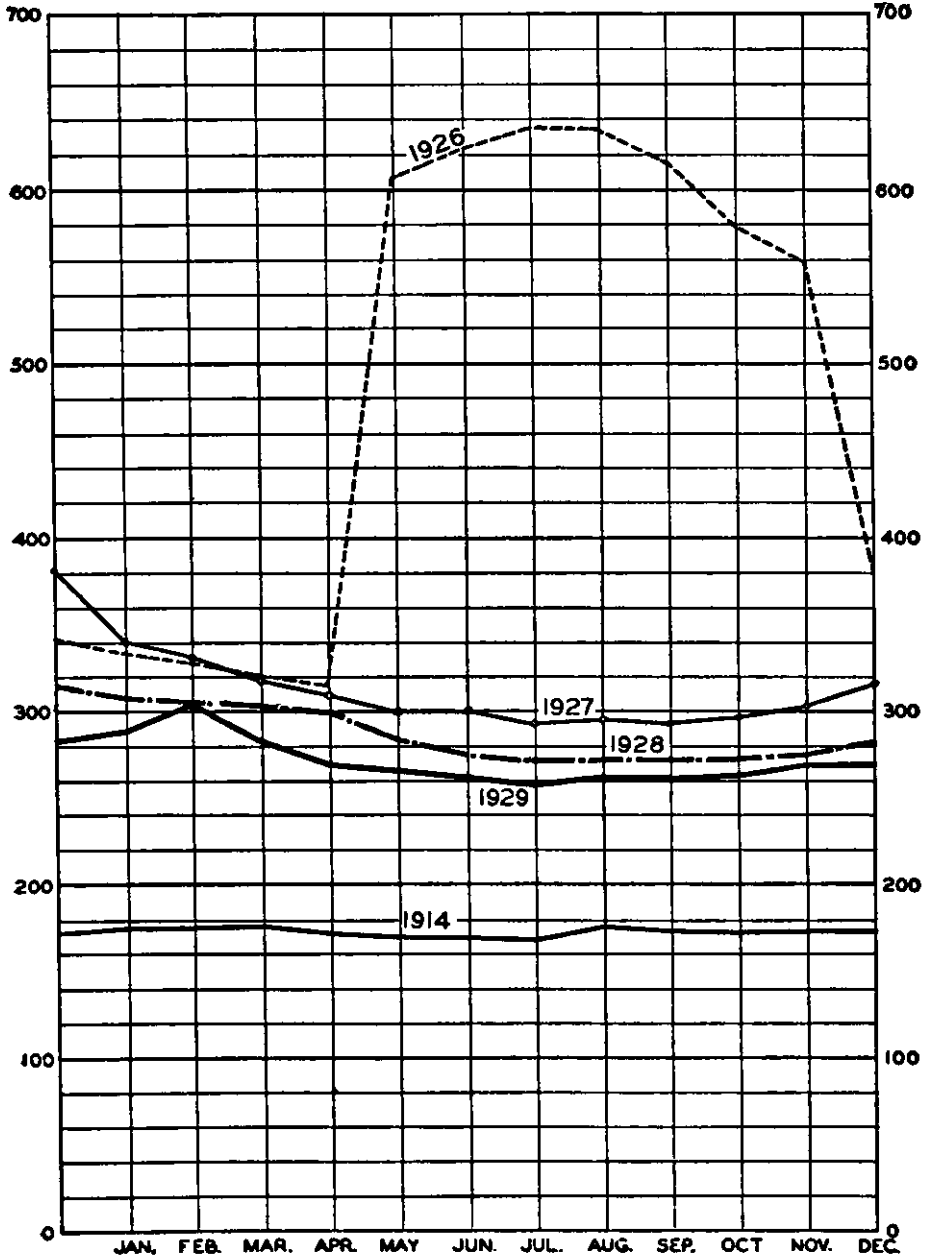
^b Figures are for one day in winter and one day in summer each year, on or about date given.

Source: Great Britain Ministry of Labour, *Nineteenth Abstract of Labour Statistics of the United Kingdom*, *op. cit.*, p. 204.

Table 38 shows that while the number of persons with their dependents receiving indoor relief increased rather gradually from 1919 to

Chart 6

NUMBER OF PERSONS PER 10,000 OF ESTIMATED POPULATION IN RECEIPT OF POOR LAW RELIEF, LAST SATURDAY OF EACH MONTH, ENGLAND AND WALES, 1914, 1926, 1927, 1928, 1929



Source: Table 47, p. 447.

1927, the numbers of those receiving outdoor relief, together with their dependents, fluctuated greatly. Between January and July, 1921, the number of outdoor paupers increased nearly three-fold, at the time of the long dispute in the coal industry, and has never dropped to its former level. As a result of the coal dispute in 1926, the numbers on outdoor relief again doubled, this time receding to the new high level maintained since 1921.

The total expenditures in poor relief to all classes, including the able-bodied insured, the noninsured and the nonable-bodied, in institutions and in their own homes, amounted in 1926-1927 to nearly £50,000,000, the highest total in poor law history. This sum, including the £15,100,000 paid to persons normally engaged in some regular occupation and their dependents, was largely due to the general strike and the long drawn out coal dispute. During 1927-1928 the total expenditure for all classes was £40,890,000, while later figures, partly estimates, place the expenditure for 1928-1929 at £40,250,000.¹ The average amount of outdoor weekly relief per person was 5s.9d. in May, 1928, as against 2s.6d. in May, 1914. Making allowance for the increase in the cost of living (164 in May, 1928, as against 100 in May, 1914), the first figure would become approximately 3s.6d.

From the total outdoor relief, it is possible to isolate the relief given to persons ordinarily engaged in some regular occupation, many of whom were in insurable occupations. The following figures show outdoor relief paid in Great Britain to persons ordinarily engaged in some regular occupation and to their dependents² from the year ending March 31, 1921, to the year ending March 31, 1928.³

Year	£
1921.....	500,000
1922.....	8,663,000
1923.....	11,717,000
1924.....	8,340,000
1925.....	5,459,000
1926.....	7,313,000
1927.....	17,350,000
1928.....	8,500,000

The large amount, £17,350,000, expended from March 31, 1926, to March 31, 1927, was mainly due to the coal dispute. The payment of £11,717,000 in 1923 chiefly resulted from the increased recourse to poor relief when "gaps" were introduced by the unemployment insurance act of April, 1922, involving a period of five weeks without benefit after

¹ *Times* (London), December 31, 1929.

² Separate figures for payments to able-bodied persons were not kept separately from relief paid to all classes (including sick, aged, widows, etc.) before 1921.

³ Great Britain House of Commons, *Parliamentary Debates: Official Report, Third Session of the Thirty-Fourth Parliament*, March 29, 1927, (Vol. 204, H. C. Deb. 5 a.) Col. 1064; *ibid.*, *Fifth Session of the Thirty-Fourth Parliament*, March 6, 1929, (Vol. 226 H. C. Deb. 5 a.) Col. 399.

every five weeks of receipt of uncovenanted benefit. Beveridge said that in effect these gaps have meant wholesale transference of men from the unemployment fund to the poor law.¹ With the abolishing of gaps poor law expenditures were reduced.

It is impossible to state to what extent the great increase in expenditure and in the numbers receiving outdoor relief has been due to the admittedly large volume of genuine unemployment and how far it may be charged to the lax methods of poor law administration. It seems significant that after the cost of outdoor relief in the London poor law unions was made chargeable to the Common Poor Fund, instead of being borne individually by the separate unions, the numbers receiving poor relief increased rapidly,² an increase in outdoor pauperism which was seven times the percentage of increase for the remaining unions in England and Wales. This resulted in greatly increased costs which were far from uniform. Such increases were greatest in the laxly administered unions, in which the expenditure between 1920-1921 and 1927-1928 advanced in some cases from five- to ten-fold and in one instance over fifty-fold. These increases occurred at a time when the numbers of unemployed registered at the employment exchanges in London were decreasing. In the Bermondsey Union, the numbers receiving outdoor relief increased from 234 in 1921 to 3,728 in 1927, while persons on the registers of the employment exchange covering most of the same area fell from 7,669 in 1921 to 3,381 in 1927. Poplar, with its notoriously lax policy, has had the distinction since 1905 of the highest rate of pauperism per 1,000 of the population in the entire Kingdom. In 1922, this union had twice the rate of pauperism of any other union in London, even twice the rate of the neighboring union of West Ham, one of the most poverty stricken districts. Manchester, too, with unconditional outdoor relief given on a generous scale under a lax interpretation of the rules, saw the numbers on outdoor relief increased from 3,612 in December, 1923, to 6,820 in September, 1927, notwithstanding a decline in the cost of living and a diminution in unemployment.³

Effects of Lax Outdoor Relief Upon the Poor Law

One effect of these large expenditures for the relief of persons ordinarily engaged in some occupation in their own homes, especially when an undue proportion of the total outlay was incurred in a minority of the unions, was to tax the financial resources of the local guardians to the utmost. Many times boards of guardians for poor law unions with a

¹ W. H. Beveridge, *Insurance for All and Everything*, London: Dally News, Ltd., [1924] (New Way Series No. 7), pp. 19-20.

² Sidney Webb, and Beatrice Webb, *English Local Government: English Poor Law History; Part II: The Last Hundred Years*, op. cit., p. 900.

³ *Ibid.*, p. 853.

low rateable value of property, unable to meet the abnormal burden of expenditure from local rates from which funds for poor relief are derived, had to borrow large sums, thus incurring debts which in some cases cannot be repaid for years. The *London Times* of September 7, 1929, stated that the problem of the recovery of money advanced as loans to relieve the families of unemployed miners had become acute in South Wales. It was estimated that over £3,000,000 was outstanding in South Wales on this account, and it had been urged in certain quarters that the government should be asked to relieve the guardians of the burden of such loans.

During the coal stoppage there were bitter disputes concerning expenditure by the boards of guardians, which resulted in the removal of some of the more recalcitrant boards by the Minister of Health,¹ who was empowered to take such action by a special act of Parliament passed to meet the emergency.

The Minister of Health ousted the guardians for the union of Bedwelty on the grounds of lavish expenditure and replaced them with his own appointees. The old board spent £210,000 on out-relief from September, 1926, to March, 1927, in contrast with £31,000 which the new board spent for the corresponding half-year ending in March, 1928. From September, 1926, the average weekly number of people receiving out-relief was brought down from 9,346 to 2,250, and, finally, to 1,931.² During the first half of 1929, the weekly expenditure on outdoor relief was reduced to £928 as compared with £7,815 under the displaced guardians. By June 30, 1929, the appointed commissioners had been able to pay the Ministry of Health £30,000 on account of arrears of interest on the debt of £1,075,425 contracted by the displaced guardians.³ At Chester-le-Street, where the guardians were also replaced, 37,643 persons received out-relief and £9,796 was expended during the last week in 1926 when the former guardians controlled expenditure, whereas in March, 1928, only 3,559 persons were relieved, at a cost of £896.⁴ By June 30, 1929, the appointed commissioners had substantially reduced the loans contracted by the displaced guardians; they retired a loan of £107,000 at the bank and reduced the debt to the Ministry of Health from £121,000 to £97,000. In addition, they left a credit balance of over £18,000.⁵

In West Ham, the number of unemployed men and women in receipt of outdoor relief was as high as 15,700 in July, 1926, while in April, 1929, with a board of guardians appointed by the Minister of Health,

¹The central control of the local administration of the poor law was transferred in 1919 from the Local Government Board to the new Ministry of Health, created under the Ministry of Health Act of 1918. Sidney Webb, and Beatrice Webb, *English Local Government: English Poor Law History; Part II: The Last Hundred Years, op. cit.*, p. 818.

²*Times* (London), December 28, 1928.

³*Times* (London), December 31, 1929.

⁴*Times* (London), December 28, 1928.

⁵*Times* (London), December 31, 1929.

only 1,203 were getting such aid. The new board claimed it could produce numbers of instances of men who had proceeded to find work when relief was refused them.¹ During the last financial year, the expenditure for outdoor relief was approximately half what it had been under the displaced guardians. In addition, the appointed commissioners replaced the deficiency of £344,320, left by the former guardians, by a surplus of £164,778.²

In other unions with lax administration, the Minister of Health undertook, at the close of 1926, to curtail laxity by a system of rigid inspection. As a result of the inspection of individual cases granted relief and of an examination of the responsible officials, the inspectors suggested in certain cases that relief should be conditional upon entering the workhouse.³ The numbers of able-bodied unemployed drawing poor relief in 1927-1928 still seemed too large to the Minister of Health, and he expressed regret that a substantial portion of the relief to the able bodied was still being given without the imposition of any conditions. He urged the need of external pressure if able-bodied pauperism was to be wholesomely reduced and said this pressure was being directed upon those unions not sufficiently exercising discretion and judgment.⁴ These efforts resulted in a decrease in the numbers receiving outdoor relief,⁵ but it is unfair to say that the tightening up of relief was always wise, for there is no way of measuring the amount of suffering unrevealed by figures.

Another effect of the expansion of outdoor relief is the changed attitude of many of the recipients toward relief. The Webbs charge that, whereas people used to hesitate to accept poor relief, a great change has come about as a result of the immense sums handed out to thousands of people during and after the war and of the many present forms of public assistance. They sound a warning in regard to the present disturbing situation, asserting that it was a like distribution of unconditional relief which led to the appointment of the Poor Law Commission of 1832-1834.

While George Lansbury, M.P., boasts that he fought against the "nonsense" of "the disgrace of the Poor Law" until he and his colleagues, at least in London, "killed it for good and all,"⁶ many people in Great Britain today would like to see more self-respect in the attitude toward the acceptance of poor relief. It seems evident that a considerable number of people no longer regard the loss of status resulting from the acceptance of poor relief as a "disgrace." No one can tell how far the introduction

¹ *Times* (London), May 7, 1929.

² *Times* (London), December 31, 1929.

³ Sidney Webb, and Beatrice Webb, *English Local Government: English Poor Law History; Part II: The Last Hundred Years*, op. cit., pp. 917-925.

⁴ *Times* (London), December 28, 1928.

⁵ Sidney Webb, and Beatrice Webb, *English Local Government: English Poor Law History; Part II: The Last Hundred Years*, op. cit., p. 938.

⁶ George Lansbury, *My Life*, London: Constable and Co., Ltd., 1928, p. 133.

of various social services has affected the attitude toward poor relief, especially since the extension of unemployment benefit beyond the period to which contributions legally entitle the beneficiary.

Effect of Poor Relief on the "Will to Work"

There are several reasons why poor relief is more likely to reduce the will to work than unemployment benefits.¹ In the first place, the poor law does not make the receipt of relief dependent upon the requirements which condition the receipt of unemployment benefit. Although it is technically permissible to offer the "workhouse or nothing" in extreme cases, this is not a usual procedure. Secondly, the amounts paid out in poor relief have frequently been larger than those paid in unemployment benefits.² The Baldwin Government tried to effect reductions in the scale of poor relief which would make it approximate that of unemployment benefit, but, although the typical scale of relief today would probably be more nearly like that of unemployment benefit, this was not the case in early post-war years and even today there are some places where the scale of poor relief is higher than that of unemployment insurance. Furthermore, poor relief, unlike unemployment benefit, may be granted to workers engaged in a trade dispute. For example, during the coal dispute of 1926, while able-bodied miners were not entitled, technically, to relief, their wives and children could obtain relief at the rate of 12s. for the wife and 4s. for each child.

A man may receive poor relief only in the place where he has his legal domicile and he is not likely to move to another district if destitute and in receipt of relief. Consequently the "will to move" if not the will to work is distinctly weakened.

Overlapping Poor Relief and Unemployment Insurance

At any one time the group of insured unemployed is made up largely of those whose claims have been allowed and include a minority who are either in the waiting period, or whose claims are under consideration or have been disallowed. On September 26, 1927, the two latter classes accounted for 25 per cent of the total persons on the registers of the employment exchanges in Great Britain.³ A slightly different classification revealed that on December 16, 1929, insured nonclaimants and those with disallowed claims who, nevertheless, continued their registration, formed 8 per cent of the insured unemployed in Great Britain.⁴ Obviously, unless

¹R. S. Gibson, "Incentive to Work as Affected by Unemployment Insurance and the Poor Law Respectively," *Manchester School* (Manchester University, England), Vol. 1, No. 1, 1930, pp. 20-27.

²The Poplar rate in 1922 was 12s.6d. plus rent for a single adult, 20s. plus rent for a married couple, with 6s.6d. for the first child and 5s. for each remaining child. Thus a man and wife and four children would receive over £2 in addition to rent, while from the unemployment insurance fund he could have obtained only 24s.

³Great Britain Ministry of Labour, *Memorandum on Certain Points Concerning the Statistics of Unemployment and Poor Relief*, op. cit., p. 3.

⁴"Composition of Unemployment Statistics: Great Britain," *Ministry of Labour Gazette*, Vol. 38, January, 1930, p. 28.

these persons have sufficient savings, they may fall back upon the poor law for assistance, as may also those insured persons who find their unemployment benefit inadequate to meet a long period of unemployment, when savings have been exhausted.¹

The extent to which the insured have had to fall back upon poor relief is known only for the later years of the post-war depression. Exact statistical analyses of the various classes of persons in receipt of outdoor relief were not started until October, 1926. Corresponding analyses were not available for Scotland before the end of 1928. A rough estimate² of the average number of insured able-bodied unemployed getting out-relief during normal months from 1920 to 1928 shows that about 120,000 to 140,000 in England and Wales, with dependents about 500,000, had to turn to the boards of guardians, not to mention the number of noninsured who also had recourse to poor relief. During January, 1927, the number of insured men in England and Wales in receipt of outdoor relief was 130,080, regardless of the status of their claim for unemployment benefit. During 1927 and 1928 this number gradually declined, barring only a mid-winter rise, until in September, 1928, it had reached the low point of 67,354, to rise slightly with the heavier unemployment of the winter months (Table 48, page 448).

The following persons in England and Wales received domiciliary relief during the month of November, 1929: 54,000 unemployed who were insured under the unemployment insurance acts; 145,000 wives and dependent children of these persons; 40,000 unemployed persons not insured, but registered at an employment exchange, and their dependents; 108,000 other persons ordinarily engaged in some regular occupation, and their dependents. This number excludes persons in receipt of domiciliary medical relief only, and casuals, totaling approximately 126,800.³ The average number of persons ordinarily engaged in some regular occupation, who were in receipt of poor relief in November, 1929, was 347,000. This number includes dependents and represents a decrease of some 40,000 below the number recorded in November, 1928. These 347,000 included 90,000 men, 80,000 women, and 177,000 children.

Unfortunately, the periodical returns received from the boards of guardians by the Ministry of Health concerning the dispensing of poor relief do not distinguish persons receiving and those not receiving unemployment benefit. A special return was obtained from the boards which

¹ Technically (but not always in practice) the poor law authority, in determining whether to grant outdoor relief, "must take into account the full amount of unemployment benefit (including dependents' benefit) which an applicant for outdoor relief is receiving or is entitled to receive." Great Britain Ministry of Labour, *Unemployment Insurance Acts, 1920 to 1930*, (U. I. L. 8, 1930) p. 8.

² R. C. Davison, *The Unemployed*, *op. cit.*, p. 133.

³ These figures represent averages on each Saturday of November. "Poor Law Relief in Great Britain," *Ministry of Labour Gazette*, Vol. 38, March, 1930, p. 87.

showed that on April 17, 1926, 35,754 persons received both poor relief and benefit.¹

The Inspector of the Poor in Glasgow testified before the Blanesburgh Committee that no doubt there was overlapping between the two authorities and that the amount paid in unemployment benefits was admittedly inadequate for the full maintenance of families, thus necessitating a supplementary payment in poor relief. He regretted the necessity of applicants being paid in two places and of inspectors from two authorities making home visits and other investigations into personal needs. On the fifteenth of January, May and November, 1925, there were over four thousand people drawing both poor relief and unemployment benefit in Glasgow.²

The sample investigation of nearly 11,000 claimants to unemployment benefit made by the Ministry of Labour in November, 1924, disclosed that 4.7 per cent of the males were in receipt of poor relief. In certain areas a much higher percentage than this cover-all figure was shown.³ In April, 1927, it was found that, while the same percentage of all the male claimants in the sample were in receipt of poor relief, only 2.4 per cent of those whose claims had been authorized for payment of benefit were in this class, and of this number a proportion would be in the waiting period. The numbers of those who received both poor relief and unemployment benefit must therefore be small.

Although attempts have been made to check any possible overlapping of poor relief and unemployment insurance, there is no doubt it sometimes occurs. Duplication of payments cannot be avoided in some cases and malingering is thus encouraged by the overlapping of functions. Responsible investigators, after extensive research in the district of Reading, reported, "This dual system of providing relief for the unemployed person vitiates any salutary effect which may be produced by a Rota Committee's refusal of benefit to an individual worker, for in many cases that worker simply draws more unemployment relief when deprived of unemployment benefit."⁴ Many of the criticisms of unemployment insurance are due to a misunderstanding of the problem here involved.

Section 14 of the Unemployment Insurance Act, 1922 (as amended by the Act of 1927), provides that if a poor law authority has granted outdoor relief to or on account of a person not in receipt of benefit and it has been discovered that that person was justly entitled to benefit, the Minister of Labour may reimburse the poor law authority. The amount thus restored to poor law authorities in 1929 was £177,458, and

¹ Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report*, *op. cit.*, p. 243.

² *Ibid.*, p. 110.

³ *Ibid.*, p. 28.

⁴ *Unemployment Insurance in Great Britain: A Critical Examination by the Authors of "The Third Winter of Unemployment," op. cit.*, p. 49.

the total amount from June, 1922, to the end of December, 1929, was £988,506.¹

In practice, the policy of the poor law unions seems to have varied in regard to giving relief to those in receipt of unemployment benefit.² For example, the Dudley union refused outdoor relief to men in receipt of benefit, while in Birmingham, the guardians supplemented unemployment benefit, when it was the only source of income, on the ground that benefit alone was inadequate for complete maintenance. Similarly, Cardiff subsidized benefit until it recently changed its policy.

Duplication of assistance has led to a demand for its abolition. The Balfour Committee's final report (1929) urges that every effort be made to insure proper co-ordination and to prevent overlapping between unemployment benefit and poor relief, saying that "without such co-ordination it is plainly impossible by any action on the part of the authority administering unemployment insurance to ensure that the aggregate of any income which can be drawn from benefit and relief shall not equal or even exceed the wages which the insured person could earn at his ordinary occupation."³

The question is often raised whether the unemployment insurance fund does not evade its responsibility by turning over the unemployed to the poor relief authorities, reducing the numbers receiving benefit only to increase those assisted by the poor law. The *New Statesman* charged in December, 1928, that the actual figures of those receiving unemployment benefits mean little when the unemployed are so inadequately maintained that many of them are in a state approaching starvation. It claimed that the greater part of the cost of keeping them alive is thrust off by the state upon other workers, upon employers, upon local rates and upon private charity.⁴

A comparison of the trends in the two sets of data, one relating to the number of insured men receiving outdoor relief and the second relating to the men registered as unemployed, indicates to what extent the unemployed are shifted from one fund to the other. As a rule, the fluctuations in these two sets of figures for England and Wales coincide. During the latter part of 1926, while the total number of men ordinarily engaged in some regular occupation who were getting poor relief in England and Wales decreased, the number of insured men getting such relief increased (Chart 7, Table 48, page 448). But since the first group included⁵ many coal miners engaged in the coal dispute, this in-

¹ Great Britain Ministry of Labour, *Report for the Year 1929*, op. cit., p. 74.

² Sidney Webb, and Beatrice Webb, *English Local Government: English Poor Law History; Part II: The Last Hundred Years*, op. cit., pp. 868, 874, 887.

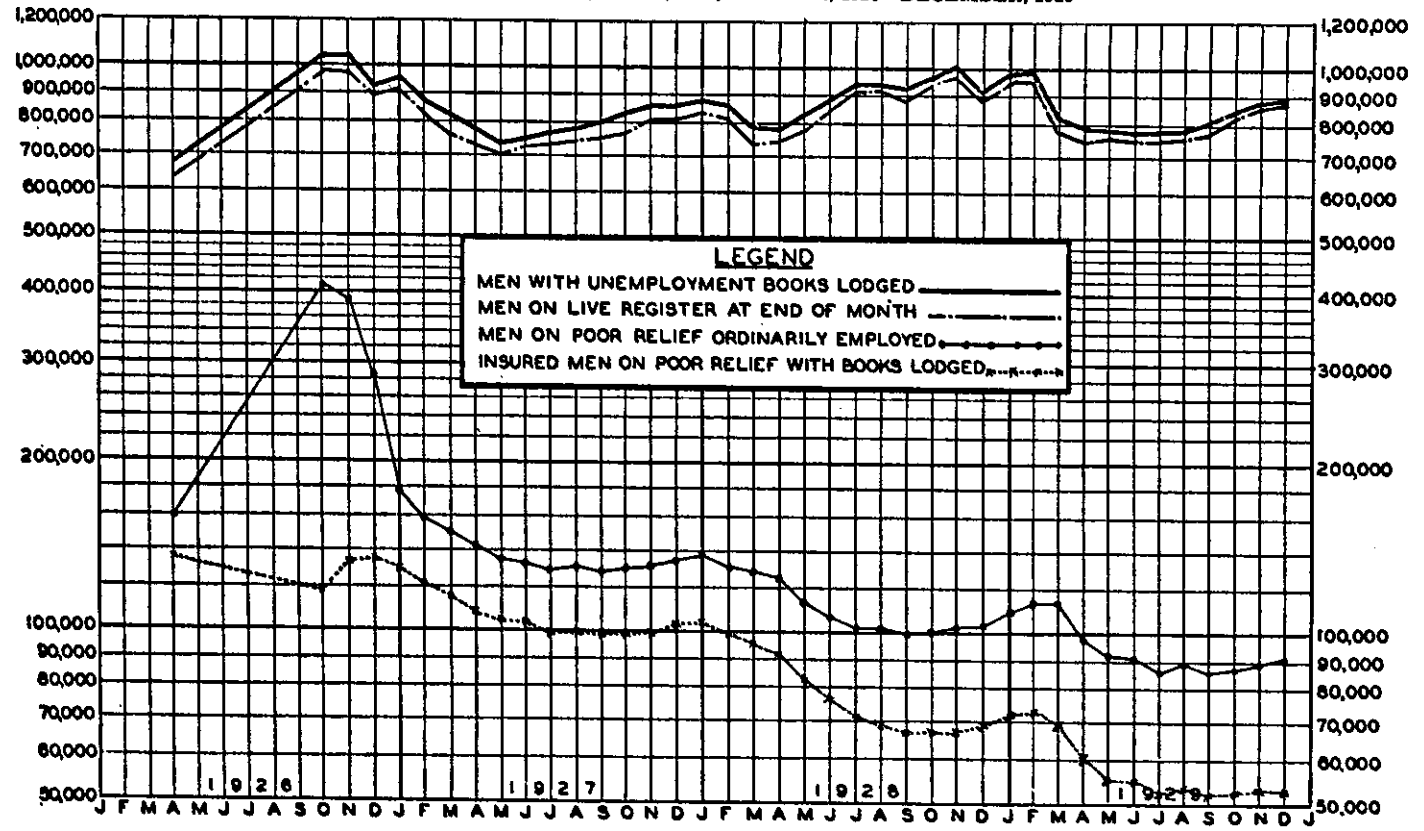
³ Great Britain Board of Trade—Committee on Industry and Trade (Arthur Balfour, Chairman), *Final Report*, op. cit., p. 137.

⁴ "Finding Work," *New Statesman*, Vol. 32, December 29, 1928, pp. 376-377.

⁵ Great Britain Ministry of Labour, *Memorandum on Certain Points Concerning the Statistics of Unemployment and of Poor Law Relief*, op. cit., p. 5.

Chart 7

AVERAGE MONTHLY NUMBER OF MEN ON POOR LAW RELIEF AND THE NUMBER RECORDED AS UNEMPLOYED, ENGLAND AND WALES, APRIL, 1926, OCTOBER, 1926—DECEMBER, 1929



Source: Table 48, p. 448.

crease is explained by the inclusion of numbers of men, disqualified for unemployment benefit, who were included in the figures compiled for the period of the dispute because relief was paid to their families. No valid comparison is possible for the last three months of 1926, since this group is excluded from the Ministry of Labour unemployment statistics.¹

In England and Wales during 1928, the decrease in the number of insured unemployed men receiving outdoor relief has been greater than that of the total receiving outdoor relief and ordinarily engaged in some regular occupation (Chart 7). The seasonal fluctuations in these two classes of recipients of outdoor relief in England and Wales coincide with the corresponding fluctuations among men registered as unemployed at the employment exchanges in England and Wales, that is to say, both the number of men receiving outdoor relief and of those registered as unemployed increase in the winter months and decrease in the summer (Chart 7). However, the curves representing the number receiving outdoor relief who are ordinarily engaged in some regular occupation and those who are insured, reveal a positive downward trend since January, 1927. In contrast, the number of men with employment books lodged at the exchanges in England and Wales, that is, insured men, and of men on the live registers of the exchanges, do not show a persistent downward trend. On the other hand, while the numbers of insured men drawing outdoor relief, as well as the total numbers ordinarily engaged in some regular occupation who drew outdoor relief, show a steady decline from January to October, 1928, the number of men on the live register and the numbers with books lodged show large increases during May, June and July (Chart 7). The figures for 1927 give a better picture of normal variations within the year. In other words, the number of unemployed men, whether insured or not, receiving outdoor relief in England and Wales, is decreasing, while the numbers registered as unemployed at the exchanges of England and Wales remain fairly constant, except for normal seasonal fluctuations. The reduction in the figures for outdoor relief was undoubtedly influenced by the efforts of the Ministry of Health to curb lax administration.

According to these figures there has been, on the whole, no appreciable transfer of unemployed men from the exchange registers to the outdoor relief lists. The present confusion, arising from the fact that the unemployment insurance scheme does not adhere to the principle of insurance, was illustrated when the Unemployment Insurance Act of 1930 came into force and thousands previously ineligible for benefit made application. It will be impossible for some time to estimate the extent of this large scale transference from relief to benefit, but unquestionably the report

¹ Great Britain Ministry of Labour, *Memorandum on Certain Points Concerning the Statistics of Unemployment and of Poor Law Relief*, op. cit., p. 5.

on the number of the able bodied who received out-relief during 1930 will show that local rates were considerably relieved. The *Times* for March 14, 1930, reported that nearly all of the 1,500 able-bodied unemployed who had been relieved by the Poplar boards of guardians applied at the Poplar employment exchange for unemployment benefit, and that employment exchanges at Shoreditch and Hackney received hundreds of applications from able-bodied persons previously supported by the boards of guardians. A surprising result of the Act of 1930 in the Newcastle district was the number of fresh claimants for benefit of whom there was no trace in the official records of the labor exchanges or the Poor Law Guardians. In many areas, however, employment exchanges reported that large numbers of recipients of poor relief were transferring their claims to the exchanges.¹

New Administrative Machinery for Relief

Greater appreciation of the possibility of duplication in relief to the unemployed has focused attention on administrative machinery and methods for relief. Representatives of the National Confederation of Employers' Organizations testified vigorously before the Blanesburgh Committee against the burdening of employment exchanges with the payment of extended benefit. They said, "There is a national problem—the problem of extended benefit—and the reorganization of the public assistance authorities is perhaps the first step in the ladder of enquiry before you come to unemployment insurance." They urged that merely because the machine for unemployment insurance was available it should not have to carry the whole burden, and they hoped that a review of the poor law and the public assistance authorities might result in an organization for this purpose.²

The Association of Poor Law Unions of England, in their testimony, noted the increasing inability of the insurance fund to carry its burden and the growing assumption of additional responsibility by the guardians. They concluded that state aid to poor relief should be the alternative to nonassumption of the complete burden of the able-bodied unemployed by the insurance fund. The Blanesburgh Committee rejected this proposal on the ground that regular state aid to local public assistance authorities for outdoor relief to able-bodied unemployed would be little different from unemployment insurance in the eyes of beneficiaries, and that a dual system would result.

Long-continued dissatisfaction with the old system of poor relief resulted in the new Local Government Act of 1929, which went into effect in 1930.³ This act transferred the functions of the boards of guar-

¹*Times* (London), March 14, 1930.

²Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report, op. cit.*, p. 79.

³Great Britain Ministry of Health, *Local Government Bill, 1928* (Cmd. 3220), pp. 2-5.

dians to the ordinary local authorities, i.e., the councils of counties and county boroughs, which handle relief (to be known as "public assistance") through Public Assistance Committees with sub-committees called Guardians Committees. In spite of the Labour Party's protests when the new scheme was debated in Parliament, it is now quite generally conceded that the new method of local government should give better co-ordination. But it remains to be seen whether in actual practice the various forms of poor relief, including the relief of the able-bodied unemployed, will be co-ordinated and whether new machinery for handling the cases of long-continued unemployment will be developed. A satisfactory method of dealing with the able-bodied unemployed is much desired by the local authorities themselves, many of whom are thoroughly disgusted with the present confusion.

Previously in certain areas boards of guardians had charge of test work, training and placing of the able-bodied unemployed. These functions are now passed on to the new local authorities; as in the past, their performance will depend in large part on the policies of each local body, which may vary as much as before.

The new Local Government Act of 1929 has put the granting of out-relief or home assistance to the able-bodied unemployed on an entirely new basis. Formerly it was not permitted officially by the Ministry of Health and was regarded as a special relaxation of relief regulation orders in certain areas, but it is now recognized as a definite function of the public assistance authority. Such a situation as that existing in June, 1929, when 243 poor law unions gave no out-relief to the able bodied, will not in all likelihood occur again.

The following are some of the other changes effected by the 1929 local government act which directs increasing attention to the considered treatment of the able-bodied unemployed: ¹

1. The Exchequer grant to local authorities will in future take account, among other factors, of the percentage of local unemployment; previously, there was no grant-in-aid of Poor Law relief.

2. The local body responsible for providing the subsistence of the unemployed man and his family will in future be the same as the body which provides relief work, aided, as a rule, by the Unemployment Grants Committee. Previously the guardians were responsible for relief, but were, strictly speaking, without power to finance any schemes of work, save on the maintenance of their own premises and plants.

3. The Relief Regulation Order, 1930, brings pressure upon the local authority to make far more elaborate arrangements for treating unemployed applicants. Not only is test work urged wherever practicable, but instructional classes, varying from vocational

¹ R. C. Davison, *What's Wrong With Unemployment Insurance*, op. cit., pp. 38-39.

courses to physical training, are advocated by the Ministry of Health.

However effective these new relief authorities may be, possibilities for friction between local relief authorities and unemployment insurance authorities remain, if only for the reason that the former are purely local while the latter are national bodies.

Summary

Local boards of guardians under a central authority administered public relief to the unemployed under the Poor Law of 1834 until April, 1930, when the Local Government Act of 1929 took effect. Relief to the able bodied without a work test was prohibited in theory at least. During a few years prior to the war, poor relief was reduced to a minimum through regulation and poor law administration reached its highest efficiency. But by 1927, because of the post-war unemployment and the relaxation in poor law administration forced by expiration of the right to insurance benefit in many cases, the burden of poor relief was in some respects worse than in 1834; since 1927, however, the total number of able bodied receiving outdoor relief has decreased.

Many able-bodied unemployed apply for poor relief because they are excluded from the insurance scheme by reason of age, occupation, or health; some insured persons fail to qualify for benefits and others apply for relief during the waiting period or while their claims are being considered. The insurance benefits are adjusted to the needs of the lowest skilled workers and often do not provide a living income for the family. These factors and the necessity of many workers turning to poor relief after the right to benefit is exhausted account for the large relief expenditures since the war.

About one-third of the poor law unions with half the population of England and Wales have had to deal with most of this new post-war pauperism. Though the number of able-bodied persons receiving relief declined after 1927, total poor relief expenditures for all classes in 1926-1927 was the highest in history, largely on account of the general strike and the coal dispute. Moreover the proportion of persons receiving relief for long periods has been increasing.

Considerable variation in the strictness of the conditions under which boards of guardians grant outdoor relief has existed. Leniency has usually occurred in districts with large numbers of unemployed. The Minister of Health replaced some boards and the guardians he appointed were frequently able to reduce the number in receipt of out-relief or home assistance appreciably. The heavy expenditures of the boards of guardians in some cases have forced them to borrow large amounts, which cannot be repaid for years.

Many people who formerly disliked the acceptance of poor relief now accept it without distaste. Since payments for poor relief often exceed unemployment benefit and are granted under rules less stringent than those applying to unemployment insurance, it is probable that insurance would contribute to malingering and would reduce the will to work less than poor relief.

Some overlapping of poor relief and unemployment insurance is inevitable, particularly in the case of able-bodied insured workers with several dependents. For the period 1920-1928 the average number of able-bodied insured with their dependents receiving poor relief was estimated at 500,000, but periodical returns from the Ministry of Health do not distinguish between persons receiving and those not receiving unemployment insurance benefits. A special return showed that on April 17, 1926, a comparatively small number, 35,754, were receiving both poor relief and insurance benefits. In April, 1927, only 2.4 per cent of persons whose claims had been authorized for benefit were receiving poor relief. Refusal of benefit and attempts to reduce extended benefit have resulted in higher poor relief payments. It is sometimes asserted in view of the frequent insufficiency of insurance benefits that the insurance system throws the major part of the cost of unemployment upon other workers, employers, local rates and public charity.

The Local Government Act of 1929 was the result of long-continued dissatisfaction with the old system of poor relief. The granting of out-relief is now a definite function of the local authorities. They operate through public assistance authorities who have displaced the guardians. Formerly the Exchequer in its grants to local authorities did not recognize out-relief expenditures but under the new act the Exchequer will take account of the percentage of local unemployment. The local provision for the poor is more centralized and there is greater pressure for case work analysis and treatment of unemployed applicants. Better co-ordination in dealing with extended unemployment seems probable.

CHAPTER XIV

DEMORALIZATION AND MALINGERING

Without doubt the prolonged industrial depression has been accompanied by some measure of demoralization of the working population. Adverse critics of unemployment insurance are likely to attribute this lowering of morale to the scheme rather than to poor relief, or the evil of unemployment itself. Even in 1922 a group of earnest and able men who examined conditions in various districts reported that there was danger of demoralization, and that the longer dependence on public relief continued, the greater the danger became.¹

A report published in 1925 stated that employers and trade unionists consulted were of the opinion that most workers genuinely wanted work and sought it when unemployed. There were, however, many exceptions, mainly of the old pre-war "loafer" type. There are no doubt some who were formerly on the margin, who have now sunk into this category because of the impossibility of getting work. This report further emphasized that the trouble in many cases was not that the "dole" spoiled men, but that the hopelessness of getting work distorted some workers' motives.²

Long-continued unemployment since the war has made the danger more acute. Some of the unemployed today are men who did not have a chance to acquire industrial habits before they were drawn into war and others are demoralized and practically incapacitated because of continued idleness. In January, 1929, George Lansbury, Labour M.P., commented, "I am confident the physical, mental, and moral condition of our people is going rapidly from bad to worse."³ And J. H. Thomas, then a Labour M.P. and secretary of the National Union of Railwaymen,⁴ said that he daily saw the demoralizing effect of unemployment. He asserted that no matter how strong a man's character might be, if he was destined to be out of work week after week, month after month, year after year, not only did he lose aptitude for work, but he was influenced by the environment into which he was driven every day and

¹ *The Third Winter of Unemployment*, London: P. S. King and Son, Ltd., 1922, p. 82.

² *Unemployment Insurance in Great Britain: A Critical Examination By the Authors of "The Third Winter of Unemployment," op. cit.*, pp. 57-58.

³ *Times* (London), January 21, 1929.

⁴ Later, in the Macdonald Government, Lord Privy Seal and unofficial minister of employment.

that "it was this breaking of . . . manhood and womanhood" which must be prevented.¹

In a report on an investigation in the coal regions of South Wales and Monmouth, this distressing statement appears:

It is not too much to say that every thoughtful person with whom we have talked has expressed greater concern at the destructive effect of idleness upon the character and morale of the unemployed than at the hardships involved in the scant supply of the necessaries of life. . . . From the first we were struck more by the aspect of depression among the unemployed men and their listlessness than by any other signs of poverty.²

The Webbs, commenting on the dangerous tendency of continued involuntary idleness to turn into work-shyness if it endures for any length of time, point out that no man voluntarily becomes aged or mentally defective, but voluntary pauperism is unfortunately a frequent outcome of quite involuntary wagelessness.³ And again, in criticizing the government for reluctance to spend money on training and other constructive measures, they claim that while the payment of benefits may seem the cheapest device, this cheapness is, in the long run, delusive, both because of the physical and moral degeneration to which it inevitably leads in a certain proportion of cases, and because of the increased number of applicants such a dole attracts.⁴

Referring to long-continued unemployment, necessitating an indefinite extension of benefit, they say further that though the state scheme averted a social catastrophe and has not done all the harm feared, it still seems that its effect upon mind and conduct must be bad in cases where unemployment is long continued. The psychological advantages which offset the evil of the scheme depend upon maintaining the feeling that it is really insurance.⁵

Unfounded charges against the "dole" have often resulted from confusing poor relief with unemployment insurance. An investigation made by the Charity Organization Society through twenty-nine district committees operating in the county of London revealed that, although the secretaries had expected to discover serious malingering because of the gangs of young men constantly to be seen loafing around public houses or bookies' headquarters, it seemed probable that this idleness was financed by poor relief rather than unemployment insurance.⁶ Indeed,

¹ *Times* (London), January 12, 1929.

² Great Britain Ministry of Health, *Report on Investigation in the Coalfield of South Wales and Monmouth*, *op. cit.*, p. 9.

³ Sidney Webb, and Beatrice Webb, *English Local Government: English Poor Law History; Part II: The Last Hundred Years*, *op. cit.*, p. 633.

⁴ *Ibid.*, p. 694.

⁵ *Ibid.*, p. 634.

⁶ Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report*, *op. cit.*, Vol. 2, p. 234.

much criticism of unemployment insurance should be directed against granting of poor relief unwisely.¹

The subvention of casual labor by poor relief furnishes particular ground for criticism. The Webbs say it has been common practice to deduct the exact sums the applicant admits having earned by one or two days' employment from the total weekly relief for complete unemployment. This is not only a plain subsidy to the employer of casual labor, by maintaining workers while they are waiting for the next job; but also direct encouragement to the laborer not to trouble to secure a job, as he receives just as much if he does nothing. Finally, they note that, since the staff of relieving officers is chronically overworked due to the large numbers of applicants, the investigation becomes perfunctory. The result has naturally been an almost indiscriminate granting of unconditional outdoor relief, on a scale which may equal, and often exceeds, the normal earnings of the household.² Poor relief was indicted by a worker in Reading who said that any difficulty in getting men for odd jobs was due to the system adopted by the guardians of deducting earnings from the amount of relief granted. He claimed this arrangement discouraged men from accepting odd jobs, as recipients of benefits from public funds were equally well off financially whether they worked or not.³

There is undoubtedly room for improvement in an unemployment insurance scheme under which men have been known to refuse work for a part of a day because it ruins their chance of drawing a full day's benefit; such work, for example, as clearing snow or unpacking crates in warehouses.⁴ This problem was considered by the Blanesburgh Committee, but they found no solution. They reported that as long as the unit of employment is a day, some anomalies are inevitable. As for the proposal of a shorter unit of half a day, or an hour, they concluded that it would be necessary to verify unemployment for half-days or hours, and the administrative complications would rule out any hope of a solution on these lines.⁵ Although the committee judged that the difficulty arose in comparatively few cases, this problem will have to be solved if much of the present criticism amounting to charges of malingering is to be proved unjustifiable.

Another body of criticism issues from irritated housewives who regard women accepting the "dole" and refusing domestic service as malingerers. A government committee appointed "to enquire into the

¹ See pp. 261-262.

² Sidney Webb, and Beatrice Webb, *English Local Government: English Poor Law History; Part II: The Last Hundred Years*, op. cit., pp. 906-907.

³ *Unemployment Insurance in Great Britain: A Critical Examination By the Authors of "The Third Winter of Unemployment,"* op. cit., p. 49.

⁴ *Ibid.*, p. 58.

⁵ Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report*, op. cit., Vol. 1, pp. 74-75.

present conditions as to the supply of female domestic servants, and in particular to enquire into the effect of the Unemployment Insurance Scheme in this connection and to make recommendations," reported in 1923 that in their opinion women should have as much freedom in their choice of a profession as men—although they should not expect to exercise this choice at the expense of the rest of the community—and that women trained for a particular trade who paid their contributions to the insurance fund were entitled to benefit, subject to the regulations governing its payment. Obviously, there are cases where it is not unreasonable to expect alternative employment to be accepted after, or in some cases, before, benefit has been exhausted, if the chances of re-employment in the original trade are slight. This committee visited a number of exchanges all over the country and found that many of the women applying for work in industrial areas were wholly unsuited for domestic work. They investigated many recipients of benefit and discovered no indication that stopping such payments would result in an increased supply of employable domestic workers.¹

Dependable opinion may be found to point toward an increasing tendency for people to think they must get something out of a fund they have paid into, whether or not they are actually in need. A certain number of contributions gives a man a legal right to a certain number of benefits, but it is not the purpose of insurance to encourage him to take time off in order to get something that he regards as due him. It would be practically impossible to check this abuse except by effective education on the subject of what constitutes insurance.²

One charge frequently made against British workers is that they willingly lie back on the state and make no effort to save. After an examination of statistical and other data relating to voluntary provision against misfortune, A. M. Carr-Saunders and D. Caradog-Jones concluded that the aggregate savings of the small investor were considerable, and were being maintained in spite of the post-war depression and the fact that the state schemes of compulsory provision against misfortune have been greatly extended. They reported that there was no evidence indicating that the advent of state schemes had led to a slackening of individual effort to provide against the chances and changes of life.³

Realizing that unemployment insurance would be discredited entirely if benefits were not being paid deservedly, the Ministry of Labour has made investigations into the composition of applicants since the passing of the 1920 act. All studies have been made on a sample basis which has

¹ Great Britain Ministry of Labour—Committee Appointed to Enquire into the Present Conditions as to the Supply of Female Domestic Servants, *Report, op. cit.*, p. 27-28, 29.

² Winston Churchill, "The Dole," *Saturday Evening Post*, Vol. 202, March 29, 1930, p. 7.

³ A. M. Carr-Saunders, and D. Caradog-Jones, *Social Structure of England and Wales*, London: Oxford University Press, 1927, p. 167.

been checked and proved adequate; they afford careful analyses of the degrees of employability of claimants, together with their ages, marital states, number of dependents, physique, health, physical defects and other qualities. After a careful examination of these studies, as well as of a wealth of material relating to individual cases, one is forced to conclude that widespread rumors of malingering under the state scheme are unwarranted. It would be absurd to state that there are no fraudulent claims when nearly twelve million persons are insured, but on the other hand there is sufficient evidence to prove that these cases are few in relation to the total claims for benefit.¹

In April, 1927, a government investigation showed that not over 5 per cent of the claims and claimants covered were disallowed.² In 1929 the proportion of disallowed claimants on the register at any time was about 7½ per cent. Figures for an average year showed that out of four thousand such claimants, only two of the eleven suspected of fraud were actually prosecuted.

The Ministry of Labour institutes criminal proceedings in all cases where there is reason to suspect fraud in connection with claims for benefit and when the evidence makes a conviction probable. The following tabulation shows the result of these prosecutions for 1926, 1927, 1928, and 1929.³

Disposition of Case	1926	1927	1928	1929
Fined.....	1,144	1,164	873	682
Imprisoned.....	341	223	179	129
Bound over or admonished.....	166	145	104	84
Summonses dismissed.....	99	107	77	54
Total.....	1,750	1,639	1,233	949

In 1929 the number of sentences of two months' imprisonment and upwards imposed was thirty-one, as compared with twenty-eight in 1928. Of the various types of fraud, the most prevalent was that of persons claiming benefit for days when they were at work, 739 of the cases in 1929 being of that kind. Workers claiming unemployment insurance benefit who stated falsely that they were not in receipt of health insurance benefit numbered thirty.⁴

¹ Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report, op. cit.*, Vol. 1, pp. 20-21.

² Computed from Great Britain Ministry of Labour, *Report on an Investigation into the Personal Circumstances and Industrial History of 9,748 Claimants to Unemployment Benefit, April 4 to 9, 1927, op. cit.*, pp. 58, 66.

³ Great Britain Ministry of Labour, *Report for the Year 1928, op. cit.*, p. 69; *Ibid.*, *Report for the Year 1929*, p. 74.

⁴ Of the claims prosecuted in 1929, roughly 5.7 per cent were dismissed. Great Britain Ministry of Labour, *Report for the Year 1929, op. cit.*, p. 74.

A report¹ made in 1925 covering eight representative industrial areas of Great Britain characterized the assumption that workers prefer idleness and "doles" to work and wages as obviously too simple to fit the facts. The investigators admitted that it is often especially difficult in the case of married women to ascertain whether they are genuinely seeking work.

This same body of investigators reported of Shoreditch:

Unemployment in Shoreditch is fairly high. The unemployed may roughly be divided into three classes:

1. Those, a small number, who prefer work under almost any conditions to idleness, provided they can pay their way;

2. Those who would rather work than not, but insist that their work should be of a definitely remunerative nature. These form the great bulk of the unemployed;

3. Those who wish to avoid work so long as they can obtain relief in any form. On the evidence obtained and after going into a large number of cases registered with the Guardians, this class cannot be put at a higher figure than 2 or 3 per cent of the whole.

This, however, does not include the criminal members of the community. Some of these never draw benefit at all, others come and go at intervals, and this latter group may account for another 1 per cent of the whole.

So far as benefit is concerned, the methods and opportunities for investigating cases are not satisfactory. The accomplished liar can too often evade the safeguards, whilst a number of unfortunate people who have simply lost heart frequently become the victims of a "need for vigilance" on the part of officials and Committees.²

One must recognize that there is something of a "quality element" in a proportion of the unemployed. For example, one of the special investigations³ labeled 237 of the 11 per cent (900) of 8,135 male claimants who had made no contributions or less than 10 contributions in 125 weeks as "C" and "D" men, that is, men who would not in any case be regularly employed or who were verging on the unemployable if not in that class. This would indicate that there is always, even in normal times, a problem arising from this residuum of low quality who are often considered idlers and malingerers when, in fact, they are of subnormal physical or mental caliber.

The authors of the Minority Report of the Poor Law Commission of 1909, after giving due recognition to the workers who lose their positions through no fault of their own but because of the organization and demands of industry and the fluctuations in public taste, said,

¹ *Unemployment Insurance in Great Britain: A Critical Examination By the Authors of "The Third Winter of Unemployment,"* op. cit., 68 pp.

² *Ibid.*, p. 55.

³ Great Britain Ministry of Labour, *Report on an Investigation into the Personal Circumstances and Industrial History of 10,093 Claimants to Unemployment Benefit, November 24th to 29th, 1924,* op. cit., pp. 120-121.

At the same time, we do not wish to ignore the fact that, *taking the workmen as a whole and ignoring many individual cases to the contrary*, the men out of work at any one time are apt to include the less efficient, the less energetic, the less strong, the less young, the less regular, the less temperate, or the less docile of their class . . . these particular men were chosen for discharge rather than other men for one or other of these reasons. . . . Especially is this true of many of the unemployed of Class II, whose unemployment is specially prolonged; to many of Class III; [the under-employed] and to the bulk if not all of those of Class IV [the unemployable]. Thus it is that it can be said "that, on the whole, the character of this class is comparatively weak, i.e., weak in intelligence, training, physique or *morale*, or all four. The men themselves say they are out of work through slackness of trade, and this is true in a sense that when a trade is extraordinarily brisk almost anyone can pick up some work."¹

These observers went on to state that the evil effects of unemployment are even worse on these less capable men and women because it is possible that the more able may not be physically or mentally impaired by a period of prolonged unemployment.²

Twenty years later the Webbs (one of whom had signed the Minority Report) found that the extreme "patchiness" in the incidence of unemployment during post-war years was caused to a relatively small extent by the shortcomings and defects, physical, mental or moral, of individual men and women, and that the workers in the depressed heavy industries had been no more lacking in the social virtues than the workers in the trades which have suffered very little.³ So much for the effect of abnormal unemployment during 1920-1929.

Where wages are so low that there is little difference between them and benefits, there is certainly not the same incentive to work as where the wage is higher, but it would be difficult to produce data to prove that any appreciable malingering is due to this fact. B. Seeböhm Rowntree has pointed out that benefits have borne a comparatively high relation to wages in the case of low paid or casual workers, among whom the risk of demoralization is greatest, and an entirely inadequate relation to wages in the case of skilled workers, where that risk is the slightest.⁴ This would seem to furnish an argument for basing benefits on earnings.

The charge is sometimes made that men marry and have children in order to secure extra benefits, but it is scarcely credible that merely 9s. (\$2.25) a week benefit for a wife can induce a sensible man to marry,

¹ Great Britain Royal Commission on the Poor Laws and Relief of Distress, *Minority Report*, 1909 (Cd. 4499), pp. 1173-1174.

² Sidney Webb, and Beatrice Webb, *Public Organization of the Labour Market: Being Part II of the Minority Report of the Poor Law Commission*, op. cit., pp. 236-237.

³ Sidney Webb, and Beatrice Webb, *English Local Government: English Poor Law History; Part II: The Last Hundred Years*, op. cit., Vol. 2, p. 677.

⁴ *Times* (London), May 29, 1923.

or that 2s. (50 cents) a week benefit for a child can have any influence on the birth rate.

But workers are not the only ones who are accused of malingering. Churchill recently said, "Many British employers have lent themselves to an abuse of unemployment insurance. Suffering from trade depression and working short time, they systematically arrange to give their workers just that amount of employment as to enable them to qualify for the benefit. Masters and men are found habitually and deliberately co-operating on the basis of say two weeks of work, then two on the dole."¹ The investigation of 1925 previously mentioned commented on the tendency of employers to reduce their staffs more readily because of the existence of the insurance scheme.² Whatever the impetus may be, there is evidence that many employers are falling back on the state scheme to subsidize their workers.³

The Industrial Transference Board appointed by the Conservative Minister of Labour in January, 1928, to look into the problem of the unemployed who had no chance of finding work again at their old trades or in their old localities, reported,

At this stage we think it necessary to comment on a calumny which has gained some currency both here and overseas about the quality of the unemployed. A misunderstanding, so obstinate in certain quarters as to appear deliberate, of our whole system of unemployment insurance, an attitude summed up in the word "dole," has created an impression that the unemployed are unemployable, that they could easily find work if they wished, but that they prefer to live in idleness on money derived from the State. The misconceptions in this attitude are so obviously absurd to anyone who studies, however cursorily, the industrial history of the last few years that we should not have thought it necessary to refute them had we not been struck by their prevalence in some quarters in the Dominions and by the damage that they cause to our people. The Unemployment Insurance scheme is a contributory scheme to which the workmen of this country contribute, out of their wages, one-third of the total cost. No unemployed workman can draw benefits under the scheme unless he satisfies stringent conditions—among others he must show that he is genuinely seeking work. Every impartial body that has examined this scheme, notably the committee under the chairmanship of Lord Blanesburgh which reported in 1927, has found that the allegations of general abuse are without foundation. The body of unemployed is not a standing army of vagrants and loafers, but a number of genuine industrial workers whose composition is constantly changing. There are, of course, "work-shy" among them, as there are in every section of society, and in every country, but

¹ Winston Churchill, "The Dole," *Saturday Evening Post*, Vol. 202, March 29, 1930, p. 7.

² *Unemployment Insurance in Great Britain: A Critical Examination By the Authors of "The Third Winter of Unemployment," op. cit.*, p. 15.

³ See pp. 163-165.

for the most part the unemployed are, at any time, a fair sample of the whole body of the industrial workpeople of this country. There is no country which would not be fortunate, and should not be glad, to receive into its boundaries many of the men with whom our enquiries have brought us into contact.¹

It should be noted, however, that the "stringent" condition, "genuinely seeking work" was abolished by the Act of 1930. It is yet to be seen what the effect of this relaxation will be on the work-shy minority. A thorough acquaintance with the care exercised by employment exchange officials in checking eligibility for benefit,² together with an impartial examination of umpires' decisions since 1922 which bear evidence of pressure on workers to accept work they may not consider suitable would satisfy the most exacting critic that much effort is directed toward the prevention of malingering. A careful examination, moreover, of sample studies and the results of other authoritative investigations, reveals the negligible proportion of people who would rather be idle and draw a pittance than work and get wages. Such a weighing of facts would not only invalidate the dismal pictures of armies of British workers holding out their hands for a "dole," it would also point to the need of discrimination between,

- (1) the unemployed who are drawing benefits to which their contributions have entitled them and those who are not;
- (2) those in the latter group who are able and willing to work and unable to find work and those who are not;
- (3) persons in receipt of unemployment benefits and those in receipt of poor relief;
- (4) demoralization due to continued and involuntary unemployment and that caused by the receipt of unemployment benefit.

Such an examination would not only reveal the gross exaggeration of many charges concerning malingering, but the need of discrimination in order that honest workmen may not be classed with the unworthy.

Churchill, one of the harshest critics of the present weaknesses in British unemployment insurance, said, "Unquestionably it affords a bulwark to the solid, trustworthy workman—outnumbering as he does the others by more than ten to one—against the inevitable fluctuations in modern industrial employment."³ But he added that although the insurance systems of Great Britain have played a "solid and recognizable part" in "this long, slow, sure movement toward the basic ascent of the masses," it is all the more important that they should be ceaselessly cleansed from "abuse and humbug."⁴

¹ Great Britain Ministry of Labour—Industrial Transference Board, *Report, op. cit.*, pp. 36-37.

² See pp. 107-111.

³ Winston Churchill, "The Dole," *Saturday Evening Post*, Vol. 202, March 29, 1930, p. 7.

⁴ *Ibid.*, p. 177.

Summary

Unemployment insurance has been much criticized on the grounds that it causes malingering among the recipients of benefits. Doubtless some demoralization of the working population due to the prolonged unemployment since the war has occurred among the young men who did not have time to acquire industrial habits before the war. Also among the older workers who have experienced long periods of idleness inevitably there has been some lowering of morale and some tendency toward work shyness. But there is little foundation to support a contention that malingering has been widespread.

It is probable that poor relief is more open to such charges than the insurance system since it is less strict in its application than unemployment insurance and in some instances constitutes in effect a subvention to the wages of casual labor. An investigation by the Charity Organization Society in the county of London found that certain types of idleness in the twenty-nine districts surveyed were financed by poor relief rather than unemployment insurance. The custom of furnishing a subvention to casual labor by poor relief results in an out and out subsidy to the employer of casual labor. It is common to deduct from the total weekly poor relief allowed for complete unemployment the amount a worker has earned on odd jobs. The unemployment insurance scheme is vulnerable in that it furnishes no incentive to a man to accept an odd job, in fact it is a deterrent in that if a man accepts work for part of a day he loses his benefit for that day.

Women who refuse domestic service and accept benefit are sometimes criticized for malingering, yet an investigating committee found that many women accustomed to industrial work were unsuited for domestic service, and that stopping the payment of unemployment benefits to such workers would not result in a measurable increase in the number of employable domestic servants. Another investigation inquiring into the charge that workers depend on the state and make no effort to save reported that the savings of the individual small investor had been considerable even during a period of industrial depression.

Sample studies of applicants for unemployment benefit showed that not over 5 per cent of the claims presented were disallowed in April, 1927, and not over 7½ per cent in 1929. The number of fraudulent claims is relatively few and criminal proceedings are instituted by the Ministry of Labour whenever there seems any probability of conviction. The number of prosecutions has been declining in recent years. An investigation of eight representative areas in 1925 showed definitely that workers did not prefer idleness and benefit to work and wages. It was found, too, that 237 of 900 claimants who had made less than ten con-

tributions were unemployable. Much of the criticism has ignored the fact that even in prosperous times the problem of the subnormal exists.

Since the benefit is a flat sum for all wage groups the temptation to malingering is strongest for the low paid workers among whom the risk of demoralization is greatest but it would be difficult to prove widespread malingering even in that group. The outstanding fact is that the heaviest expenditures for benefit occur in the depressed heavy industries and no one suggests that the workers in these occupations are more lacking in the social virtues than those in others. In some instances employers may be accused of malingering in that they arrange to give their employees just the amount of employment that will enable them to qualify for benefit and it is suggested that they reduce their staffs more readily since the adoption of unemployment insurance.

There is room for doubt about the effect on the work-shy minority of the abolition of the "genuinely seeking work" clause by the Act of 1930. Concerning the experience to date every impartial body says that allegations of general abuse of the unemployment insurance system are without foundation.

CHAPTER XV

JUVENILE UNEMPLOYMENT

Statistics to measure unemployment among juveniles between fourteen and sixteen years of age are not complete. Juveniles do not become insured under the unemployment insurance acts until they reach the age of sixteen, and a considerable proportion of unemployed juveniles between fourteen and sixteen do not register at the exchanges. The rate of unemployment of insured juveniles between sixteen and eighteen was 3.6 in 1928, while the rate for adults averaged 11.4 per cent for the same year. The government actuary reported to the Blanesburgh Committee that, judging from the always substantially lower rate of unemployment among juveniles, he estimated that if the general unemployment rate fell to 6 per cent, the rate among boys and girls of sixteen and seventeen years of age would be $4\frac{1}{2}$ per cent. He assumed that only 60 per cent of juveniles sixteen and seventeen years of age would be eligible for benefit, since it requires a large part of the first two years of insurance to satisfy the thirty contribution qualification.¹ It was estimated that the insurance of boys and girls under sixteen would add to the insurance fund about £500,000 a year.²

According to an estimate, there were 595,000 boys and 449,000 girls aged sixteen and seventeen, a total of 1,044,000 juveniles, insured in Great Britain in November, 1930.³ Of these about 95 per cent on the average were employed during the year. In general, employment is better for boys and girls than for adults and in many parts of the country the demand for young people of fourteen is greater than the supply. On the other hand, there are many unemployed juveniles in the needy areas and many boys and girls face "blind-alley gaps" at sixteen and again at eighteen.⁴ It is often asserted that some employers make a practice of discharging youths when they reach the insurable age, but the charge has never been substantiated. There are also unproven rumors that boys try to get discharged when they become eligible for higher benefits. An official investigation disclosed that a higher proportion of boys than of girls became unemployed because they had grown "too old for the job."⁵

¹ Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report, op. cit.*, Vol. 1, p. 91.

² Great Britain Ministry of Labour, *Unemployment Insurance Bill, 1929; Report by the Government Actuary on the Financial Provisions of the Bill, op. cit.*, p. 4.

³ "Juvenile Unemployment Statistics," *Ministry of Labour Gazette*, Vol. 38, December, 1930, p. 460.

⁴ Liberal Industrial Inquiry, *Britain's Industrial Future, op. cit.*, p. 381.

⁵ Great Britain Ministry of Labour, *Report on an Enquiry into the Personal Circumstances and Industrial History of 3,351 Boys and 2,701 Girls Registered for Employment at Employment Exchanges and Juvenile Employment Bureaus, June and July, 1926*, 1926, p. 54.

The Ministry of Labour made an analysis of problems relating to juvenile unemployment in 1925. Of 33,311 boys and 27,010 girls registered on July 13, 1925, 3,331 boys and 2,701 girls were interviewed, of whom 70.6 per cent of the boys and 52.2 per cent of the girls were insured.

It is popularly held that large numbers of boys and girls on leaving school are demoralized through unemployment, but in the group studied the period between leaving school and obtaining employment was, in general, not unduly long. Slightly more than half of the juveniles who had been employed secured work within a month after leaving school and about three-quarters within six months. Undoubtedly in many cases employment was not sought immediately, particularly by girls. Of the boys interviewed, 9.7 per cent and of the girls 20.9 per cent had not had any employment after leaving school.¹

There is also a common belief that most boys and girls on the register have been unemployed for long periods. The inquiry disclosed that on the average the boys had been unemployed 8.4 weeks since leaving their last jobs, and the girls 7.2 weeks. Of the boys, those in the older age groups had been unemployed for the longest periods. More than two-thirds of the boys and slightly less than two-thirds of the girls held their first situations for more than six months. In general girls held their jobs for a slightly longer time than boys but boys of fifteen and sixteen remained employed for longer periods than girls of the same age.²

Significantly enough, the study showed that while there were more boys and girls of the best type than there were situations of the best type, the proportion of boys and girls of the lowest type was higher than the proportion of seasonal and casual situations.³ The Minister of Labour, speaking in 1929 of the 1928 experience, said:

Of the boys and girls registered as unemployed at the exchanges in London on a specified date in December, over 50 per cent had then been so registered for a period of less than a week and 88 per cent for less than a month; while a similar count taken during November in Manchester, where the rate of juvenile unemployment is considerably higher than in London, showed that the average length of unemployment of the boys and girls registered at the Bureaux was about three weeks.⁴

Except in regions of chronic unemployment unemployed juveniles are a shifting group. The report based on the sample study of June and July, 1925, states, "There is no indication of a large class of boys and girls, verging on the unemployable, who have deteriorated markedly in consequence of long-continued unemployment. On the other hand, the enquiry

¹ Great Britain Ministry of Labour, *Report on an Enquiry into the Personal Circumstances and Industrial History of 3,331 Boys and 2,701 Girls Registered for Employment at Employment Exchanges and Juvenile Employment Bureaux, June and July, 1925*, *op. cit.*, p. 18.

² *Ibid.*, p. 52.

³ *Ibid.*, p. 66.

⁴ Great Britain Ministry of Labour, *Report for the Year 1928*, *op. cit.*, p. 44.

shows that there is a residue of difficult cases which in themselves constitute a problem of the first magnitude." In the opinion of the interviewing officers, 91.2 per cent of the boys and 93.6 per cent of the girls were specially qualified for some particular type of occupation and were presumably employable in such occupations if openings had been available.¹

The study was general in character and did not reflect conditions in the depressed areas where the demoralization of youth by idleness has caused deep concern. There has been intensified effort to transfer boys and girls from these blighted regions to more prosperous districts.

In certain districts receipt of unemployment benefit by juveniles has been conditional upon attendance at juvenile training centers, and many groups from time to time have urged that this should be made a universal requirement. The National Union of Manufacturers recommended to the Blanesburgh Committee that "it should be made compulsory that juveniles who are receiving benefit, up to eighteen years of age, should, so far as conditions permit, attend regularly at these centers."²

The report of the London Advisory Council for Juvenile Unemployment for 1926-1927 shows how figures of juvenile unemployment are affected by the requirement of attendance at a training center. This report stated that, while in 1925-1926 there were twelve juvenile employment centers in the London area, in 1926-1927 there was only one. The report further said that as a result it had not been possible to require that claimants fulfill the conditions relating to attendance, and in consequence the number on live registers was high in comparison with that for the previous year.³ A number of claimants had preferred to forfeit benefit rather than attend training centers.⁴ The Act of 1930 provided that "An insured contributor is disqualified for receiving benefit if, being under the age of 18 and having been unemployed for such period as may be prescribed, he fails without good cause to attend an approved course of instruction which he has been required in writing to attend."⁵

The Committee on Education and Industry⁶ considered the feasibility of lowering the age of eligibility to unemployment insurance benefit to fourteen as a means of "securing that all juveniles be brought within the scope of the national machinery for giving advice to boys and girls,

¹ Great Britain Ministry of Labour, *Report on an Enquiry into the Personal Circumstances and Industrial History of 3,351 Boys and 2,701 Girls Registered for Employment at Employment Exchanges and Juvenile Employment Bureaus, June and July, 1925*, op. cit., pp. 74-75.

² Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report*, op. cit., Vol. 2, p. 234.

³ Great Britain Ministry of Labour, London Advisory Council for Juvenile Unemployment, *Third Annual Report, 1926-1927, 1927*, (36-36-0-27) p. 10.

⁴ *Ibid.*

⁵ Great Britain Ministry of Labour, *Summary of Unemployment Insurance Acts, 1920-1930, 1930* (36-99-0-30), p. 12.

⁶ This committee, known also as the Malcolm Committee, was appointed by the Baldwin Government "to inquire into and advise upon the public system of education in England and Wales in relation to the requirements of trade and industry, with particular reference to the adequacy of the arrangements for enabling young persons to enter into and obtain suitable employment."

for placing them in employment, and for bringing them under the discipline of instruction (at juvenile training centers) when unemployed."¹

Although the committee was strongly in favor of bridging the gap in public supervision between the school-leaving age and the age of entry into unemployment insurance, the majority of witnesses, representing educational interests and various organizations, opposed the lowering of the age of eligibility for insurance. The committee therefore recommended a working certificate procedure somewhat like that used in some states of the United States which would bring to the juvenile employment centers practically all unemployed juveniles and not merely juveniles claiming benefits.² The Labour Government by the Unemployment Insurance Act of 1930 provided for the lowering of the minimum age of entry into insurance from sixteen, as at present, to the school leaving age, when the latter is raised to at least fifteen.

Reliable estimates place British industry's yearly intake of juveniles at approximately 675,000.³ It was with the idea of reducing unemployment as well as giving further educational opportunity to youth that the Labour and Liberal parties were so insistent upon raising the school leaving age from fourteen to fifteen. J. H. Thomas, among others, earnestly advocated this measure and the retirement of men over sixty-five "in order to provide work for the 600,000 young people between eighteen and twenty-five now out of work."⁴ The Melchett-Turner group asserted that if the age limit for entrance into industry were advanced to fifteen, 500,000 juveniles could be withdrawn, making room for a number of the older unemployed. Such a bill was introduced by the Labour Party in 1930, but was dropped in order to obtain action on certain other measures.

It is anticipated that the raising of the school age to fifteen years would withdraw the following number of children from industry during the decade following April 1, 1931:

Year	Number Aged 14-15
1931-1932.....	435,000
1932-1933.....	431,000
1933-1934.....	578,000
1934-1935.....	627,000
1935-1936.....	587,000
1936-1937.....	527,000
1937-1938.....	517,000
1938-1939.....	496,000
1939-1940.....	492,000
1940-1941.....	470,000

In subsequent years the figure is likely to be 450,000 or thereabouts.⁵

¹ Great Britain Board of Education, and Ministry of Labour—Committee on Education and Industry (England and Wales) [D. O. Malcolm, Chairman], *Report, First Part*, 1926, p. 62.

² See pp. 314-315.

³ Liberal Industrial Inquiry, *Britain's Industrial Future*, op. cit., p. 280.

⁴ *Times* (London), April 4, 1929.

⁵ "Another Year at School," *Economist*, Vol. 109, August 10, 1929, p. 260.

The decline in the birth-rate is a factor in the low rate of juvenile unemployment. The decrease in the number of juveniles available for employment from an estimate of 2,250,000 in 1924 to 2,160,000 in 1928 is the result of the lowered birth-rate before the war. Because of the greatly accentuated decline in the birth-rate during the war, the lowest annual number of juveniles available for employment will probably be reached in 1933 and 1934. A sudden rise in 1934 is predicted, followed by a gradual falling off in 1938 till at least 1941. Areas vary, and districts where recruiting was particularly heavy will show the greatest reduction in the number of children available for work during the coming years. Probably in most areas there will be a decline from 1927 for five or six years amounting to between 20 and 30 per cent.¹ This, of course, will affect the number of adults available for work in later years. The majority of juvenile employment committees and juvenile advisory committees from whom the Ministry of Labour gathered data expressed the hope that the coming deficiency of juvenile labor would have a salutary effect in giving young people a better choice of work and in raising standards of working conditions.

While the number of insured boys fell by about 7,000 between July, 1925, and July, 1928, the number of insured girls rose by about 14,000, although during the same period there was an estimated reduction of 29,000 in the number of girls between fourteen and eighteen available for work. This indicates an increasing tendency on the part of girls to go into insured work upon leaving school.²

The Ministry of Labour³ estimates that the number of juveniles aged fourteen to seventeen employed or available for employment for the period 1927-1940 is as follows:

Year	Boys	Girls	Total
1927	1,249,000	926,000	2,175,000
1928	1,240,000	920,000	2,160,000
1929	1,231,000	915,000	2,146,000
1930	1,208,000	902,000	2,110,000
1931	1,163,000	866,000	2,029,000
1932	1,082,000	805,000	1,887,000
1933	1,007,000	749,000	1,756,000
1934	1,047,000	764,000	1,811,000
1935	1,084,000	787,000	1,871,000
1936	1,193,000	869,000	2,062,000
1937	1,269,000	930,000	2,199,000
1938	1,202,000	882,000	2,084,000
1939	1,152,000	849,000	2,001,000
1940	1,109,000	814,000	1,923,000

¹ Great Britain Ministry of Labour, *Report for the Year 1928, op. cit.*, pp. 41-45.

² *Ibid.*, p. 42.

³ *Times* (London), May 11, 1929.

Summary

Juvenile workers come under the unemployment insurance system at sixteen years of age. In July, 1929, approximately 1,025,400 workers between the ages of sixteen and eighteen were insured. Industry's annual intake of juveniles is about 675,000. It was estimated that the number of juveniles available for employment declined from 2,250,000 in 1924 to 2,160,000 in 1928. The decline in the birth rate before the war has been a factor in this reduction and in the lower rate of unemployment among juveniles than among adults. With no evidence of a slackening in the decline of the birth rate for a few years, and with a probable advance in the school leaving age to fifteen years, it is estimated that the lowest possible number of juveniles available for employment in the next decade will be 1,756,000 in 1933.

It is impossible at present to measure the amount of unemployment among juveniles between fourteen and sixteen years, since they do not come under the unemployment insurance acts. An investigation of registered applicants in 1925 showed that boys had been unemployed 8.4 weeks, since leaving their last job, and girls 7.2 weeks, and that older boys were unemployed for the longest periods. There was little indication from a study of general conditions that a large group of boys and girls verging on the unemployable were deteriorating because of long-time unemployment, although conditions among unemployed juveniles in the depressed areas have for a long time caused concern.

The investigation also showed that 70.6 per cent of the boys and 52.2 per cent of the girls who had registered at the exchanges were insured, and that more than one-half of the juveniles secured work within a month after leaving school and about three-quarters within six months; 9.7 per cent of the boys and 20.9 per cent of the girls had not been employed since leaving school.

The Act of 1930, in providing that a worker under eighteen years unemployed for a specified period shall forfeit his right to benefit if he fails to attend an approved course of instruction when so directed, is paving the way for better vocational guidance and employment adjustment. The act also provided that the minimum age of entry into insurance should be lowered from sixteen to the school leaving age when the latter is raised to at least fifteen. This would bring all juveniles within the scope of the national machinery for giving advice to boys and girls, for placing them in employment and for bringing them under instruction when unemployed. Meantime a working certificate procedure has been recommended. The approaching decrease in the number of juveniles may lead to better training, guidance and work standards for this group.

CHAPTER XVI

TRAINING

In 1928 the Industrial Transference Board urged the further establishment of training centers, as one way out of the impasse in the distressed areas of the coal fields. In the early part of 1929 the Minister of Labour stated in the House of Commons that the government had facilities for training 17,000 men a year for work at home and overseas. The work was frankly experimental. Only young men without specific trade experience were admitted and they were trained with a view to definite employment in industry. It was necessary to limit the entrants to the number who could be given employment. Any other course would have brought the scheme into disrepute. Seventeen thousand out of over a million unemployed does not make a striking picture, but every method which points toward the more intelligent direction of human capacity in the industrial world is valuable.

The present interest in training schemes recalls the Lancashire experiment during the cotton famine in 1862-1864. In these training schools 70,000 girls were taught sewing and 20,000 men and boys studied "book learning." The performance of these activities was regarded as test work and they were a condition for obtaining relief.

In 1909, some of the members of the Poor Law Commission recommended that unemployment benefit should be made conditional on daily attendance at a training center, not for educational purposes but with the aim of preventing demoralization resulting from idleness. The Unemployment Insurance Act of 1911 enabled the insurance officer to require, as a condition of receiving benefit, that an applicant should take a course of technical instruction paid for out of the fund, if "the charge on the unemployment fund in respect of the workman is likely to be decreased by the provision of the instruction." The Act of 1920 embodied a similar provision, with the exception of the financial arrangement. The Courses of Instruction Regulations of 1921 gave discretionary power to the insurance officer to require both adult and juvenile claimants to attend courses of instruction, but until 1930 this requirement was actually applied only to juveniles. The regulations of 1930 extended, in certain respects, the power conferred by the earlier regulations.

The Act of 1927 definitely provided for training by inserting a section enabling the Minister of Labour, with the consent of the Treasury, to authorize the payment of grants out of the unemployment fund toward expenses incurred as a result of attendance at approved courses of instruction for persons between sixteen and eighteen years of age.

Government training projects for the unemployed now under way in Great Britain consist of junior instruction centers, training of men, transfer instructional centers for men, preliminary training in farm work for employment overseas, training of women and girls, overseas training for women, and overseas training for boys.

Training of Men

Government Training Centers.—The government did not undertake a definite system of training young unemployed men until some years after the armistice when experience gained during the war was utilized. In 1916, munitions training establishments had been set up to augment the force of semi-skilled machine workers for munitions plants and 50,000 people were trained in these schools during the last two years of the war. The same sort of technical training was given to 100,000 disabled men before and after the armistice with the aim of fitting them for self-support. This experience demonstrated that adult training was possible outside of an industrial establishment. Thousands of these trained workers never made use of their training, but remained in the ranks of unskilled labor.¹ However, the Ministry of Labour also subsidized private employers to teach disabled men a trade in their own plants.²

In 1925, experiments were begun with young men from nineteen to twenty-five, in order to offer an opportunity to those out of work for some time to build up their personal and technical equipment. No penalizing conditions were attached in the way of depriving a man of benefit if he did not attend the training centers. Early in 1929, the age limits for men's training courses were changed to cover those aged eighteen to thirty-five for farm training and eighteen to thirty-two, thirty-five in case of ex-service men, for other training.³ This group was singled out for rehabilitation through training because so many young men between nineteen and thirty⁴ were unemployed and persons of these ages respond to instruction readily. Later in 1929, arrangements were made for training middle-aged men up to the age of forty-five, particularly single men. It was realized that these men, especially in the depressed areas, presented a particular problem, for they were less likely to face the chances

¹ R. C. Davison, *The Unemployed*, op. cit., p. 94.

² *Ibid.*, p. 233.

³ Great Britain Ministry of Labour, *Facilities Available to Unemployed Workers for Training and Transference, Including Migration Overseas*, op. cit., p. 5.

⁴ See pp. 186-187.

involved in making a change than the younger men, and often had no one to whom they could turn for assistance.¹

In January, 1930, there were places for simultaneously training 3,300 men as handymen for work in Great Britain, or upwards of 7,000 in the course of a year. The majority were in eight nonresidential training centers where the men either lived at home or in lodgings near the centers; there were also a few places available for handymen at the residential overseas training centers of Brandon, Claydon and Carstairs.² It was proposed to open two new centers in 1930, each to accommodate about 400 men at a time. With these centers opened, the total annual output of trained handymen, it was estimated, would be between 9,000 and 10,000.³ At the nonresidential centers training is also furnished for the building trades, furniture making, carpentry, engineering and allied trades.⁴ The chief purpose of the training for the latter trades in these centers is to accustom those in training to factory hours, speed and discipline and to improve their strength and morale rather than to produce skilled craftsmen. Although opposition of trade unions, fearful always of overcrowding their occupations, has been a formidable factor, there has been less organized national opposition since 1926. Local snags are still encountered.

A maximum of six months' training is furnished. It was judged impracticable to attempt to produce skilled craftsmen in so short a period but this is advantageous in that the training makes the men more adaptable to various kinds of semi-skilled and manual work. Because so many men were employed before the completion of their training, the average period of attendance has been only four and one-half months. Between 90 and 95 per cent of the men trained in the centers obtain work.

The cost of this training per man was estimated in 1929 to be £41, not counting the unemployment benefits paid during training. Each man in training is given a personal allowance of 2s.6d. a week and his luncheon. Lodgings near the center are found for men from a distance and these men receive an extra allowance which, with their unemployment insurance benefit, leaves them about 5s. a week to meet incidental expenses beyond the cost of housing. Additional provision is made for married men.

In view of the many permanently unemployed in South Wales, Northumberland and Durham, a number of youths from the derelict coal areas were induced to go to Birmingham and Wallsend during the

¹ Great Britain House of Commons, *Parliamentary Debates: Official Report, First Session of the Thirty-fifth Parliament*, January 21, 1930 (Vol. 234, H. C. Deb.), Col. 64.

² Great Britain Ministry of Labour, *Report for the Year 1929*, op. cit., p. 33.

³ Great Britain House of Commons, *Parliamentary Debates: Official Report, First Session of the Thirty-fifth Parliament*, January 21, 1930 (Vol. 234, H. C. Deb.), Col. 68.

⁴ Great Britain Ministry of Labour, *Report for the Year 1929*, op. cit., p. 34.

early part of 1928, where they were found lodging and placed in the training centers. The Dudley center was opened in January, 1928, and the Bristol center in April, 1928, with the idea of increasing facilities for training unemployed miners. The Birmingham and Wallsend centers each have accommodation for 400 young men and the Dudley and Bristol centers for 420 and 450, respectively.

The total number admitted to training at all the home training centers from the time of their establishment to the end of 1929 was 16,118, of whom 13,429 passed through the centers. Of these, 11,515 completed their training or were placed in employment during the course; and 10,823 men passed into employment.¹

Transfer Instructional Centers.—About 90 per cent of the places in the government training centers for handymen are occupied by men from the depressed areas,² but this was not sufficient to meet the need of all types. Experience in transferring men from these areas showed that prolonged unemployment often robbed the workers of both the physical fitness and mental attitude necessary to undertake heavy work under normal conditions. To give them the opportunity to accustom themselves to regular hours and steady work, a new type of center was started—the transfer instructional center. By the end of 1929, five such centers had been opened. These centers dealt with men with an employment record so poor that their transfer to employment in another district was practically impossible.³ Men between nineteen and thirty-five who had been out of work not less than six months were selected; subsequently the period was reduced to three months.

Allowances are provided similar to those given to men attending the ordinary training centers for home employment. Both married and single men are eligible. The course normally lasts eight to twelve weeks. Men are required to work out of doors part of the time, as the chief aim is to bring them into the physical condition necessary for obtaining and keeping a job. Instruction is given in such subjects as rough carpentry, boot and shoe repairing and elementary metal work. In some instances sports and physical exercises are arranged to keep the men in good physical condition. The Blackpool center, opened in May, 1929, provides for 250 men who live in lodgings near by. The four other centers were opened during the remainder of 1929, so that by January, 1930, the five transfer instructional centers had a total capacity of 1,200, with 929 persons in training. During the few months these centers had been open, a total of 3,468 men had been admitted for training.⁴

¹ Great Britain Ministry of Labour, *Report for the Year 1929*, *op. cit.*, p. 35.

² *Ibid.*

³ *Ibid.*, p. 37.

⁴ Great Britain House of Commons, *Parliamentary Debates: Official Report, First Session of the Thirty-fifth Parliament, January 21, 1930* (Vol. 234, H. C. Deb.), Cols. 131, 132; Great Britain Ministry of Labour, *Report for the Year 1929*, *op. cit.*, pp. 37-41.

Farm Training for Work Overseas.—Applicants for farm training for work overseas must be between eighteen and thirty-five years of age and must be provisionally approved by an official representative of the dominion to which they are planning to migrate. Careful selection by the home authorities is considered of primary importance because every failure not only spells misfortune for the individual involved, but also discourages others who contemplate migrating. Applicants must be prepared to sign an agreement to remain throughout the entire course of training and to proceed overseas if finally approved. Training for overseas work includes stock-keeping, milking, tree-felling and rough carpentry. Every effort is made to simulate actual conditions and methods of farm life overseas. Implements of Canadian and Australian pattern are used, and applicants are taught by experienced Canadian and Australian instructors.¹ The course lasts only three months. The object is to eliminate men not likely to succeed in the dominions and to teach suitable candidates some rudiments of farm work which will help them to adapt themselves to the land. The training in Great Britain is purposely short, with the idea that further experience will be acquired in the country to which the worker migrates. Indeed, the centers are primarily for the purpose of testing, rather than training, and are of great service in helping to eliminate those most liable to failure.

Training is given at the three permanent residential farm centers, at Claydon, Brandon and Carstairs, and three quasi-permanent centers on the Forestry Commission's Estates in Norfolk, each of which accommodates about two hundred men. The rural centers, Claydon, Brandon and Carstairs are residential. At the overseas training centers there was accommodation for 1,220 men in May, 1930. By June, 1930, the majority of the men trained at these centers during the 1929-1930 season had sailed overseas and the centers were used temporarily for courses of instruction with a view to employment in Great Britain.² The Oversea Settlement Department co-operated with the Ministry of Labour in arranging courses of training for overseas work and the Canadian and Australian authorities had the controlling voice in the selection of applicants. These men, who had board and lodging, were not paid unemployment benefit, but were given 5s. a week and an inexpensive outfit, the entire cost of which was met by the national Exchequer.

For a time in 1929 five additional residential hutment centers were operated to give a short course of outdoor instruction as a test of the physical fitness of men for farm work in Canada. The course lasted only four weeks, the work consisting of hard manual labor, including

¹ Great Britain Ministry of Labour, *Facilities Available to Unemployed Workers for Training and Transference, Including Migration Overseas*, op. cit., p. 7.

² Great Britain House of Commons, *Parliamentary Debates: Official Report. First Session of the Thirty-fifth Parliament*, May 22, 1930 (Vol. 239, H. C. Deb.), Coln. 545-546.

handling of horses according to Canadian methods. All in all, the preliminary farm training centers for work overseas have facilities for turning out over 8,000 trained and tested men in a year.

Training for farm work overseas received a temporary check in 1929 and 1930 due to conditions within the dominions. Canada canceled the sailing arrangements of a group of men, trained and ready to embark, in view of the failure of the 1929 harvest and other causes, and Australia refused to accept assisted immigrants.¹ As a result of these restrictions, out of 1,220 places available for overseas training, only 607 were filled in January, 1930, and 299 in May, 1930.²

Experience.—Up to December, 1926, when slightly more than the first year of the government's experiment had been completed, a total of 2,465 men had passed out of training from the two urban centers, Birmingham and Wallsend, and the two rural centers of Claydon and Brandon. Of 1,396 men who had been trained as handymen, up to November 10, 1926, it was found that 989, or 71 per cent, had obtained employment in Great Britain.³ In addition, 289 men had gone overseas. Subsequently, by means of more careful selection and placement, as many as 92 per cent of the men trained, exclusive of overseas men, had found employment in Great Britain at the end of 1927. By December, 1927, the end of the second year, 6,000 men had passed through the four centers mentioned, of whom 1,480 were ready to go overseas. Only about one-sixth were failures, and of the 5,000 who finished their training, 4,544 were known to have found employment or to have gone overseas to do farm work. By December, 1929, a total of 19,172 had completed the various forms of training offered by the centers. During this period, 3,290 men had withdrawn or been dismissed. Of those who had completed the training, 11,515 were trained as handymen, of whom 10,823, or 94 per cent, were known to have found employment at home. The training and testing for overseas work was completed by 7,657 men, of whom 7,262, or 95 per cent, proceeded to Canada or Australia.⁴ This large proportion of successes may be attributed to careful selection as well as to improved training and placement. Davison cites as an instance of the bad results of poor selection the large group of "chronic cases" taken from Sheffield, who "congealed" into a gang in the residential center and were difficult to handle, many of whom finally had to be dismissed and sent home at the taxpayers' expense. Although progress had been achieved by March, 1928, when there were "long lists of applicants eagerly applying for a place in

¹ *Times* (London), February 20, 1930.

² Great Britain House of Commons, *Parliamentary Debates: Official Report, First Session of the Thirty-Fifth Parliament*, January 21, 1930 (Vol. 224, H. C. Deb.), Col. 66; *ibid.*, May 22, 1930 (Vol. 230, H. C. Deb.), Col. 545-546.

³ Great Britain Ministry of Labour, *Report for the Year 1926, 1927* (Cmd. 2856), p. 100.

⁴ Great Britain Ministry of Labour, *Report for the Year 1929, op. cit.*, p. 35.

one or other of the training factories,"¹ recently there has been difficulty in finding enough desirable men for training to keep the residential centers filled and there are vacancies for overseas applicants, due mainly to the raising of barriers by Canada and Australia.

During 1929 there was a noteworthy extension in the facilities for training adult men. Three new centers for training handymen for home employment were opened; persons admitted to training during 1929 numbered 6,560 as compared with a total of 16,118 admitted since the beginning of such schemes.² The five transfer instructional centers with accommodations for 1,200 were established in 1929 and during that time 3,518 were admitted.³ Training facilities for overseas employment were also greatly expanded. Four new centers which provided places for 720 men at a time for farm training overseas were opened in 1929—one at Carstairs and three on land leased from the forestry commissioners. In addition, the five testing centers with a four weeks' course were opened. As a result of this growth, a total of 5,292 men were admitted to training in 1929 in the various centers for overseas training as compared with a total of 4,348 up to December, 1928. The numbers of those who completed training during 1929 exceeded the total for all years up to December, 1928—i.e., 4,456 in the one year (1929) as against a total up to December, 1928, of 3,201.⁴

Guidance and Training of Juveniles

Vocational Guidance.—While unemployment of juveniles is relatively not serious, it nevertheless demands attention. The Malcolm Committee estimated in 1926 that about 600,000 juveniles between fourteen and eighteen in England and Wales leave school annually with the object of entering some kind of employment other than occupation at home. They estimated that over 2,000,000 juveniles were at work at the time of their inquiry in 1926.⁵

Careless placement of juveniles, their absorption into blind-alley occupations and subsequent discharge and replacement by younger boys and girls have much to do with the unemployability and poverty of adults, a fact first brought officially into prominence by the Poor Law Commission of 1909 and by Cyril Jackson's study of boy labor.⁶ The Board of Trade under the Labor Exchanges Act in 1909 made the first

¹ R. C. Davison, *The Unemployed*, op. cit., p. 229.

² Great Britain Ministry of Labour, *Report for the Year 1929*, op. cit., p. 35.

³ *Ibid.*, pp. 37, 38.

⁴ *Ibid.*, pp. 29, 30, 31.

⁵ Great Britain Ministry of Labour—Committee on Education and Industry (England and Wales) [D. O. Malcolm, Chairman], *Report*, op. cit., First Part, p. 15.

⁶ *Report on Boy Labour* (Cmd. 4032), 1909, cited in C. E. Clift, "Vocational Guidance in Great Britain," *International Labour Review*, Vol. 15, April, 1927 (No. 4), pp. 549, 550, 554.

move to combat these evils by forming juvenile placement departments and advisory committees. The next step was taken in November, 1910, when the Education (Choice of Employment) Act empowered local education authorities to give vocational advice to boys and girls under seventeen.¹ By an arrangement between the Board of Trade and the Board of Education, it was agreed that for one year the former would not appoint further committees except where the local educational authorities had definitely decided not to act. In some areas, the task of advising juveniles was assumed by the local education authorities; in others by the committees appointed by the Board of Trade.² Both organizations endeavored to discourage children from entering trades with no future, regardless of the initial wages offered.

The need for this kind of advice was apparent from the character of the first jobs taken by juveniles, as revealed in the sample investigation of "the personal circumstances and industrial history" of 6,000 boys and girls, made by the Ministry of Labour in 1925. This study classified the first jobs of juveniles as follows:

Apprenticeships.....	5.0	per cent
Prospects of training.....	25.8	" "
No training.....	54.1	" "
Casual or seasonal.....	15.1	" "

The 1921 census showed that in London alone about 15,000 boys aged fourteen to fifteen were engaged as messengers and porters, and that close to 8,000 in the age group sixteen to seventeen followed similar occupations.³ It is estimated that skilled industry could absorb 80,000 boys a year, about half of them at the age of fifteen or sixteen, and provide some sort of systematic training for them.⁴

The character of the training afforded by the job is especially important in view of the large numbers of boys and girls who go to work as soon as they are no longer compelled to attend school. The sample study of persons unemployed in November, 1924, disclosed that 93.9 per cent of the boys and young men under thirty years of age who were interviewed, and 93.1 per cent of the girls and young women under thirty, had left school at or under the age of about fourteen; 90.4 per cent of the boys and young men under thirty, and 69.4 per cent of the girls and young women under thirty, started to work at or under fourteen years of age.⁵

¹ *Report on Boy Labour* (Cmd. 4632), 1909, cited in C. E. Clift, "Vocational Guidance in Great Britain," *International Labour Review*, Vol. 15, April, 1927 (No. 4), pp. 555-556.

² *Ibid.*, p. 556.

³ *Times* (London) Educational Supplement, October 5, 1929, cited in *International Labour Office, Industrial and Labour Information*, Vol. 33, January 6, 1930, p. 29.

⁴ *Liberal Industrial Inquiry, Britain's Industrial Future*, op. cit., p. 355.

⁵ Great Britain Ministry of Labour, *Report on an Investigation into the Personal Circumstances and Industrial History of 10,903 Claimants to Unemployment Benefit, November 24th to 29th, 1924*, op. cit., pp. 38, 40.

The 1925 inquiry into the personal circumstances and industrial history of juvenile claimants showed that nearly 15 per cent of the boys and girls, registered as unemployed, were continuing their education, generally at evening schools. The weekly hours of many young workers, however, are far in excess of forty-eight, and it is permissible in some trades for juveniles to work sixty, seventy, or more hours in a week. Manifestly attendance at evening schools under these conditions is a difficult matter. Unless specifically prohibited by the local educational authorities, school children may work fourteen hours a day during Saturdays and school holidays and from the close of school to eight o'clock at night on school days. Moreover, the Shops Act does not prevent any young person from being employed for seventy-four hours a week inside a shop or in the delivery of goods.¹

The service for the advising and placing of juveniles has continued, but with considerable changes in the administrative arrangements. The distribution of the work between the local education authorities and the Ministry of Labour (which took over the functions at first exercised by the Board of Trade) was altered by the Unemployment Insurance Act of 1923. In England and Wales, local education authorities desiring to exercise their powers, under the Choice of Employment Act which took effect April 1, 1924, have been required to do all the work in connection with juveniles, i.e., advising, placing and paying unemployment benefit to persons under eighteen.² As in the past, in some areas this work is undertaken by the local education authorities; in others by the Ministry of Labour.³ Where the work is done by the local education authorities, the central control has rested with the Ministry of Labour since September 19, 1927.⁴ On December 31, 1929, out of 365 employment exchange areas in England and Wales, the Ministry of Labour was responsible for 216. These areas included 502,640 insured juveniles, while the areas administered by local education authorities included 401,350.⁵

During 1928, the Minister of Labour appointed a national advisory council for juvenile employment for England and Wales and one for Scotland. The membership of each council consisted of representatives of local education authorities, teachers, employers, workers and the advisory committees for juvenile employment. One of their appointed tasks was to deal with the question of establishing a pattern scheme of juvenile centers applicable to the areas of individual education authorities. They were also asked by the Minister of Labour to consider the procedure

¹ *Times* (London) *Educational Supplement*, October 5, 1929, cited in International Labour Office, *Industrial and Labour Information*, Vol. 33, January 6, 1930, p. 28.

² Great Britain Ministry of Labour—Committee on Education and Industry (England and Wales) [D. O. Malcolm, Chairman], *Report*, *op. cit.*, First Part, pp. 11, 101.

³ *Ibid.*, pp. 11-12, 101.

⁴ Great Britain Ministry of Labour, *Report for the Year 1929*, *op. cit.*, p. 47.

⁵ These numbers are exclusive of persons insured under special schemes, *ibid.*, pp. 47, 48.

necessary for establishing a system of "working certificates" for boys and girls under eighteen.¹

A circular issued by the borough of Ilford education committee, juvenile employment bureau, indicates the kind of assistance given to prospective young workers by juvenile employment bureaus.

(1) Before the time comes for you to leave school think very carefully over what you would like to be. Try to find out the occupation for which you are best suited. Ask your parents and teachers for their advice. It is always an advantage to qualify thoroughly for some definite calling, because skilled men and women can generally find employment somewhere.

(2) In choosing your employment do not think only of the amount of wages you will receive at first. It is often easy to get a well-paid situation as soon as you leave school, but sometimes such situations do not lead later to anything very satisfactory. Other things besides wages should be considered.

(3) If you do not find suitable employment by the time you are due to leave school, go to the Juvenile Employment Bureau, Cleveland Road, Ilford. The Bureau has been opened to assist, free of charge, boys and girls up to the age of 18 in this matter.

(4) The Bureau is open from 9 a.m. to 12 noon, and from 2 p.m. to 4 p.m. each day during the week, excepting Saturdays, when the hours are from 9 a.m. to 12 noon; it is also open on Friday evenings from 5 p.m. to 7 p.m.

(5) When you have obtained a good situation do your best to keep it. Try to learn all you can about your work, so as to fit yourself for promotion when an opportunity arises.

(6) If, however, your work does not suit you, or does not seem to lead to anything definite, do not leave it until you have found something better. Call at the Bureau for advice.

(7) If you want to be successful in life and at the same time become a useful citizen, it is very important that you should keep up your general education. You should, therefore, not leave school until you have a definite offer of employment, and even then you will be well advised to do your best to continue your education to improve your mind and help you in your work.

(8) Always do your work to the best of your ability. Put your heart into it and into everything connected with it. Be punctual, polite, industrious, and try to make yourself really useful.

(9) Should you at any time, up to the age of 18, want further assistance in connection with employment, call again at the Bureau, and there you will be shown the list of vacant situations available, and you will be given every information, advice, and assistance in making a fresh start.²

¹ Great Britain Ministry of Labour, *Report on the Work of Advisory Committees for Juvenile Employment During the Year 1928, 1929*, (30-75-0-25) pp. 65-66.

² *Ibid.*, p. 82.

The approaching decrease in the number of juvenile workers may lead to greater care of the available supply of juvenile labor. Careful attention to individual aptitudes and needs, improved methods of training, vocational guidance, and follow-up in industry may result.

Training of Unemployed Juveniles.—In addition to these constructive efforts to place boys and girls in suitable positions and to keep in touch with them during their early industrial years, all of which tends to lessen unemployment at older ages, more recent measures provide for assisting the unemployed boy or girl. For this purpose, a system of training or instruction centers has been developed. Juvenile training centers were established long before those for adults, because the tendency of unemployment to unfit children for work commanded public interest more readily.

At the end of the war it was evident that there would be unemployment among juveniles who had been engaged in munition work. After the armistice in 1918, a limited provision for juvenile unemployment was made and young people between sixteen and eighteen were required to attend centers as a condition of the receipt of out-of-work donation. In spite of difficulties in securing proper premises and equipment, a large measure of success attended the establishment of nearly two hundred of these centers, where approximately 200,000 boys and girls were enrolled the first year for both academic and manual training. The chief advantage was the prevention of moral and physical deterioration through the enforced idleness of these young people.

The Unemployment Insurance Act of 1920 provides that a claimant below the age of eighteen but over sixteen and unmarried may be required to attend courses of instruction at a juvenile unemployment center, if such a center exists in his area. While attending he is deemed available for work, and he need not sign the register on days of attendance; on the other hand, he forfeits his right to benefit for any day on which he fails to attend the center or is excluded from it on account of lateness or misbehavior. This principle was applied by the amending Act of 1930 to all insured juveniles under eighteen claiming benefit. The 1930 act also makes specific provision for co-operation between the educational authorities and the Minister of Labour, while requiring the young insured person to attend the centers.

The provision of instruction for unemployed juveniles receiving benefit is in line with recommendations made by experts and by political parties. The Blanesburgh Committee and the Labour Party have recommended that unemployment benefit for juveniles be made conditional upon attendance at juvenile training centers.¹ The Liberal Party recom-

¹ Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report*, op. cit., Vol. I, p. 39; Labour Party (Great Britain), *Labour and the Nation*, London, 1928, p. 18.

mended in the Report of the Liberal Industry Inquiry "that it should be the statutory duty of local education authorities to provide training for all unemployed boys and girls up to the age of eighteen. This training should be an extension of the work done in the day continuation schools, and out-of-work allowances should be payable conditional on attendance at the full course of unemployment training provided."¹

Since 1918, the juvenile centers have been continued on much the same lines as when first opened, but with minor variations. The Ministry of Labour permits the payment of fares in some areas up to 1s.3d. a day to make it possible for a center to serve a wider district. Formal instruction has not been insisted upon because attendance is required for only fifteen to thirty hours a week and the membership of classes constantly changes. Practical training of various kinds is accompanied by physical exercises and recreational activities. Regulations require that a center must be closed if the attendance is under fifty, and that any juvenile receiving benefit as a condition of attendance must interrupt his training and take any job offered.

Three public authorities have been concerned with the administration of juvenile centers—the Ministry of Labour, the Board of Education and the local education authorities. Immediately after the armistice, the centers were established by the local education authorities while the entire expense was defrayed by the Exchequer through the Board of Education.² From November 24, 1919, to the close of 1922, the Exchequer met but half the cost, while the local education authorities were responsible for the remainder. The Exchequer then provided a grant of 75 per cent of the cost and the administration was transferred to the Minister of Labour, while the local work remained in the hands of the local education authorities. Year by year plans were made for continuing the centers for short periods at a time. On April 1, 1924, it was decided to increase the grant from 75 to 100 per cent and this rate continued until the year ending March 31, 1926.³ From the first of April, 1924, the Ministry of Labour has certified to the necessity for a center and offered to pay the entire cost, while the local education authority undertook its management.⁴ Since April, 1926, the arrangements for the support of the centers have varied. In 1929, the National Advisory Council for Juvenile Employment (England and Wales) recommended that the Ministry of Labour pay 75 per cent of the cost of the centers except in the distressed areas where they would pay 100 per cent.⁵

¹ Liberal Industrial Inquiry, *Britain's Industrial Future*, *op. cit.*, p. 395.

² Great Britain Ministry of Labour—Committee on Education and Industry (England and Wales) (D. O. Malcolm, Chairman), *Report, op. cit.*, First Part, p. 41.

³ *Ibid.*, p. 42.

⁴ R. C. Davison, *The Unemployed*, *op. cit.*, pp. 238, 239.

⁵ Great Britain Ministry of Labour, National Advisory Council for Juvenile Employment (England and Wales), *First Report*, 1929, pp. 3, 7.

In the establishment of such centers, "the Ministry of Labour has been the moving spirit and the other authorities have been either doubtful allies or open critics."¹ But these difficulties have gradually been ironed out and the present position is relatively satisfactory.

In 1925 a Committee on Education and Industry (known as the Malcolm Committee) was appointed, "to inquire into and advise upon the public system of education in England and Wales in relation to the requirements of trade and industry, with particular reference to the adequacy of the arrangements for enabling young persons to enter into and retain suitable employment."² The Committee on Education and Industry in 1926 reported that the centers had increasing value not merely because of the formal training offered but also because of their work in fitting juveniles for employment. Its recommendation paved the way for Section 8 of the 1927 Unemployment Insurance Act, which enables the Minister of Labour to partially support juvenile centers out of the unemployment fund.³ At that time the training of young people between sixteen and eighteen years of age was put on a firmer financial basis and juvenile centers were established in greater numbers, special efforts being made to extend and develop the system in the depressed mining areas. As the result of its investigations, the committee pointed out that it had "received conclusive evidence that within their limits Juvenile Unemployment Centers are remarkably successful in preventing unemployment from sapping the morale of unemployed boys and girls." It went on to say, "in our judgment Juvenile Unemployment Centers have completely justified their existence and should be governed by a permanent scheme."⁴

The committee recommended that they be put on a permanent basis with "some approach to continuity of policy," and that their scope be broadened to insure the attendance of fourteen and fifteen-year-old unemployed boys and girls, who were not insured at that time and for whom attendance was not obligatory.⁵ The committee also pointed out that under the existing arrangements, the number of centers opened was insufficient for the need. It recommended, therefore, that in areas where centers were desirable, but where the local education authority did not find it possible to act, the Minister of Labour should organize the center.⁶

The inquiry opened up the broader question of industrial training for boys and girls, comparable to that provided for adults. The committee rejected that possibility on the ground that training to main-

¹ R. C. Davison, *The Unemployed*, op. cit., p. 238.

² Great Britain Ministry of Labour—Committee on Education and Industry (England and Wales) [D. O. Malcolm, Chairman], *Report*, op. cit., First Part, p. 6.

³ R. C. Davison, *The Unemployed*, op. cit., p. 240.

⁴ Great Britain Ministry of Labour—Committee on Education and Industry (England and Wales) [D. O. Malcolm, Chairman], *Report*, op. cit., First Part, pp. 43, 45.

⁵ *Ibid.*, pp. 44, 45, 46.

⁶ *Ibid.*, p. 51.

tain employability was not suitable for the younger boys and that it would be expensive. Instead, it stressed the importance of developing centers along existing lines as the first step.¹ But the question still remains unsolved. If industrial training should be provided, should benefit be paid for the duration of training? If unemployed boys and girls are afforded industrial training, why not provide it also for boys and girls in employment, who, by and large, are better material?² It is possible that there is no solution for this problem and that sufficient centers cannot be established. These questions are related to the much larger problem of part-time continuation schools for juveniles. If such schools were established, the unemployed girls and boys could attend and it would be unnecessary to make special provision for them.

In April, 1929, and May, 1929, the national advisory councils for juvenile employment for Scotland and for England and Wales, respectively, presented reports to the Minister of Labour recommending a number of changes in the existing regulations governing the establishment and maintenance of what were then called juvenile unemployment centers.³ The chief recommendations were that the centers should be open to unemployed girls and boys between fourteen and eighteen; that the payment of benefits be made strictly dependent upon attendance; that schools should not be maintained if the attendance dropped below forty; that the Ministry of Labour pay 75 per cent of the cost of the centers; that the traveling expenses paid to the attendant juveniles be extended to a maximum of 6*d.* per day, and that the name of the schools be changed to "Junior Employment Training Centers" or some other title that would emphasize the word "training" rather than "unemployment."⁴ It was further recommended that these training centers cooperate closely with the local juvenile employment committee and that the training provided should be mainly "practical" in character.

Junior instruction centers have been established in the larger industrial cities and in about twenty-five coal mining localities. Obviously groups in large cities need different educational methods from those applied to the "permanently" unemployed in depressed areas. Although there has been no extensive analysis of the needs of juveniles in different localities, dissatisfaction with the present methods has been growing. In centers where prolonged unemployment offers an excellent opportunity for consecutive and constructive training, it is not a sufficient recognition of this opportunity to furnish merely recreational activities.⁵

¹ Great Britain Ministry of Labour—Committee on Education and Industry (England and Wales) (D. O. Malcolm, Chairman), *Report, op. cit.*, First Part, p. 49.

² R. C. Davison, *The Unemployed, op. cit.*, p. 241.

³ The title, "junior instruction centers," has been adopted recently.

⁴ Great Britain Ministry of Labour—National Advisory Council for Juvenile Employment (England and Wales), *First Report, op. cit.*, pp. 5-9; Great Britain Ministry of Labour—National Advisory Council for Juvenile Employment (Scotland), *First Report*, London, 1929, 5 pp.

⁵ R. C. Davison, *The Unemployed, op. cit.*, p. 242.

In March and April, 1919, 17,000 boys and girls were in attendance, but since then the number has never mounted as high, varying from only a few hundred in 1920 to over 10,000 during the general strike of 1926. Only about 10 per cent of the juveniles unemployed at any one time have been enrolled at the centers.¹ In March, 1929, there were 102 centers open under the jurisdiction of thirty-nine education authorities and the average attendance was about 7,000. The maximum daily attendance was 7,997 while the total number of individuals who attended the centers during the year was about 60,750.² Between April 1, 1925, and March, 1929, approximately 220,000 juveniles passed through juvenile instruction centers.

Some boys are trained for overseas work, but not at the juvenile instruction centers. This work is accomplished by voluntary effort, supplemented by government grants and free passages to the dominions.³ About 2,000 boys a year are provided for in this way. Dormitories were opened at Newcastle-on-Tyne, Hull, Liverpool, Bristol, and Cardiff, where boys who desire to migrate to the dominions are given a three months' preliminary training during which they are taught the rudiments of farm work at local farms. During the first year of its establishment, ending June, 1928, about 150 boys took training at the Newcastle center.

Voluntary societies and private agencies with government assistance have also established a center for training boy migrants in Essex, which has an annual capacity of 850, one in Scotland where the capacity is 200 and another in Essex where there are facilities for training 100 boys.⁴

There is a period between fourteen and sixteen when children are without official contacts, having been released from the supervision of the juvenile employment or the juvenile advisory committees on leaving school and not yet having come under the unemployment insurance act. The effect of this break is to limit the effectiveness of the arrangements for giving vocational advice and placing juveniles in suitable employment. When unemployed, they are not required to attend the junior instruction centers and consequently are more likely to become demoralized. Moreover, numbers of juveniles over sixteen who have been unable to accumulate sufficient contributions to enable them to qualify for insurance benefit are not under any special urge to attend the juvenile centers. Reports of advisory committees for juvenile unemployment also make it clear that in some areas a number of juveniles prefer to forfeit their benefits rather than attend training centers. On the other hand, where benefit is dependent upon such attendance there is no doubt that many attend just for the

¹ R. C. Davison, *The Unemployed*, op. cit., p. 238.

² Great Britain Ministry of Labour, *Report for the Year 1929*, op. cit., p. 58.

³ Great Britain Ministry of Labour, *Facilities Available to Unemployed Workers for Training and Transference Including Migration Overseas*, op. cit., p. 12.

⁴ *Ibid.*, p. 8.

sake of getting it.¹ Recent evidence reveals a greater readiness to attend voluntarily, even when not entitled to benefit. The percentage of voluntary attendance has increased from 27 at the beginning of 1928 to 43 at the close; during 1929 it increased to a maximum of 57 though subsequently it declined to 48 in December. Voluntary attendance was especially large in centers in the mining districts where attendance has come to be regarded as a first step toward transfer to a more prosperous area.

Training of Women

The Central Committee for Women's Training and Employment established during the early days of the war, was supported by voluntary subscription. After the war, the committee was reappointed by the Ministry of Labour, and it was entrusted with the formulation and conduct of schemes of training and employment of women who had suffered hardship on account of the war. A substantial grant was made to the committee from the Prince of Wales' Fund. In 1921, as unemployment among women became serious, a training scheme in domestic subjects was developed. Training schemes for women and girls continue to be conducted by the Central Committee on Women's Training and Employment, which advises and acts on behalf of the Ministry of Labour in such matters. From 1921 to 1928 over 40,000 girls and women between sixteen and thirty-five years of age received training or assistance.²

The training of women and girls under thirty-five years of age for domestic service at nonresidential training centers is the most important feature of the central committee's work. Training centers have been organized in all parts of the country, but chiefly in the northeastern, northwestern, and Wales divisions, where unemployment is most severe. They are attended by women and girls who live in the neighborhood or within daily traveling distance. The full course lasts between twelve and thirteen weeks, and consists of instruction in cookery, housewifery, laundry work, and needlework. Training allowances in lieu of benefit are paid, and free mid-day meals are provided.

In the period April 1 to December 31, 1928, there were thirty-seven centers providing homecraft training and 2,484 young women and girls completed courses. Of these, 746 found local domestic employment and 1,443 were placed in service away from home. The number of centers has been increased to provide training for about 1,000 women and girls

¹Great Britain Ministry of Labour—Glasgow Advisory Council for Juvenile Unemployment, *Report for the Year 1927, 1928* (36-63-0-27), p. 11.

²Great Britain Ministry of Labour, *Report for the Year 1929*, *op. cit.*, p. 57.

³Great Britain Ministry of Labour, *Facilities Available to Unemployed Workers for Training and Transference Including Migration Overseas*, *op. cit.*, p. 12.

a year from the distressed areas. During 1929, 132 courses were held, and training was provided for 2,770 women and 1,519 girls; of these 2,036 women and 1,315 girls were placed in domestic service on completion of the course.¹

The results of the scheme have been encouraging. Inquiries concerning the subsequent history of the women and girls showed that some who entered domestic service left their posts after a short time, but that during the seven months over which inquiries were made upwards of 67 per cent of those placed appeared to be settling down in their new work.²

A residential training center was opened, in 1927, at Market Harborough, Leicestershire, for young women desiring to qualify for free passage to Australia as domestic servants. The Australian Government and the Oversea Settlement Department share the cost of the training, which is administered by the Central Committee on Women's Training and Employment. From September, 1927, when the center was opened, to April, 1929, there have been 268 women trained, all of whom sailed for Australia on the completion of the course.³ In 1929, 258 women completed training.⁴ The same committee has opened another residential training center at Leamington where forty students and the instructional staff can be accommodated. The women and girls are trained for employment as domestic servants in Great Britain and are taught the elements of cooking, laundry work and house work. The objectives are to give opportunities to women and girls in areas where there are no training centers, and to accustom them to absence from home. This center is attended by women from all parts of the country.⁵ The cost will be met from the grant made by the Ministry of Labour to the Central Committee on Women's Training and Employment.

Similar centers for training women for work either in Canada or Australia have been opened at Newcastle-on-Tyne and Cardiff. Voluntary organizations administer them and the Ministry of Labour provides 75 per cent of the expenses, the rest being raised locally. Other centers are under way.⁶

Some protest on the ground that women's training is limited to domestic service, except for a few other occupations, while men are given wide choice of occupations in their training. However, the Ministry of

¹ "Training of Women and Girls," *Ministry of Labour Gazette*, Vol. 38, May, 1930, p. 164.

² *Ibid.*

³ Great Britain Ministry of Labour, *Report for the Year 1928*, op. cit., p. 40.

⁴ Great Britain Ministry of Labour, *Report for the Year 1929*, op. cit., pp. 44, 45.

⁵ "Training of Women and Girls," *Ministry of Labour Gazette*, Vol. 38, May, 1930, p. 164.

⁶ Great Britain Ministry of Labour, *Facilities Available to Unemployed Workers for Training and Transference Including Migration Overseas*, op. cit., p. 8.

Labour states that "reports from all districts show that the training centers are beginning to establish a new outlook toward domestic service."¹

Because of the special difficulty in finding work for girls in the distressed mining areas, and as preliminary training was necessary to qualify them for positions elsewhere, the Central Committee on Women's Training and Employment was asked by the Ministry of Labour early in 1928 to extend and develop homecraft training courses in the depressed areas for women and girls over sixteen years of age. Facilities for training from 700 to 1,000 additional women and girls from these districts were provided between April, 1928, and April, 1929. From the end of March to the beginning of October, 1928, there were 431 girls under 18 who had completed this course of training, and 379 of them were placed in employment.²

The central committee's work has recently developed in other directions.³ A course has been arranged at the Glasgow and West of Scotland College of Domestic Science, where a class of twenty local women receive instruction in hotel work. Facilities are now available for the training of a limited number of selected applicants, for whom the domestic classes are not suitable, in such subjects as midwifery, nursery nursing, cooking and institutional housekeeping, shorthand and typewriting, and comptometer and machine operating. Furthermore, in areas where the need is thought to be greatest, centers are being established for women over thirty-five years of age who have suffered long periods of unemployment. Schemes involving further expansion are receiving the consideration of the committee.

In general, girls and women pupils attend the homecraft training centers daily. Whenever possible, arrangements are made for pupils to reside for a few days during the course. One residential center was opened early in 1930. The course is conducted at a place sufficiently convenient for women and girls to be brought in by train and omnibus. In order to approximate conditions in ordinary domestic employment, equipment is simple and practical. A disused private house is often fitted up for the purpose. Most of the women and girls are placed in private domestic service in small or medium sized households.⁴

In some areas the courses are conducted by the local education authorities, but in most cases, the centers are under the direct management of the central committee. The training occupies six hours a day, five days a week for about thirteen weeks. No unemployment benefit is paid during training, but a maintenance allowance of 10s., 15s. or 20s.

¹ Great Britain Ministry of Labour, *Memorandum on the Transfer of Juveniles from Distressed Mining Areas to Employment in Other Districts*, *op. cit.*, p. 10.

² *Ibid.*, pp. 9, 10.

³ "Training of Women and Girls," *Ministry of Labour Gazette*, Vol. 28, May, 1930, p. 164.

⁴ Great Britain Ministry of Labour, *Memorandum on the Transfer of Juveniles from Distressed Mining Areas to Employment in Other Districts*, *op. cit.*, p. 9.

a week, is provided, according to the age of the student. Necessary garments are made in the needlework classes, and the pupils purchase these at cost.¹

The total number of women dealt with by the committees up to the end of December, 1929, was as follows: ²

Scholarship scheme (terminated 1922).....	4,009
Homecraft, homemaker and home training courses, completed on December 31, 1929.....	44,873
Home training courses, in training on December 31, 1929..	990
Domestic outfits.....	4,800
Clerical courses (terminated 1926).....	352
Individual vocational training (terminated 1926).....	477
Total.....	55,501

The net expenditure up to the end of December, 1929, (excluding the scholarship scheme) was as follows:

	£
Homecraft, homemaker and home training courses.....	743,371
Clerical and individual training.....	21,495
Domestic outfits.....	15,852
Total.....	780,718

Of the 2,770 adults and 1,519 juveniles who entered training in 1929, 408 women and 81 girls left the course, while 2,036 women and 1,315 girls were placed in domestic service, and 84 found other work.³

New Department Created

In October, 1929, Miss Bondfield, the Minister of Labour, announced the formation within the Ministry of Labour of a new Employment and Training Department to further the development of training the unemployed for alternative occupations. In a letter to her constituents at Wallsend she said she intended "to press forward my policy of devising means, by various forms of training, of bringing back into industry those who have had long periods of unemployment and are, therefore, handicapped in their search for work."⁴

Summary

The various unemployment insurance acts have authorized the officials under certain conditions to require applicants to take courses of instruction, but only since the war has the nation begun to consider training as a systematic and important function of government. Training centers for men, for unemployed juveniles and for women have been

¹ Great Britain Ministry of Labour, *Facilities Available to Unemployed Workers for Training and Transference Including Migration Overseas*, op. cit., p. 6.

² Great Britain Ministry of Labour, *Report for the Year 1929*, op. cit., p. 44.

³ *Ibid.*, p. 42.

⁴ *Times* (London), October 22, 1929.

established. The work for men includes training for handymen, transfer instructional centers, and farm training for work overseas. In January, 1930, there were places for training more than 7,000 handymen in the course of a year. The cost of this training was estimated at £41, not counting the unemployment benefit paid during the training.

For men in the depressed areas suffering from prolonged unemployment and consequent deterioration of mental and physical fitness, transfer instructional centers have been established to afford them means of becoming accustomed to regular hours and steady work. By January, 1930, five such centers with a capacity of 1,200 men had been opened to which married and single men between the ages of nineteen and thirty-five were eligible. For men planning to emigrate, a three months' course, simulating actual conditions of farm life overseas has been instituted by arrangement with the official representatives of the dominions. Applicants must sign an agreement to stay for the whole period of training and to go overseas if approved. These farm training centers have facilities for turning out over 8,000 tested men in a year.

A juvenile department of the Board of Trade to give advice and assistance to boys and girls seeking employment was established as early as 1909. It was felt that much unemployment of adults was due to the aimless drifting of juveniles. In 1910, the Education (Choice of Employment) Act empowered local education authorities to advise and assist boys and girls under seventeen years in choosing suitable employment. There were, therefore, two authorities to perform the same service, and arrangements for dividing the work between the two were effected. This division, now between the Ministry of Labour and the local education authorities, has continued but with considerable changes in the administrative arrangements from time to time.

Boys and girls are given much valuable information and guidance in relation to vocations, and it is thought that increasing attention will be paid to these activities when juvenile workers have more of a "scarcity value" due to the fact that the lowered birth rate during the war has now begun to affect the number entering industry.

Of a sample study of the unemployed in November, 1924, 93 per cent of the young men and women under thirty had left school at or under the age of fourteen, indicating the need for guidance and advice. Junior instruction centers have been established in the larger industrial cities and in twenty-five coal mining districts. Between April 1, 1925, and March, 1929, approximately 220,000 juveniles passed through juvenile instruction centers. The gap between the school leaving age, and the age when juveniles enter the ranks of the insured is still a period when they are without vocational guidance, but it is expected that if raising the school leaving age to fifteen becomes effective, the age for entry into

unemployment insurance will be lowered to fifteen and the gap effectively bridged. The Unemployment Insurance Act of 1927 enables the Ministry of Labour to support part of the cost of juvenile centers from the unemployment fund. The Act of 1930 made it possible to require juveniles out of work for a specified time to take training or forfeit benefit. There is evidence of greater willingness to attend voluntarily even when the worker is not entitled to benefit.

Training for women and girls began on a voluntary basis during the war. The committee then in charge now acts on behalf of the Ministry of Labour in such matters. Between 1921 and 1928, 40,000 young women and girls between the ages of sixteen and thirty-five, principally in parts of the country where unemployment was most severe, received training in domestic subjects given at nonresidential training centers. During 1929, 2,770 women and 1,519 girls attended the courses. Of these, 2,036 women and 1,315 girls were placed in domestic service. In 1927, a residence training center for women desiring free passage to Australia as domestic servants was established and other similar residential centers to train women for work in Great Britain and the dominions were opened later. In order to assist girls in the distressed mining areas to find employment elsewhere further training has been developed in these areas in recent years. In some districts the courses are conducted by the local education authorities but in most cases the centers are under the direct management of the central committee.

Training has a limited application. Old men cannot be trained and training must be accompanied by the possibility of finding jobs. It does not reduce total unemployment except in so far as it promotes emigration. Many of the unemployed are skilled mechanics in the occupations for which unskilled men are being trained, and insofar as this is true there is danger of merely swelling the ranks of the skilled unemployed. However, by increasing the efficiency of the labor supply, training may increase the nation's ability to compete in world markets and so promote a gradual expansion in employment.

CHAPTER XVII

VARIOUS MEASURES OF UNEMPLOYMENT PREVENTION AND REDUCTION

Measures for the prevention of unemployment have not been overlooked amid the general concentration upon relief. The Blanesburgh Report stated that there is sometimes a tendency to forget that "a frost in the Baltic, persistent bad weather, a prolonged disturbance of trade conditions due to a convulsion like the War" are not preventable. On the other hand, the Joint Committee of the Trades Union Congress General Council and the Executive Committee of the Labour Party stated before the Blanesburgh Committee that it was not beyond the power of society to prevent widespread and prolonged unemployment by proper organization and that it should not be society's first preoccupation to provide relief for the unemployed, although "provision for those who fall out of work there must be . . . in order to avoid the ugly spectacle of starving men, women and children."¹

Britain's primary need is the expansion of her industry and commerce. The Labour Party has stated that it conceives as the chief duty in relation to unemployment the development of opportunities for employment, adding that it "regards the necessity for providing maintenance for workless labour as a measure of the failure to cope with the major problem."²

Similarly, the National Confederation of Employers' Organizations insisted in 1924 that prevention was of prime importance and that "unemployment insurance itself has no meaning as a preventive against the fact of unemployment or as an incentive to reduce it."³ Indeed, in some respects unemployment insurance may divert interest from prevention, for, as Beveridge has pointed out, "The danger of an effective scheme of unemployment insurance is less that it may demoralize the man who gets benefit and cause him to give up the search for work, than that it may demoralize the Government of the day and cause them to give up the search for remedies."⁴

¹ Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman) *Report, op. cit.*, Vol. 2, p. 167.

² Labour Party (Great Britain), *Labour and the Nation, op. cit.*, p. 19.

³ National Confederation of Employers' Organizations, *Report on Unemployment Insurance submitted . . . to the Minister of Labour in Reply to the Minister's Letter to . . . dated 28 November, 1922, op. cit.*, p. 11.

⁴ W. H. Beveridge, "Unemployment Insurance in the War and After," in Norman Hill and Others, *War and Insurance, op. cit.*, pp. 249-250.

It was with the idea of concentrating on the prevention and reduction of unemployment that the office of "Minister of Employment" was created when the Labour Government came into power in June, 1929. This was an unofficial title given to J. H. Thomas, Lord Privy Seal, and later to his successor, Vernon Hartshorn, M.P. The Commissioner of Works, George Lansbury, and Sir Oswald Mosley¹ were appointed to work with Thomas on the alleviation of unemployment, with especial stress on preventive measures.² Later, in 1930, J. Ramsay MacDonald, the Labour Prime Minister, appointed a special committee to deal with constructive measures and also a committee of permanent government officials to facilitate interdepartmental action.

Experiments such as transference from depressed to more prosperous areas, training, and state-aided emigration, have been reviewed.³ Some of the other proposals made by parties and public men will now be outlined.

Kinds of Preventive Measures

In general, preventive measures are designed either to relieve pressure on the labor market, or to provide work. Such measures as birth control, raising the school age, retiring older people by providing subsistence pensions, and shortening the hours of work, fall in the former group. Promotion of labor mobility within a country and encouragement of emigration also help to relieve pressure, although the first measure affects merely the distribution and not the supply of labor.

The second group includes schemes designed to provide work, either through the initiative of private industry or through government stimulus. These may be classified as follows:

(1) Measures for the stimulation of private industry, such as the Trade Facilities Act and the Export Credits Scheme⁴ or similar devices employing capital for the development of production and trade. National fiscal policies, involving inflation and deflation,⁵ the extension of credit and tariffs, and other fundamental economic policies affecting industry and commerce, also belong to this class.

(2) Measures, such as housing and road projects, for providing employment, either by direct labor or by contract, on public works, initiated

¹ Resigned office in May, 1930, because the Labour Party refused to put his program into effect.

² The Minister of Labour (Miss Bondfield) retained the duties connected with the administration of employment exchanges and unemployment insurance.

³ See pp. 229-233, pp. 234-248 and Chapter XVI.

⁴ These two acts, passed in 1921, empowered the Treasury to guarantee the payment of both principal and interest of loans raised by governments, public authorities and corporations for the purpose of promoting employment. The Trade Facilities Act was allowed to lapse by the Conservative Government about 1926 because of severe attacks made on it from all quarters of the House of Commons. The general criticism was that it merely permitted the government to discriminate in relation to what enterprises should be undertaken but did not add anything to the sum total of capital available.

⁵ See pp. 19-21.

chiefly by local authorities, the workers being engaged in the usual way through the employment exchanges.

(3) Measures designed to prevent deterioration through idleness, such as emergency schemes under the auspices and control of the state. The Webbs recommend a "government labor corps," with its own special officers, which could be sent in detachments wherever needed.¹ G. D. H. Cole also recommends a "national labor corps."²

Programs of Parties and Governmental Bodies

With regard to measures in the first class, the Webbs protest that the Export Credits Scheme and Trade Facilities Acts are "government's expedients" which take the form of "a subsidy from the public to the profit-making employer"; they hold that "some at least of the *largesse* has been enjoyed in enhanced profits by employers."³ Although the Labour Party had advocated trade facilities, J. H. Thomas stated in Parliament on February 3, 1930, that the reason he had not made use of this measure was, "because Trade Facilities had largely contributed to inefficiency."

The Blanesburgh Committee, while appreciatively reviewing the efforts made by successive governments to assist industry through the export credits and the trade facilities scheme, as well as through promoting interest in public works executed by local authorities, mentioned other possible methods of reducing or preventing unemployment. They suggested, among other things, the wider use of employment exchanges by employers, the survey of its own unemployment problem by each industry, greater attention to the entrance of young people into industry, more extensive training of both adults and juveniles for various occupations, the necessity of "a prolonged period of industrial peace," less rigidity of wage rates of workers who, without training, are "not possessed of the requisite experience" to justify standard rates, and a comprehensive inquiry by the Ministry of Labour into the methods of recruitment and discharge of workers.⁴

The Balfour Committee, in its final report, said that the "volume of employment in industry must depend on the volume of marketable products which industry can produce and trade can sell,"⁵ and, like both the Labour and Liberal parties, it recommended more generous extension of credit to industries seriously affected by trade depression, whose profits, as the Melchett-Turner group expressed it, "can only be re-created by reorganization." The latter group also strongly advocated the extension

¹ Sidney Webb, and Beatrice Webb, *English Local Government: English Poor Law History; Part II: The Last Hundred Years*, op. cit., p. 1010.

² G. D. H. Cole, *The Next Ten Years*, London: Macmillan and Co., Ltd., 1929, pp. 48-67.

³ Sidney Webb, and Beatrice Webb, *English Local Government: English Poor Law History; Part II: The Last Hundred Years*, op. cit., p. 707.

⁴ Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report*, op. cit., Vol. 1, pp. 24-27.

⁵ Great Britain Board of Trade—Committee on Industry and Trade (Arthur Balfour, Chairman), *Final Report*, op. cit., p. 130.

of foreign markets, through the Trade Facilities Act, the Export Credits Scheme and the development of effective advertising and sales methods.

The stimulation of production of raw materials in other parts of the Empire is urged by all political parties as a means of increasing home output. On July 26, 1929, Parliament passed an act, applying mainly to the non-self-governing colonies, which provides annual grants not exceeding £1,000,000 from the Exchequer, for the purpose of aiding and developing agriculture and industry in the colonies or territories, thereby promoting commerce and industry in the United Kingdom.¹ Some hold that the development of the home market is more essential than the expansion of overseas trade, or at least that the "recapture" of the latter may lie through the enlarged output consequent upon a revival of home trade.²

The Baldwin Government opposed emergency public works and other preventive and remedial schemes, on the ground that such methods served only to lessen the chance for stimulating trade wholesomely and so providing permanent employment. Indeed, the Conservative Party in 1924-1929 stood consistently for the view that the one sound cure for unemployment was the restoration of industry's power to command markets in the competitive world. The Baldwin Government advocated—as preferable to such schemes as public works—certain other measures that would strengthen "the chain of progress, lowering costs of production, leading to an expansion of markets and thus to the re-engagement of the unemployed in their own industries."³ With this purpose they embarked on the de-rating of industry and agriculture, on the safeguarding of industry, and the promotion of advertising and sales of British Empire products.⁴

J. H. Thomas has been looking to a revival of export trade to bring about a diminution of unemployment. The development of export trade was the avowed purpose of his visit to Canada in 1930. At this time he attempted to convince the dominion of the desirability of importing commodities from the mother country especially coal, steel and automobiles. The results of these efforts have been disappointing.

In its 1929 official program,⁵ the Labour Party advocated, among other measures, the shortening of hours and the removal of men from industry

¹ Sir Oswald Mosley ridicules the idea that the unemployment problem can be solved by recapturing foreign markets. He maintains that an increase of 50 per cent in the volume of foreign trade would not find work for half the men now unemployed and that the only real solution is to be found in the stimulation of the home market. "The Situation in Great Britain," *Industrial and Labour Information*, Vol. 34, April 14, 1930, p. 71.

² The first interim report of the Colonial Development Advisory Committee describes considerable success achieved in colonial development as a result of the Colonial Development Act; *Economist*, Vol. 110, April 26, 1930, pp. 939-940.

³ *Times* (London), April 10, 1929.

⁴ The Empire Marketing Board exists for the purpose of improving the quality and decreasing the quantity of Empire products marketed in the United Kingdom. See Great Britain Empire Marketing Board [Report], *May, 1929, to May, 1930*, (E. M. B. 28; 70-221-28), 69 pp.

⁵ Labour Party (Great Britain), *Labour and the Nation*, op. cit., 54 pp.

at 65, with a pension of 20s. instead of 10s. a week. Some opinion does not favor forcing the retirement of men at 65, but instead would offer the increased pension only on condition of retirement. It was estimated early in 1929 that there were 340,000 persons of 65 and over in industry, including agriculture, but no one knows how many would retire if they were financially able to do so.

There have been attempts to reduce the unemployment of men by restricting opportunities for women and children. Not only certain manufacturing and commercial firms, but the local authorities in many civil service departments discharge women in occupations such as teaching, when they marry. There is a growing sentiment in favor of substituting men for boys in such work as milk delivery and newspaper and parcel delivery, and in Saturday jobs that sometimes involve long hours for children. Such discrimination is a financial disadvantage but, in the case of long hours for young persons, it may be socially advantageous.

The raising of the school-leaving age is advocated by Labourites, Liberals, and many Conservatives. The Melchett-Turner group of employers and trade unionists (Conference on Industrial Reorganization and Industrial Relations) pointed out two reasons for raising the school-leaving age to fifteen; first, that modern conditions in industry demand intelligent workers and that "low-grade education will not lead to high-grade production"; second, that this measure would remove about 400,000 juveniles from the labor market, with the probable result that industry would absorb many adults. They point out that the diminished number of new entrants into industry due to the reduced birth rate during the war¹ must not furnish too great ground for optimism, as it is outbalanced by the increased expectation of life. The Labour Party advocates the removal from industry of all children up to fifteen, with necessary provision of maintenance allowances.² In *Labour and the Nation*, the party stated that it would "raise the age of school attendance to 15 with a view to its being raised to 16 as soon as possible," and this promise was repeated in the election manifesto just prior to the general election of 1929. The Hadow Committee urged the raising of the school-leaving age to fifteen, as an indispensable part of its program;³ and the Malcolm Committee said that the withdrawal of children under fifteen would probably lead to their work being done by the age group next above them.⁴ Under the Education Act of 1918, four local education authorities have already made by-laws raising the age of compulsory school attendance to fifteen.⁵

¹ See p. 287.

² Arthur Henderson in the *Times* (London), April 12, 1929.

³ Great Britain Board of Education—Consultative Committee on the Education of the Adolescent (W. H. Hadow, Chairman), *Report*, 1926, pp. 149-149.

⁴ Great Britain Ministry of Labour—Committee on Education and Industry (England and Wales), [D. O. Malcolm, Chairman], *Report*, Second Part, 1928 (36-20-2), p. 27.

⁵ Great Britain House of Commons, *Parliamentary Debates: Official Report, First Session of the Thirty-fifth Parliament, July 15, 1929*, (Vol. 230, H. C. Deb., 5s), Col. 50.

The National Confederation of Employers' Organizations opposes the raising of the school-leaving age, and the Trades Union Congress strongly urges it.¹ The president of the Board of Education announced in Parliament a few months after the present Labour Government came into power that the date for raising the school age to fifteen would be April 1, 1931, and that consideration was being given to the form and amount of maintenance allowance to be granted.²

The Independent Labour Party, which may be regarded as the left wing of the Labour Party, advocates the Labour Party's measures for relieving pressure, as well as others, including "guaranteed annual holidays of at least fourteen days with full pay."³

Protection of Industries.

Protection, or "safeguarding," of British industries is at the time of writing a paramount issue in British politics. Its supporters advocate it as a cure of unemployment, but free traders are opposed on the ground that it would do immeasurable damage to the export trade and to the whole economic structure. Free trade has furnished a battleground for British statesmen and politicians for many years, the advocacy of protection having brought disaster to more than one political party since the days of Joseph Chamberlain. Free traders hold that "safeguarding," if confined to industries not predominantly "exporting," would affect only about one-fortieth of the country's aggregate unemployment.⁴ Both the Liberal and Labour parties are traditional upholders of the principle of free trade and many Conservatives are unwilling converts to the doctrine of protection. There are signs of weakening in quarters where opposition to protection used to be vigorous and even influential members of the Labour Party are entertaining views they would have considered heretical a short time ago. Indeed, a sensation was caused by the report of the economic committee of the Trades Union Congress General Council which urged the Labour Government to press for a policy of Empire trade unity at the imperial conference scheduled for the fall of 1930.

The report presented the argument that the commonwealth group could bargain in world trade far better than could isolated units, although it was made clear that the question of tariffs did not enter into the committee's discussions. Many Britishers place "Empire free trade," which Baldwin now calls "economic unity of the Empire," at the head of all measures to promote prosperity and reduce unemployment. The main features of the movement are: to regard component parts of the British Empire as a single economic unit within which trade, with

¹ Great Britain Ministry of Labour—Committee on Education and Industry (England and Wales) [D. O. Malcolm, Chairman], *Report*, Second Part, *op. cit.*, pp. 24-25.

² This bill has not been passed.

³ Independent Labour Party (Great Britain), *Living Income*, London, [1928] p. 11.

⁴ Unemployment and Protection," *Economist*, Vol. 118, February 2, 1929, p. 210.

important qualifications, would suffer no restrictions; to conserve the interests of the group by a tariff wall against the rest of the world; to strengthen the economic interests within the group by a policy of agreements, quotas and compensations.

Opponents of this scheme advance formidable arguments against its practicability, claiming that the history of all industrial nations since the war has demonstrated that barriers to international trade have probably constituted "the greatest single existing hindrance to the full revival of prosperity." They recall that at Geneva in 1927 the World Economic Conference, composed of eminent men from the spheres of industry, commerce and finance, came to the unanimous conclusion that "present-day tariffs had effected incalculable harm." They maintain that economic nationalism was the underlying cause of the world war and that Lord Beaverbrook's idea of "a world made up of antagonistic units, one of which would be a walled-in British Empire," would be basically opposed to the best interests not only of Great Britain and the Empire but of the entire world.¹ Not the least of the objections to Empire free trade is that the colonies and dominions are more and more inclined to build up their own trade and to impose barriers, even though preferential, against other component parts of the Empire. In spite of all objections, Lord Beaverbrook early in 1930 formed an alliance with Lord Rothermere and declared that 200,000 men and women, of all classes and political parties, had enrolled themselves as founder-members of his empire crusade, and that there was a "multitude of men and women who believed that in this policy, and in this policy alone, could be found not merely an immediate effective remedy for Britain's present industrial disorders but a sure pathway to increased and permanent prosperity for Britain and every part of the Empire."²

The Conservative Party was duly alarmed. In February, 1930, the National Union of Conservative and Unionist Associations issued a circular bearing the heading, "Where do you stand?" in which they protested against the high-handedness of Lord Beaverbrook and Lord Rothermere in forming a United Empire Party as a separate political party. They accused them of impatience, quoting Baldwin who said that while free trade within the Empire was a great ideal, it was not practical politics as was "freer trade within the Empire." They said the obstacles in the way of an immediate adoption of Empire free trade were the unwillingness of the self-governing dominions "under present circumstances"; the objections of the colonies because their revenue is largely derived from customs duties; the many treaties and conventions regulating colonial trade "which would have to be scrapped"; and the fact

¹ "Empire Free Trade," *Economist*, Vol. 109, November 2, 1929, pp. 802-804.

² *Times* (New York), February 18, 1930.

that mandated territories by the terms of their mandates, (Iraq, Palestine, etc.) would be unable to enter such a combine.

Later Lord Beaverbrook re-entered the fold of the Conservative Party, announcing that Baldwin had accepted enough of his program to make this reconciliation possible. Baldwin announced he would even agree to taxing foodstuffs if the electorate, by popular referendum, so decided. But Lord Beaverbrook was opposed to such a referendum,¹ and again he allied himself with Lord Rothermere in protest against Baldwin's policies.

Wage Reductions

Wage reductions are considered by some to be the first step in reducing costs, but there are increasing numbers who are inclined to view them as a last resort. The president of the Federation of British Industries expressed the latter view in April, 1930.² Wages and salaries are important items in costs of production, but there are other important items even in those industries which have suffered most acutely from unemployment, and whose costs have risen disproportionately during the last decade.³ Yet, it may be significant that three of the countries showing a substantial improvement in real wages in their capitals (Berlin, London and Stockholm)⁴ are countries with high rates of unemployment.

It has been asserted that, owing to the extension of legalized collective bargaining and the support given it by a national scheme of unemployment insurance, the English wage system is "the most inelastic in the world."⁵ Some proponents of wage reductions at the present time rest their case partly on the fact that the wage earner has not only increased his real wages since the war, but that he has benefited by the increased provision of social services which add materially though indirectly to his wage.⁶

A. L. Bowley's new index number of wages showed an advance at the end of 1928 of 94 per cent⁷ over the pre-war level,⁸ while the cost of

¹ "Lord Beaverbrook and Mr. Baldwin," *Economist*, Vol. 110, May 24, 1930, p. 1158.

² The House of Lords on May 21, 1930, adopted (by 103 votes to 25) a motion in favor of imperial economic unity. In introducing the resolution it was held that the most practicable immediate remedies for "the serious and increasing depression manifesting itself in the manufacturing and agricultural industries of this country and the expanding figures of unemployment" were to be found in "a comprehensive policy of safeguarding and anti-dumping and in imperial economic unity." *Times* (London), May 22, 1930.

³ "Report of the Thirteenth Annual Meeting of the Federation of British Industries," *Industrial and Labour Information*, Vol. 34, June 23, 1930, p. 432.

⁴ Henry Clay, "Unemployment and Wage Rates," *Economic Journal*, Vol. 38, March, 1928, pp. 1-5.

⁵ "Index Numbers of Comparative Real Wages in Various Cities," published quarterly in the *International Labour Review*, in a section entitled "Wage Rates and Retail Prices in Various Cities."

⁶ Henry Clay, *Post-War Unemployment Problem*, *op. cit.*, p. 208; *ibid.*, p. 155; Liberal Industrial Inquiry, *Britain's Industrial Future*, *op. cit.*, p. 15.

⁷ *Ibid.*, p. 431; A. M. Carr-Saunders, and D. C. Jones, *Survey of the Social Structure of England and Wales*, *op. cit.*, pp. 162-163.

⁸ A. L. Bowley, *New Index Number of Wages*, London: Royal Economic Society, 1929, p. 6.

⁹ The proportionate rise has been considerably less for skilled than for unskilled trades and for the unsheltered than for the sheltered industries. Great Britain Board of Trade—Committee on Industry and Trade (Arthur Balfour, Chairman), *Final Report*, *op. cit.*, p. 88.

living as measured by the Ministry of Labour's index, had risen only 67 per cent,¹ wholesale prices, as measured by the Board of Trade index, only 37.9 per cent² and the average price of British exports only 61.8 per cent.³ The average level of wage rates has been maintained with remarkable stability since 1922, while other prices were being adjusted to the level required by the return to the gold standard.⁴

The Balfour Committee reported that a sample analysis of costs of production from 1913 to 1929 showed a rise of labor costs somewhat in excess of the increase in weekly wage rates and that they considered this discrepancy to be mainly due to the fact that, in many industries, reduction in working hours had not been offset by increase in production. This is contrary to the experience of the United States, where, while the rates of wages have increased, the cost of labor has formed a diminishing percentage of the value of industrial output.⁵ Certain authorities maintain that Great Britain's competitive power has greatly suffered from the lower wages and longer hours worked on the Continent.⁶

Some of Britain's ablest economists, for example, Sir Josiah Stamp, J. M. Keynes and A. L. Bowley, while protesting against any reduction in real wages and the consequent reduction in the standard of living, hold that the money wage actually represents a continually increasing real wage and that Great Britain cannot afford such an increase in the present markets. "One of our troubles," says Sir Josiah Stamp, "is that our wage level has not sufficient resiliency at a time when the wholesale price level is alternating rapidly."⁷ Pigou claims that if wage earners insist upon maintaining real wage rates above the economic level and if the state undertakes no "mitigating action . . . an abnormal volume of unemployment is the inevitable concomitant."⁸ But Cannan regards wage reductions as undesirable because they would lead to greater production and a consequent fall in prices which would be a boomerang to the employer.⁹

Clay, developing the thesis that because of the purely sectional character of wage negotiations one industry considers its own interests at the

¹ Statistics showing average earnings for 1924, as furnished by Bowley and Stamp, are interesting. They estimated the average annual earnings of males of all ages classed as wage-earners in 1924 at £115, the average number of weeks worked at 44 (allowing for sickness, unemployment, and holidays), and the average earnings at full work at 52s. a week. In these averages they included boys with some superannuated workers and some casuals not attached to any industry; excluding these, they found that the average man at full work in 1924 obtained about 60s. a week. A. L. Bowley, and Josiah Stamp, *National Income, 1924; a Comparative Study of the Income of the United Kingdom in 1911 and 1924*; London: Oxford University Press, 1927, p. 30.

² "Wholesale Price Index of Board of Trade," *Board of Trade Journal*, Vol. 121 (New Series), December 13, 1928, p. 746.

³ Henry Clay, "Public Regulation of Wages in Great Britain," *Economic Journal*, Vol. 39, September, 1929, p. 338.

⁴ *Ibid.*, p. 339.

⁵ Great Britain Board of Trade—Committee on Industry and Trade (Arthur Balfour, Chairman), *Final Report*, *op. cit.*, p. 88.

⁶ "Iron and Steel in 1928," *Economist*, Vol. 108, February 16, 1929, p. 231.

⁷ Letter from Sir Josiah Stamp to Industrial Relations Counselors, Inc., June 9, 1930.

⁸ A. C. Pigou, *Economics of Welfare*, 3rd ed., rev., *op. cit.*, p. 702.

⁹ Edwin Cannan, "Problem of Unemployment," *Economic Journal*, Vol. 40, March, 1930, pp. 40-50.

expense of others, claims that persistent unemployment and checked expansion have accompanied this sectional handling of wage problems. He further argues that unless correctives, which can be applied to industry as a whole, are devised, widespread unemployment will develop from this situation alone.¹

Another English economist has said, "My feeling has always been that one can only attempt to secure a real wage higher than the total production justifies by letting the strongest and best-organized workers present their claim first," thus leaving "those who are in a weaker strategic position to 'come to the bag' and find nothing there—in other words, by suffering considerable unemployment in the unsheltered trades."²

Pointing to overhead and indirect costs of production, as well as wage costs, Clay says, "the need of industry, so far as wage adjustments can meet it, is for an all-round reduction, which will affect the indirect costs, simultaneously with the direct costs, of every industry."³ Again, he says, "While an all-round or average reduction might have a certain and predictable effect, organized labor will resist any reduction so long as it can point to other costs that have risen proportionately more than, or as much as, labor costs."⁴ The resistance to wage reductions on the part of workers in the wool textile trade in 1929-1930 is based on this presumption. But it is the association of low wage levels and high unemployment percentages that is significant, and that makes it difficult to accept the hypothesis that high wages are the sole cause of unemployment. At the end of January, 1930,⁵ while the unemployment percentage of all insured industry was 12.6, for coal it was 12.9, iron and steel 23.7, shipbuilding 23.4, general engineering 10.1, cotton 20, and woolen and worsted 20.5. These six industries, comprising about one-quarter of the insured working population, provided about one-third of the unemployed, yet the reductions in wages in these export industries have been greater than the average. Here low wages accompanied a high rate of unemployment while there are many cases where high wages and a low rate of unemployment have co-existed.⁶

In connection with the "reduction of real wages," the Blanesburgh Committee suggests a temporary reduction in the case of workers trans-

¹ Henry Clay, "Regulation of Wages in Great Britain," *Economic Journal*, Vol. 39, September, 1929, pp. 323-343.

² Josiah Stamp, *Some Economic Factors in Modern Life*, London: P. S. King and Son, Ltd., 1929, p. 239.

³ Henry Clay, "Regulation of Wages in Great Britain," *Economic Journal*, Vol. 39, September, 1929, p. 338.

⁴ Henry Clay, "Unemployment and Wage Rates," *Economic Journal*, Vol. 38, March, 1928, p. 8.

⁵ "Detailed Reports on Employment . . ." *Ministry of Labour Gazette*, Vol. 88, February, 1930, pp. 55-58.

⁶ "It is possible that a rise in the general wage index might be accompanied by a fall in the general unemployment index as a result of a shifting of labour, which made it possible to raise wage rates in the industries from which the shift took place more than it was necessary to reduce wages in the industries into which labour moved; this, in fact, . . . is what is happening." Henry Clay, "Unemployment and Wage Rates," *Economic Journal*, Vol. 38, March, 1928, p. 4.

ferred from older, overmanned to newer, expanding industries. Although employers in the latter industries "are anxious for larger numbers of skilled men and would readily employ workers from other trades," the latter are commonly too inexperienced in the new work to be paid "full, standard rates" at once. Instead, it is desirable "that such men should be willing and should be permitted to work for a few months at a wage somewhat less than the standard rate, in the assurance that by the end of that time they will . . . be worth the full wage."¹

A government document recently stated that the ultimate remedy for unemployment lies in the reduction of the costs of production and the cost of living and that, while formerly reduction of the costs of production was regarded as largely synonymous with reduction of wages, "in present conditions it must be sought in the improved organization and efficiency of all the elements of industry."²

Beveridge claims that, "The widespread enduring unemployment that we find in Great Britain is just what we should expect to find as the result of an abnormal rise of wages, unaccompanied by an equal rise of productivity or cheapening of capital . . . It has been the result less of bargaining between employers and workpeople . . . than of movements beyond their control and of Government action taking no account of such conditions."³

He asserts that it hardly seems reasonable to doubt the connection between the rise of real wages during post-war years and the rise of unemployment.⁴ But he insists that the solution lies partly in a rise of productivity per capita.⁵ He adds, "We must either lower our standards of life or bring production up to justify them."⁶

The entire question of wages and unemployment, indeed, resolves itself into the question of what standard of living workers are willing to accept in lieu of idleness. "Standard of living," as Beveridge puts it, "forms the link between two questions hitherto kept distinct—that of unemployment and of population."⁷

"The policy, which some advocate," says the report of the Liberal Industrial Inquiry, "of relieving the situation by reducing the standard of life all round, and in particular by reducing it decidedly below the pre-war level in the distressed industries, is one which should, in our opinion, be decisively rejected, on the ground that it should not be necessary in the face of the technical improvements of recent years. It would be a

¹ Great Britain Ministry of Labour, Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report, op. cit.*, Vol. 1, pp. 26-27.

² Great Britain Ministry of Labour, *Memoranda on Certain Proposals Relating to Unemployment*, p. 52.

³ W. H. Beveridge, *Unemployment: A Problem of Industry (1909 and 1930)*, new ed., London: Longmans, Green and Co., 1930, p. 367. The whole subject of wages and unemployment is examined in detail in this volume, pp. 359-372.

⁴ *Ibid.*, p. 371.

⁵ *Ibid.*, p. 418.

⁶ *Ibid.*, p. 419.

⁷ *Ibid.*, p. 372.

confession of failure and a good reason for drastic change in the personnel of our industrial leadership if we were to declare ourselves unable to maintain the very moderate standards of life which now prevail. We feel convinced that with proper organization and a proper distribution of the national resources of capital and men, no reduction of real wages should be necessary and an early increase should be aimed at."¹

Marked difference of opinion as to whether "proper organization" would remove the necessity for wage cutting is found in the evidence presented before Lord Macmillan of Aberfeldy during his inquiry into the the wage dispute in the wool industry in the spring of 1930. The workers' representatives argued that the economic condition of the industry could be improved by other means than wage reductions; they suggested that a large number of small firms be eliminated, that pressure be brought to bear on distributors to pass on the benefit of lower prices to the consumer, that new machinery be installed and that duplication of salesmen represented a heavy cost. The employers denied these charges and claimed that wages accounted for over 32 per cent of the total costs of production and that economies must be sought there. Lord Macmillan, unable to investigate adequately the structure and competency of the entire wool industry, had to accept the findings of the Safeguarding Committee of 1929 that the industry was conducted with "reasonable efficiency" and reported that a wage cut amounting to roughly 9 per cent of current rates should be applied if the export trade were to be stimulated.²

Rationalization³

The obvious alternative to wage-cutting is the rationalization of industry, in the most comprehensive sense of the term. Rationalization, like wage reductions, is urged on the ground that it will reduce costs of production and place Great Britain on a favorable footing with her competitors. An excellent case has been made out in favor of the theory that rationalization of British industries in a broader sense than mere amalgamation furnishes the only means by which they can recover their competitive power. Henry Clay, an able proponent of this idea, maintains that rationalizing and reconditioning British industry alone will furnish the key to the world's markets.⁴

But there is little hope that "the problem, if left to itself, will cure

¹ Liberal Industrial Inquiry, *Britain's Industrial Future*, op. cit., pp. 41-42.

² Great Britain Ministry of Labour—Court of Inquiry Concerning the Matters in Dispute Regarding Wages in the Northern Wool Textile Industry (Lord Macmillan, Chairman), *Report*, 1930, (Cmd. 3505), p. 25.

³ Rationalization is used in this volume to embrace not only amalgamations of industrial units for the sake of large scale production but the efficient methods of production generally classed in the United States under "Scientific Management."

⁴ Henry Clay, *Post-War Unemployment Problem*, op. cit., 208 pp.; Liberal Industrial Inquiry, *Britain's Industrial Future*, op. cit., pp. 128-130; Great Britain Board of Trade—Committee on Industry and Trade (Arthur Balfour, Chairman), *Final Report*, op. cit., pp. 179-187.

itself," and it seems evident that "the necessary reorganization of the depressed industries will not be effected unless the initiative is taken and the impulse given by some agency outside them."¹ Keynes holds that "the most important agenda of the State relate not to those activities which private individuals are already fulfilling, but to those functions which fall outside the sphere of the individual, to those decisions which are made by *no one* if the State does not make them."² Apparently, Clay thinks certain urgent decisions are being made by "no one," for he declares, "With the experience of all the committees and commissions that have inquired into the problems of industry . . . it is sufficiently obvious that British industry does not respond to a treatment of mere advice."³ This economist presents arguments for outside intervention because of the almost insuperable obstacles to the self-reorganization of a depressed industry.⁴

Rationalization is in itself a cause of temporary unemployment, but Great Britain, like the United States, lacks statistics in regard to the displacement of labor by amalgamation and improvements in methods and machinery. Since a study made by the Brookings Institution showed a decided loss of income by displaced workers in the United States, at a time when trade was expanding and labor was mobile, it may be taken for granted that under less favorable circumstances this displacement of labor is a serious factor in unemployment. The Prime Minister, J. Ramsay MacDonald, said in a public speech in April, 1929, "Our progress is being marked by certain unemployment that is bound to result from the rationalization of industry."⁵ And the Conference on Industrial Reorganization and Industrial Relations reported in March, 1929, that rationalization had not been "a serious factor in the severe unemployment of the past eight years," but that it was "an important consideration when a forward view is taken, for it is realized that a number of workers are likely to be displaced during the next few years owing to this cause, provided British industry is able, as it is hoped it will be, to apply rationalization in the widest sense in which the term is used."⁶

An instance of the need for rationalization was mentioned by Sir Arthur Balfour in his discussion of the depressed condition of the cotton industry, at the annual dinner of the Liverpool Chamber of Commerce in November, 1929. He thought that there must be fewer mills in Lancashire, and that those fewer mills must work in eight-hour shifts.⁷

¹ This is the thesis of Henry Clay, *Post-War Unemployment Problem*, *op. cit.*, 208 pp.

² J. M. Keynes, *Laissez-faire and Communism*, *op. cit.*, p. 67.

³ Henry Clay, *Post-War Unemployment Problem*, *op. cit.*, p. 195.

⁴ *Ibid.*, pp. 174-183.

⁵ *Times* (London), April 26, 1929.

⁶ Trades Union Congress General Council, and Representative Group of Employers—Conference on Industrial Reorganization and Industrial Relations, *Interim Joint Report on Unemployment Adopted by the Full Joint Conference* (Lord Melchett, and Ben Tillett, Joint Chairmen), *op. cit.*, p. 7.

⁷ *Manchester Guardian Weekly*, Vol. 21, November 8, 1929, p. 382.

And on March 27, 1930, Sir Herbert Samuel, speaking in Parliament of the Lancashire Cotton Corporation and other amalgamations, said that "a second industrial revolution is now proceeding to substitute vast-scale production for smaller-scale production." Lancashire has 1,800 spinning and weaving firms and 700 or 800 exporting merchants, besides a large number engaged in the home trade; this is in marked contrast to the situation in Japan, where three firms handle from 70 to 80 per cent of the cotton exported, and four firms manufacture 40 per cent of the entire output of the cotton trade of Japan.¹

Chemicals, tobacco, cement, soap and margarine are examples of important industries which have been more or less successfully rationalized. Steps are also being taken in this direction in the cotton and steel industries.

Cannan does not accept the view that rationalization is an effective cure for unemployment in Great Britain at present, although he acknowledges its advantages. He claims that the real cure for long-term unemployment is a re-distribution of labor among the different occupations, holding that, although there is no unsatisfied demand for labor, supply and demand go hand in hand, and new industries develop without such an unsatisfied demand becoming ostensible.²

Since the war employers have paid an increasing amount of attention to stabilizing employment within their plants.³ Indeed, even before the war the Board of Trade reported, "The more competent and thoughtful employers endeavor to overcome the natural fluctuations of the seasons by superior organization. With the manufacture of jam and marmalade they combine the making of sweets and the potting of meats. They thus occupy the time of the majority of their employees. An artificial florist, employing over two hundred girls and women in a trade which occupies six months of the year, has introduced a second trade, the preparing of quills for hat-trimming, and now the workers are employed all the year around. In Luton, where the staple trade is straw-hat making, and where work is always slack during six months of the year, felt-hat making has been introduced; and it is now very usual to find the two trades carried on by the same firm, employing the same workpeople at different periods of the year."⁴ Admirable though such initiative is, these plans are puny efforts when measured against the magnitude of Britain's total unemployment. Large scale, industry-wide amalgamations point to greater potential results than the efforts of an individual plant.

¹ *Times* (London), March 28, 1930.

² Edwin Cannan, "Problem of Unemployment," *Economic Journal*, Vol. 40, March, 1930, pp. 45-55.

³ See Appendix II.

⁴ *The Cost of Living of the Working Classes* (Cd. 3864), cited in A. C. Pigou, *Economics of Welfare*, 3rd ed., rev., *op. cit.*, p. 503.

Financial Backing of Rationalization

How far the British banking system can be developed to meet the changing needs of industry without sacrificing its present safety and elasticity is a question of increasing importance. Hitherto the banks have often presented an obstacle to rationalization because they have not been willing to write off the loans and prior charges incurred during the "boom" times just after the war. In such cases they are really keeping alive concerns which ought to be eliminated.

But there are encouraging evidences of organized effort to stimulate and promote industry on a sound basis and to make short shrift of industries seeking money for "rationalizing" while at the same time permitting noneconomic units to cling fast to their prestige and their traditions. Perhaps the most significant step in this direction was the formation, toward the end of 1929, of the Securities Management Trust, to deal with credits for industry and to assist manufacturers and distributors in selling their products. Henry Clay was appointed to carry out for this trust the organization and direction of economic research into industry.¹

The Chancellor of the Exchequer, Philip Snowden, in November, 1929, announced the appointment of another important body, the Committee on Finance and Industry, the chairman of which is H. P. Macmillan, K.C. Its purpose is "To inquire into banking, finance, and credit, paying regard to the factors, both internal and international, which govern their operation, and to make recommendations calculated to enable these agencies to promote the development of commerce and the employment of labor."²

In January, 1930, J. H. Thomas stated publicly that as a result of conferences with the Bank of England, that institution was ready to support financially any plans which in its opinion would lead to placing industry on a sound basis. Toward that end the Bank of England declared itself ready to aid in the reorganization and modernization of important industries and even individual undertakings, provided their schemes were co-ordinated with the general plans for the entire industry in question and gave reasonable promise of becoming an effective unit in combination and co-operation with other similar undertakings.

On April 15, 1930, Thomas announced in the House of Commons that a company was on that day being registered, under the name of the Bankers' Industrial Development Company, Ltd., with a nominal capital of £6,000,000 and an honorary directorate, with the Right Honorable Montagu Norman, Governor of the Bank of England as chairman, and an

¹ *Times* (London), January 11, 1930; "Economists at the Bank," *Economist*, Vol. 110, February 1, 1930, p. 228.

² *Manchester Guardian Weekly*, Vol. 21, November 8, 1929, p. 372.

unpaid board of leading bankers. Mr. Thomas said the object of the company, which may be described as a public service corporation,¹ was "to receive and consider schemes submitted by the basic industries of this country for the purpose of their rationalization, either by industries or by regions." In the case of schemes which might be approved, arrangements would be made for the provision through existing agencies "of such moneys as may seem to be essential." The government was not to be involved in finding money for reorganization and rationalization.² This announcement was hailed by some as an indication that British finance for the first time stood ready to support the country's industries, but long before Thomas became unofficial Minister of Employment the Bank of England had rendered conspicuous assistance to the Lancashire Textile Corporation and a number of other large enterprises.

Currency Control

The involved question of currency control as a means of stabilizing employment is beyond the scope of this study. Speaking of unemployment and other economic ills, Keynes says, "I believe that the cure for these things is partly to be sought in the deliberate control of the currency and of credit by a central institution, and partly in the collection and dissemination on a great scale of data relating to the business situation, including the full publicity, by law if necessary, of all business facts which it is useful to know."³

Public Works

Although the subject of public works is always to the fore when unemployment is acute, it commanded extraordinary attention in the general election of 1929. At this time the Liberal Party went so far as to claim that unemployment could be cut down to normal through the initiating of public works on a large scale.⁴ They asserted that by foresight in carrying out public works schemes, the depression could be tided over and purchasing power maintained until business revived.

Before considering the experiments with public works, carried on by local and national bodies during depression periods, with varying degrees of success, it is well to distinguish relief work from test work. The former is as a rule useful work financed by public authorities for the purpose of occupying as many unemployed as possible in the simpler forms of manual labor. Relief work in England has usually been of the "pick and

¹ Both the Securities Management Trust and the Bankers' Industrial Development Company are to "eschew all profits."

² *Times* (London), April 18, 1930.

³ J. M. Keynes, *Laissez-faire and Communism*, *op. cit.*, pp. 68-69. See also theory advanced by P. W. Martin, p. 334 of this chapter.

⁴ [Liberal Party (Great Britain)], *We Can Conquer Unemployment*, London: Cassell and Co., Ltd., 1929, 64 pp.

shovel" variety, mainly on road and drainage projects. Test work on the other hand may be either useful or useless and is provided solely to discover whether a man who applies for poor law relief is willing to work. Its chief characteristic is a deterrent or punitive purpose and it is accompanied by no wages and no contract of service.

An examination of the projects undertaken as relief works during the nineteenth and twentieth centuries in England¹ demonstrates that they are valuable for handling comparatively small numbers of unemployed and this only when applicants are carefully selected and trained. They must have as their primary aim, as Davison says, "the permanent rehabilitation" of the unemployed, and not merely temporary alleviation of distress. The relief works on which about 8,000 adult men were engaged during the cotton famine in 1863 were carried out on this sound principle, but those provided in the depression of 1886 under the guidance of Joseph Chamberlain, then president of the local government board, were not. The Poor Law Commission Report of 1909 stated, "Except that the money paid to the workmen was called wages and not relief, there was little or nothing economically to differentiate the work in 1886 from the work provided by the Guardians as a condition of relief."²

The conduct of relief works was complicated by arguments as to which government department should be held responsible for the unemployment policy after 1892-1893, when the Board of Trade, as the industrial authority, took an active interest in causes and cures of the evils attending the severe trade depression. This department censured the methods and results of the Local Government Board and the Chamberlain policy, but the criticism did not affect the wasteful and unconstructive methods used by the board on municipal projects.

A further administrative complication appeared with the passage of the Unemployed Workmen Act of 1905³ which set up distress committees whose main duty was to keep an eye on the state of employment in their districts and to attempt to serve as a clearing agency for cases of suffering due to unemployment. Their activities consisted mainly in counting the unemployed, in assisting emigration and internal migration and in promoting labor exchanges. These committees could aid in the provision of temporary relief works everywhere except in London where this function belonged to the Central Unemployed Body. Although the act originally provided that the cost of relief works should be taken from voluntary funds, this system did not work and in less than a year rates and taxes had to provide for practically all the expense. The "elite" of the unemployed, for whom the Unemployed Workmen Act was intended,

¹ A concise though comprehensive account of public works experiments in England may be found in R. C. Davison, *The Unemployed*, *op. cit.*, pp. 23-56.

² Great Britain Royal Commission on the Poor Laws and Relief of Distress, *Report*, *op. cit.*, p. 378.

³ See pp. 39-40.

were not reached, as a matter of fact, and it became the resort of the "down-and-outers." The records of wasted time and money in this patch-work method of dealing with unemployment were again in marked contrast with the well planned and well executed Lancashire relief schemes of 1863. In 1909, Beveridge, then a member of the Central (Unemployed) Body for London, exposed the superficiality of the Unemployed Workmen Act.¹ The Poor Law Commission published its report the same year and added drastic criticism to Beveridge's censure.

The politicians often had an axe to grind in proposing public works, for local expenditures were often accompanied by government grants which since the war were especially appreciated in distressed areas such as the coal districts of South Wales and Durham. Moreover, because post-war depression has added to the problem by draining the poor rates of some districts, each government since 1920 has sought some way of "bolstering up the finances of distressed areas" through government grants to relief works. It is quite easy to see how this policy resulted in choosing for relief work men who would otherwise be supported by poor relief. Personal circumstances, therefore, instead of fitness for the job became the basis of selection.

In 1920 a central committee composed chiefly of business men and known as the Unemployment Grants Committee, under the chairmanship of Lord St. Davids, began its work by inviting applications for approval of local relief works in order to tempt local bodies to undertake them. When there was a disappointing response they offered, in 1926, to pay from the national Exchequer to nonrevenue-producing schemes 45 to 60 per cent of the capital and interest on loans. The chief purpose at this time was to give payment for work instead of unemployment benefits for idleness. Only in areas hard hit by unemployment could such schemes be approved, but the definition of "serious unemployment" varied with party politics. During the régime of the Labour Government of 1924 local unemployment was considered serious if it was 5 per cent, whereas it sometimes had to reach 15 per cent before approval for grants could be obtained from the succeeding Conservative Government. Parliamentary debates for the past few years furnish evidence of vacillations in policy in regard to public works. Before the Labour Government assumed control in 1924, J. Ramsay MacDonald said, "We are not going to diminish industrial capital in order to provide relief." Yet this government, instead of dissolving the Unemployment Grants Committee, encouraged local relief works by increasing government grants.

In the circular letter issued by the Conservative Government in December, 1925, it was stipulated that the Unemployment Grants Committee would not approve any scheme unless the work was of public

¹ W. H. Beveridge, *Unemployment: A Problem of Industry*, op. cit., pp. 162-191.

utility, and would not be undertaken at the time except for the purpose of relieving unemployment and that if it were contemplated for the future it would not in any case have been undertaken for five years or more.¹

A revision of the latter scheme was proposed by the Unemployment Grants Committee in the fall of 1928, when the Conservative Government invited local authorities to submit proposals on condition that the total number of men employed on the work would include not less than 50 per cent of men drawn from depressed areas, engaged through the employment exchanges. The "five years' acceleration" of the 1925 letter was not insisted upon. By the end of January, 1929, schemes involving an expenditure of nearly £2,000,000 had been submitted to the government for approval. This was done in spite of many objections on the part of localities which desired government grants but did not wish to import unemployed miners. Under the Development (Loan Guarantees and Grants) Act of 1929, the Labour Government substituted three years for five as the period by which schemes should ordinarily be advanced in order to qualify for a grant. This substitution of three years was to apply only to areas not suitable for the introduction of men from a depressed area. In such regions committees were also empowered to consider, in appropriate cases, schemes for grant on a nontransfer basis where unemployment, though severe and prolonged, had not reached the previously adopted 15 per cent standard of unemployment during a period of twelve months.

By this same act the Unemployment Grants Committee was empowered in special cases to consider schemes for grant on a transfer basis, notwithstanding that the proportion of labor proposed for transference did not reach 50 per cent.²

All in all, the governments had provided in the years 1921-1928 about £86,000,000 to aid local authorities and public utility companies to carry out public works of various kinds. "Thousands of widely scattered public works were carried out," say the Webbs, "consisting mainly of the making and widening of roads, the laying out of recreation grounds and cemeteries, the erection of public buildings, the provision of sewers and sewage works, the paving and repaving of streets, the extension of locks, quays and harbors, water, gas and electricity works, the extension of tramways, land reclamation and drainage and similar improvements." Besides these schemes the Minister of Transport made extensive grants to local authorities from the road fund to increase employment by improving the principal roads throughout the country.³

¹"Unemployment Grants Committee; Extension of Facilities," *Ministry of Labour Gazette*, Vol. 36, November, 1928, pp. 393-394.

²"Employment and Unemployment," *Industrial and Labour Information*, Vol. 31, August 12, 1929, pp. 215-216.

³Sidney Webb, and Beatrice Webb, *English Local Government: English Poor Law History; Part II: The Last Hundred Years*, op. cit., Vol. 2, pp. 688-689.

The public expenditures of the Conservative Government of 1924-1929 were outlined in Winston Churchill's budget speech in Parliament on April 15, 1929, as follows:

In our desire to induce a speedier return to prosperity and to diminish unemployment we have, during the last five years, ventured upon very heavy capital outlay. We have set on foot the carrying into effect of far-reaching and carefully considered programmes of housing, roads, telephones and agricultural development. The expenditure provided for these purposes either from revenue or from loans raised on Government credit during the past four years amounts in round figures to £260,000,000. In addition we have implemented guarantees under the Trade Facilities Act and provided new guarantees for colonial development schemes,¹ for a further £40,000,000. We have already carried through a scheme for the reorganization of electricity supplies at an estimated cost of £40,000,000 or £50,000,000. The total development expenditure of the present Government during their period of office already exceeds £300,000,000, and there is a further £50,000,000 of commitments in sight. These figures do not include the expenditure, principally on housing and roads, undertaken by the local authorities on the basis of Government grants, which probably fall little short of another £100,000,000. . . . During the course of the present Parliament we have spent or caused to be spent or undertaken to spend in cash or credit over £400,000,000.²

When the Labour Party came into power in the summer of 1929, J. H. Thomas introduced a Development (Loan Guarantees and Grants) Bill as part of the government's schemes for dealing with unemployment.³ The bill gave power to the Treasury to guarantee loans to a public utility undertaking, for meeting capital expenditure incurred under a scheme for development, reconstruction or re-equipment.

The measure provided that the Minister of Labour, with the approval of the Treasury and on the recommendation of a committee appointed by him, might make grants to local authorities. Grants were also to be made to statutory bodies carrying on nonprofit undertakings under statutory powers and the money was to be applied on any expenditure for public works which was calculated to promote employment in the United Kingdom.⁴

¹ The first interim report of the Colonial Development Advisory Committee (Cmd. 8540) describes considerable success achieved in colonial development as a result of the Colonial Development Act; "Colonial Development Committee," *Economist*, Vol. 40, April 26, 1930, pp. 939-40.

² Great Britain House of Commons, *Parliamentary Debates: Official Report, Fifth Session of the Thirty-fourth Parliament*, April 15, 1929, (Vol. 226, H. C. Deb. 5s), Coln. 53-54.

³ The three parts of this scheme are:
(1) The former Unemployment Grants Committee, the chairman of which is Lord St. Davids.

(2) The Committee on Public Utilities.

(3) The Committee on Colonial Development.

⁴ *Times* (London), July 20, 1929.

On November 4, 1929, J. H. Thomas reported in Parliament on the progress of the work of the various committees established under the Development Act. According to his report, plans to accelerate construction work through a subsidy of about £45,000,000 were already complete. Of that amount approximately £11,000,000 were sanctioned by the old Unemployment Grant Committee; over £7,000,000 by the Development (Public Utility) Advisory Committee, a body composed of representative men of all classes, creeds, and politics, whose duty it is to examine schemes submitted by public utilities; about £3,000,000 by the Committee on Colonial Development, and some £24,000,000 were sanctioned in connection with a road construction program being carried out under the supervision of the Ministry of Transport.¹

Thomas stated in the House of Commons in May, 1930, that the total amount sanctioned under the Labour Government up to May 28, 1930, was £103,000,000. Analyzing this sum, he said there were for railways, £20,000,000; electricity, £11,000,000; docks, £7,000,000; sewerage, £5,000,000; land drainage, £5,000,000; water undertakings, £4,000,000; gas undertakings, £1,000,000; land reclamation, £1,000,000; all of this was absolutely "new money," since the Labour Government had come into power. Forty million pounds had become available for this work, and 115,000 people were already employed. For roads classified there had been approved £33,000,000, and for roads unclassified £4,000,000. Out of the £33,000,000, £27,000,000 was "new money."²

The regulations governing the various grants are being made less stringent. Formerly 15 per cent of unemployment was required, now it is ten.³ The problem of transference of labor has been at least partially solved inasmuch as a great deal of discretion has been accorded to the committees.

In 1917, when Lloyd George was Prime Minister, the Labour Party laid before him a program dealing with road-making, afforestation, land reclamation and the construction of public buildings, and although he was Prime Minister until 1922, nothing was done to carry out this program. But in 1929 Lloyd George himself issued a pamphlet which stirred the entire country to discussion of public works and their effect on unemployment.⁴ It outlined huge schemes of national development of roads, telephones, electricity, land drainage, slum clearance, afforestation, and other public improvements, giving the chapter and verse of costs and other details. Hundreds of thousands of workers were to be given employment and the whole world of industry was to be

¹ Great Britain Lord Privy Seal, *Statement on Works Approved for Grant in Connection with Unemployment Under the Development (Loan Guarantees and Grants) Act, 1929, and the Colonial Development Act, 1929, and from the Road Fund, 1929*, (Cmd. 3449) 10 pp.

² *Times* (London), May 29, 1930.

³ *Times* (London), November 5, 1929.

⁴ [Liberal Party (Great Britain)]. *We Can Conquer Unemployment*, *op. cit.*, 64 pp.

vitalized indirectly by public works. The program was an extension and elaboration of that proposed in the Liberal Industrial Inquiry's famous Yellow Book of 1929.¹ In "The Pledge," a foreword to the pamphlet, Lloyd George said, "The work put in hand will reduce the terrible figures of the workless in the course of a single year to normal proportions." The huge sums of money needed to carry out the plan were to be provided by loans subscribed to by small investors or by subsidies from the government, while taxation of the unearned increment incurred by the planned public improvements was to go a long way toward amortizing the loans.

A vigorous campaign followed. Both the Conservative and Labour parties attacked the plan. The Labour Party asserted that Lloyd George had stolen its ideas and painted them in such grandiose terms as to make them impracticable. The Conservative Government issued a White Paper in May, 1929, in which government experts pointed out what they regarded as fallacious and ineffective in the Liberal claims.²

J. M. Keynes and H. D. Henderson then prepared a pamphlet, *Can Lloyd George Do It?* in which they maintained by many plausible arguments and with much satire directed against the attacking armies that Lloyd George could.³ They complained bitterly against the government policy of spending £50,000,000 a year on unemployment (out of the unemployment fund alone) and "getting nothing in return," when the money should be used to equip the country. They claimed that the money required for Lloyd George's schemes would not be diverted from other enterprise but partly from financing unemployment. They asserted that a further part of the loans would come from savings which were going to waste because of lack of adequate credit and that the balance would be found by a reduction of foreign lending. They stated that their fellow economists, A. C. Pigou and Sir Josiah Stamp, supported their arguments.

The opponents, not in the least dismayed, asked how the transferred workers would be housed, how skilled workers and women could be successfully employed on pick and shovel work, how tremendous loans could be negotiated without adversely affecting ordinary business, and they pointed to the history of failures of such efforts. The Conservative Government stated "with confidence" in the official White Paper that "the degree of waste and loss involved in actually carrying out public work with State help for the purpose of giving employment, increases in an ascending ratio according to the magnitude of the operations, because it becomes less and less possible to maintain the ordinary commercial conditions of work." They added, "So far as each particular

¹ Liberal Industrial Inquiry, *Britain's Industrial Future*, op. cit., 503 pp.

² Great Britain Ministry of Labour, *Memoranda on Certain Proposals Relating to Unemployment*, op. cit., 54 pp.

³ J. M. Keynes, and H. D. Henderson, *Can Lloyd George Do It?* London: Nation and Athenaeum, 1929, 44 pp.

object is concerned, roads, housing, telephones, electrical development, drainage, afforestation, a limited quantity of work on each is good. The precise amount . . . is debatable, but the range is within fairly narrow limits. . . . What is practicable with a reasonable programme is quite impossible in the case of works of the magnitude contemplated."¹

The Lloyd George program of the 1929 general election was put forth in support of the widely held idea that no localized handling of public works would meet the situation, but that large-scale transference of workers would. Critics of the scheme recalled a lesson from the past. They maintained on the basis of an inquiry that the financial crises of 1845 had been indisputably caused by the development of vast railway enterprises resulting in a great dislocation of ordinary commercial business. Some 2,000 miles of railways had been constructed, involving a capital expenditure of about £64,000,000, and 3,500 more miles were under way, involving a correspondingly large amount of capital, when the crisis occurred. Wages were largely spent on food, provisions and clothing, most of which were importations. Gold, therefore, left the country; the position of the Bank of England's reserve became serious and monetary transactions difficult. Opponents of the Lloyd George scheme insisted that investigation into causes of these evils had established that any disproportionate expenditure of capital on internal investments meant a greater increase in imports than in exports or at least an increase in imports with a corresponding fall in exports.² Unemployment, they held, had been accentuated in such circumstances.

In an analysis of the unemployed, the Minister of Labour, speaking in Parliament, in April, 1929, strongly opposed the Lloyd George scheme. He charged that the live register showed that only 540,000 of the 1,153,000 unemployed (in April, 1929) could find work under this scheme. The rest consisted of women, half timers (for example, cotton operatives), physically unfit, casuals, and men over 50 years of age. This fact and the difficulty of wholesale transferring, he declared, proved the scheme impracticable.³

Various opinions on the subject of public works have been expressed by groups which have recently considered measures for the reduction of unemployment. The British Industrial Transference Board recommended an acceleration of afforestation schemes, accompanied by an increase in the number of holdings. The Melchett-Turner Joint Interim Report on Unemployment advocated not only the establishment of a development fund to be used for financing important national schemes, but also the extension of constructional schemes of a permanent character.

¹Great Britain Ministry of Labour, *Memoranda on Certain Proposals Relating to Unemployment*, op. cit., p. 14.

²*Times* (London), April 6, 1929.

³*Times* (London), April 25, 1929. This subject is discussed in W. H. Beveridge, *Unemployment: A Problem of Industry*, (1909 and 1930), new ed., op. cit., pp. 413-415.

The former recommendation is in line with the "prosperity reserve" recommendation of President Hoover, which does not embody the idea of employing idle machinists on road making at less than standard wages, but of employing construction workers on construction jobs at the ordinary rate. Moreover, the work would be undertaken before the depression is at hand; in other words, before relief schemes have to take precedence over economic measures.

The Final Report of the Balfour Committee, while advocating care and foresight in planning necessary public works for periods of depression rather than of active trade, acknowledges the inadequacy of the most soundly conducted public works scheme as an attempt to "cure unemployment."¹

Methods of administering public works have varied according to the intelligence and experience of local bodies. In some districts the custom of spreading work has obtained, thus serving to perpetuate instead of eliminate casual work. In other places local bodies have practiced an ingenious system of giving men work at proper intervals to enable them to qualify for a further period of unemployment benefit. It is evident that the primary aim in many cases has been to keep down the rates and reduce the cost of unemployment insurance rather than to rehabilitate men. Local authorities have often proved themselves poor administrators of public works, for they have frequently been too imbued with civic optimism to be good judges of the timeliness and wisdom of such schemes. Local politics aggravate administrative difficulties. The question whether a man should be chosen for a job because of his fitness or on account of his poverty and the size of his family constantly arises. While costs are affected by the method of selecting workers, need and not fitness for the job usually influences selection.

The most significant fact in connection with the many public relief works undertaken is that they have touched only the fringe of the problem. Since 1920 there have never been more than about 130,000 persons directly employed at one time on all varieties of state-aided schemes of relief work. On the schemes promoted by the Unemployment Grants Committee the number of men employed in October, 1925, was only 33,543. After that date the numbers dwindled until on the average about 13,000² were employed in 1927, when the number of the unemployed ranged from about 1,059,000 to about 1,450,000.

The British Industrial Transference Board estimated that, although comprehensive programs of works in relief of unemployment up to the value of about £190,000,000 had been approved by various governments

¹ Great Britain Board of Trade—Committee on Industry and Trade (Arthur Balfour, Chairman), *Final Report*, *op. cit.*, pp. 136-137.

² The figures in 1927 varied between 8,999 in December and 15,799 in March. This information was supplied by the Statistical Division of the Ministry of Labour of Great Britain.

from the armistice to 1928, at no one time had more than 75,000 men been employed under these schemes and many of them had worked for very short periods.¹

P. W. Martin outlines a plan in line with his thesis that Britain's present unemployment problem is due chiefly to "a deficiency of purchasing power."² The scheme might be termed "special financing of public works" and involves a measure of co-operation between the government and the banking system. When a general deficiency of purchasing power became imminent, the government would borrow from the banks to such an extent as might be judged necessary to offset it. At the same time, the Bank of England, by buying securities, having recourse if necessary to some increase in the fiduciary issue, would make available the necessary cash basis for this increase in deposit currency. The new purchasing power thus obtained would be used by the government to put on foot a previously established program of public works. By this means, an absolute increase in purchasing power would be brought about. The purchasing power initiated by the government in construction work, roads, etc., would be used by the recipients almost entirely to buy goods, while the roads and other works constructed would not, of course, come upon the market for sale. In this way, the impending deficiency of purchasing power could be offset.

It should be emphasized that such special financing of public works is on a totally different footing from the provision of relief works. The object here is not primarily to give employment. During the last few years, although unemployment relief works totaling over £190,000,000 have been approved, the sum so disbursed has done nothing to counteract the deficiency of purchasing power basically responsible for the situation. The government, in effect, simply took this one hundred and ninety million pounds from taxpayers and others and paid it out to the men employed on relief works, with the result that the total volume of purchasing power available to buy finished goods was as deficient as ever. Martin further contends that with *new* purchasing power being used to pay the men so employed, a totally different situation arises. In place of a mere transference of purchasing power, there is a net increase in the volume of purchasing power being used to buy goods, the effect of which is to counteract the impending deficiency.

Neither is this scheme to be compared with Lloyd George's plan which called for the raising of funds by means of loans from the community and subsidies by the government. This would mean a "short-circuiting" of purchasing power, since additions to working capital by borrowing from the community reduces purchasing power and would

¹ Great Britain Ministry of Labour—Industrial Transference Board, *Report, op. cit.*, p. 53.

² P. W. Martin, *Unemployment and Purchasing Power, op. cit.*, 85 pp.

result in a still further deficiency, unless the financing were done by the banks, in which case the two schemes would be identical. But Lloyd George expressly states, "The annual savings of the British people are amply sufficient to cover all prospective needs under the policy we recommend, as well as to leave a large balance for legitimate and beneficial investment in other directions. . . . The money . . . will be raised by a special loan. . . . In so far as it is desired to attract the savings of the smaller investor, this can be done. . . . The nation lent for war, it will lend for Peace and Prosperity."¹

G. D. H. Cole advocates a reserve army for carrying on public works.² He says that the usual methods of providing relief work have almost uniformly failed and outlines the reasons. He suggests that every worker unemployed for a certain time should be given the privilege of enrollment in a nationally organized body of workers available for any useful form of national service, which might be termed the National Labour Corps. "This corps," Cole says, "may be conceived as primarily a great body of civil engineers with the task of making the country as a whole both a pleasanter place to inhabit, and a more efficient productive concern." He stresses the fact that joining the corps must be purely voluntary, so that there may be no charge of the militarization of labor.

Cole emphasizes the importance of conducting public works on a national and not a local basis. He says that not only must men be selected for each piece of work on the ground of their personal suitability and physical fitness and "not merely because of a desire to find them a job," but that men must be put to work "only after training or on a satisfactory assurance of their capacity and fitness for the job in question."³ Large-scale facilities for training seem indispensable to the successful carrying out of national public works schemes.⁴

Davison, after an examination of the history of public works, concludes that "relief work, as usually conducted, has been proved over and over again to be unhelpful to the State and actually lowering in its effects on the unemployed."⁵ But this critic points out that public works do not have to be "as usually conducted," for if training schemes and careful selection of workers are made prerequisite to the launching of public work projects, there is every reason to believe that they may be sound and effective means of providing employment. As Beveridge has recently said, "The steadying of the demand for labour by systematic distribution of public work on business lines . . . has never seriously been tried."⁶

¹ [Liberal Party (Great Britain)], *We Can Conquer Unemployment*, *op. cit.*, p. 57.

² G. D. H. Cole, *The Next Ten Years*, *op. cit.*, pp. 48-67.

³ *Ibid.*, p. 67.

⁴ *New Statesman*, Vol. 32, January 12, 1929, p. 434.

⁵ R. C. Davison, *The Unemployed*, *op. cit.*, p. 61.

⁶ W. H. Beveridge, *Unemployment: A Problem of Industry*, (1909 and 1930), new ed., *op. cit.*, p. 413.

Before the General Election of 1929, the Labour, Liberal and Conservative parties each had its specific program for preventing unemployment. In the meantime unemployment figures had mounted and parties were at odds among themselves.¹ The left wing of the Labour Party grew increasingly impatient with the attempts of Thomas to speed up development work and all the schemes approved, but not necessarily begun, under the Development (Loan Guarantee and Grants) Act, which provided the equivalent of a year's employment for only 164,000 men. This, added to a year's employment for 8,000 men under colonial development schemes, and a year's employment for 100,000 men from the Road Fund,² did not seem a sufficient fulfillment of the promises made by the Labourites before election. Some of these schemes could not be undertaken for a considerable time and no marked change in the unemployment situation could be expected from the demand for the materials they would utilize.

A "Framework of Prevention"

The Webbs charge past governments with inaction in devising constructive methods for preventing unemployment. They claim that effective measures could have been taken, such as systematic organization of dock and market employment with, possibly, compulsory notification of vacancies to the employment exchanges; dovetailing of seasonal occupations, and the regularization through each trade cycle of the total volume of wage-earning employment, by accumulating in the lean years of the cycle the bulk of the orders for commodities required by public authorities over the entire decade. None of these, they say, seem to have been seriously taken in hand by any government.³

These astute critics repeatedly urge a "framework of prevention" which will be "as closely applicable to the destitution of involuntary unemployment as those of the Ministries of Health and Education are to the destitution of the impotent poor." They regret that "such a structure is, in 1928, scarcely in view." In urging a constructive policy of prevention, they say, "Our own inference is that, whilst money payments contributed by way of insurance have proved less harmful than we in 1911 anticipated, they have not been entirely free from injurious results;

¹"The Mosley memorandum, which caused so much discussion in the inner circles of the Labour Party during the early part of 1930 finally leaked out, showing it to be "a strange combination of immediate practical development schemes and of visionary methods of bringing food supplies and export and import trade under Government control. It is far too stiff a dose of 'Socialism in our time' for the Government to swallow." *Manchester Guardian Weekly*, Vol. 22, March 21, 1930, p. 221. (We have described the threatened rift in the Conservative Party owing to the differences over protection and Empire Free Trade, see pp. 316-317.)

²Great Britain Lord Privy Seal, *Statement on Works Approved for Grant in Connection with Unemployment under the Development (Loan Guarantees and Grants) Act, 1929, and the Colonial Development Act, 1929, and from the Road Fund*, op. cit., 10 pp.; "Unemployment and the Lord Privy Seal," *Economist*, Vol. 110, March 22, 1930, pp. 640-641.

³Sidney Webb, and Beatrice Webb, *English Local Government: English Poor Law History; Part II: The Last Hundred Years*, op. cit., pp. 708-709.

and that it is imperative, even at a higher money cost, and quite irrespective of whether or not the trainees can be ensured future employment, that at least all cases in which the unemployed man has 'run out of benefit' and probably all cases whatever of young men or women . . . should be dealt with in some other way than the mere unconditional provision of a weekly dole in idleness."¹

Summary

In emphasizing the relief aspects of unemployment, measures for its prevention have not been overlooked. Numerous investigating bodies, governmental and private, prominent economists and the Conservative, Liberal and Labour parties have all submitted programs for the prevention of unemployment. The measures suggested range from the abandonment of Britain's free trade policy, to wage reductions as the important factor in lowering costs of production, rationalization of industry with the help of financing by the banks, currency control and a large program of public works. The unofficial position of "Minister of Employment" was created by the Labour Government in 1929, the holder of which was to initiate and centralize effort to reduce and prevent unemployment.

The Blanesburgh Committee stressed especially the wider use of employment exchanges by employers, study of its own problem by each industry, vocational guidance, the training of newcomers into industry and retraining of adults, the need for industrial peace and less rigidity of wage rates. The Balfour Committee recommended more generous extension of credit to industries affected by depression. The Melchett-Turner group advocated extension of foreign trade through the Trade Facilities Act, the Export Credits Scheme and effective advertising and sales methods. All political parties have urged the stimulation of the production of raw materials in other parts of the Empire, as a means of increasing home output, and there has been some financial provision for this purpose.

Protection or "safeguarding" of British industry has been a paramount issue of late. The Liberal and Labour parties, though traditionally free trade, show signs of weakening, and "economic unity of the Empire" is considered by many as the best of all measures to reduce unemployment. Others insist that any barriers to international trade only hinder the revival of prosperity.

As usual in times of depression, wage reductions have been advocated as the first step in reducing costs. There has been some assertion that labor costs of production have been increasing. Economists who oppose a reduction of real wages claim that since the cost of living had risen 67

¹ Sidney Webb, and Beatrice Webb, *English Local Government: English Poor Law History; Part II: The Last Hundred Years, op. cit.*, pp. 694-695.

per cent over the pre-war level by the end of 1928, and wages 94 per cent, the maintaining of money wages actually represents an increase in real wages which England can ill afford. It is asserted that the social services have indirectly increased workers' incomes considerably and the complaint is frequently heard that legalized collective bargaining and unemployment insurance have made the English wage system "the most inelastic in the world." One reply to the demand for wage reductions has been that industries such as coal and textiles with notably low wages have the greatest unemployment. Some unemployment has been attributed to the sectional handling of wage negotiations. The Liberal Industrial Inquiry opposed any effort to relieve the situation "by reducing the standard of life all around."

Rationalization and reconditioning of industry have been advocated as an alternative to wage cutting. It is admitted that this would cause temporary unemployment, but it is urged that such action would improve Britain's ability to compete and thus increase her export trade. Rationalization has progressed in some industries and it is being pushed forward in others, but its progress has been retarded by individualistic characteristics of many British employers and the lack of financial support. The formation of the Securities Management Trust at the end of 1929 to deal with credits for industries and to assist manufacturers and distributors in selling their product was encouraging. In November, 1929, the Committee on Finance and Industry was formed to inquire into banking, finance and credit and to make recommendations calculated to enable these agencies to promote the development of commerce and the employment of labor. In January, 1930, it was announced that the Bank of England would aid any plans which it considered would place industry on a sound basis and would aid in the modernization of industries and even industrial undertakings. On April 15, 1930, announcement was made that the Bankers Industrial Development Company, Ltd., had been formed with a capital of £6,000,000 to consider schemes for rationalizing the basic industries and arranging the necessary financing.

The Baldwin Government opposed emergency public works on the ground that such action was of merely temporary value and indeed retarded private industry's chance of recovery. They felt that the situation demanded lower costs of production which would enable England to compete for world trade and they embarked on the de-rating of industry and agriculture and on schemes for promoting the sale of British products abroad. The Labour Party viewing the problem from another angle advocated shorter hours, removing men from industry at sixty-five with a pension of 20s. instead of 10s. a week, and advancing the school-leaving age.

In 1929, Lloyd George issued a pamphlet on public works which offered a program based on the proposal of the Liberal Industrial Inquiry.

The pamphlet suggested large schemes of works to give employment and vitalize industry, the funds to be supplied by loans and subsidies from the government. It was thought that taxation of the unearned increment on the public improvements would help in amortizing the loans. Opponents urged that any such disproportionate expenditure of capital on internal investments would mean an increase in imports and a corresponding fall in exports. The Labour Government as well as the Conservative Government said the scheme was impracticable.

With regard to public works the relief works undertaken in the nineteenth and twentieth centuries were useful only for dealing with small, carefully selected numbers. The Unemployed Workmen Act of 1905 effected little, if any, improvement in these undertakings. Administration was complicated and the men chosen for relief work were often those who would otherwise be supported by poor relief.

The post-war depression forced the government to make grants to local relief works in order to bolster up the finances of the local authorities, especially in the distressed areas. Various schemes have been adopted and revived from time to time during the past decade. All in all the government provided in the years 1921-1928 about £86,000,000 to aid local authorities and public utility companies to carry out public works. The British Industrial Transference Board estimated that from the armistice to 1928 various governments had approved public works programs to the value of about £190,000,000. By May, 1930, the Labour Government had sanctioned during a comparatively short period public works valued at £103,000,000. Public works seemed to have little effect on unemployment; at no time since 1920 have there been more than 130,000 persons directly employed on state aided schemes of relief work.

Certainly past experiments have left the discouraging conviction that the numbers of unemployed have never been appreciably reduced by the insignificant measure of relief offered by public works as they have been conducted, and it remains to be seen how effective the plans now under way will prove. The danger of diverting large sums of capital from the ordinary industrial channels and the futility of attempting to make "navvies" out of thousands of workers skilled in their trades are apparent. Since public works only offer temporary relief, they delay a real solution of the problem. But experience with public works indicates that they may be valuable agents in reducing unemployment if the workers engaged are carefully selected and trained with the prime purpose of maintaining their morale and their industrial and physical fitness.

It is evident that no panacea for curing unemployment exists. Each of the suggested preventives has its value, but it is only by an intelligent application of all of them that an adequate "Framework of Prevention" may be erected.

CHAPTER XVIII

PROPOSED CHANGES IN THE SYSTEM

Unification

As the state employs so many different agencies to dispense aid to its citizens, it is obvious that there may be failures in co-ordination of the various social services other than the overlapping of poor relief and unemployment insurance discussed in another chapter. The varying scales of monetary benefits and the variety of organizations administering social insurance are confusing. Health insurance is administered by approved societies, consisting of friendly societies, trade unions, collecting societies, industrial assurance companies, employers' funds, and by the fund for deposit contributors. Unemployment benefits are disbursed by employment exchanges, trade unions, and other recognized associations. Old age pensions are administered by the Customs and Excise department, while pensions are paid by the Post Office. Workmen's compensation is administered by insurance companies, employers' mutual insurance societies and establishment funds. Burial insurance is organized by insurance companies, collecting societies, and friendly societies. The poor law supplies the necessary machinery for those who find the various benefits insufficient. All these agencies, state, approved society, insurance company—armies of officials—are employed in administering the business of social insurance. Probably over 100,000 people are engaged in administration alone. Amalgamation, in so far as it can be accomplished without harm to the various branches engaged in their specific tasks, certainly seems to be needed.

The Webbs say,

The greatest drawback of the system of Unemployment Insurance, as at present administered, is its practical isolation. It stands revealed, in practice, as not "joined up" with other parts of the Framework of Prevention, being properly articulated neither to the Health Insurance system, nor to the activities of the Public Health and Education Authorities; neither to the arrangements for Workmen's Compensation for accidents and industrial diseases nor to the vast provision that is temporarily being made for ex-service men and their dependents suffering from the war; neither to the national pensions in old age nor to those for widows and the blind. Even if the Government cannot see its way to a compre-

hensive Framework of Prevention, it might at any rate "close these gaps," which now allow thousands every year to fall through into destitution.¹

The Webbs attribute such "gaps" primarily to the fact that, for the most part, the various schemes were instituted at different times to meet special needs as the needs became imperative. It is hardly correct to speak of the various schemes as a "system"; they are no more than a jody of makeshift laws and institutions tending to relieve destitution. They are not intended to guarantee the "maintenance of any individual in all circumstances at a standard of well-being comparable with that attainable by the independent worker through his own efforts."²

In 1923, in answer to protests by Sidney Webb, Bonar Law, Prime Minister at that time, appointed a committee to make an investigation with a "view to securing the fullest co-ordination of administrative and executive action."³ The committee considered it outside the scope of the inquiry to "examine proposals which have from time to time been made in the direction of a concentration of powers in a single Public Assistance Authority."⁴ Hence, though they recognized that the various existing arrangements for public assistance did not form a "closely co-ordinating system," they submitted fifteen recommendations for administrative improvement all of which fell within the existing statutory framework. These recommendations were concerned mainly with closer co-operation among the institutions dispensing social services, in order to eliminate overlapping and duplication and to permit dovetailing the services.

Sir Alfred Watson, the government actuary, pointed out that "the two systems of compulsory state insurance cannot be said to be properly articulated if a person who has been in receipt of sickness or disablement benefit for many weeks is subsequently refused unemployment benefit on the ground that in those weeks or some of them he did no work"—having, in fact, been then forbidden to work.⁵

Beveridge makes it clear that co-ordination should not mean amalgamation. He says,

The interruptions to earning with which the various schemes deal affect different types of persons and are different in character and probable duration. These differences justify varying scales of benefit and necessitate separate machinery. To take one instance—the approved societies are as little fitted to deal with unemploy-

¹ Sidney Webb, and Beatrice Webb, *English Local Government: English Poor Law History; Part II: The Last Hundred Years*, op. cit., pp. 713-714.

² Great Britain—Inter-Departmental Committee on Public Assistance Administration, *Report of the Committee on the Co-ordination of Administrative and Executive Arrangements for the Grant of Assistance from Public Funds on Account of Sickness, Destitution, and Unemployment, 1924*, (Cmd. 2011) p. 24.

³ *Ibid.*, p. 5.

⁴ *Ibid.*, p. 58.

⁵ Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report*, op. cit., Vol. 2, pp. 202-208.

ment insurance as the employment exchanges with sickness; the technical instrument for determining whether the insured risk has arisen is in the one case the doctor or the friendly visitor, in the other case, the employment exchange with its register of jobs available. Co-ordination means simply that the various schemes should for once be looked at as a whole. Their scales of benefit must bear some relation to one another. Their edges must fit, neither overlapping nor leaving holes through which people can undeservedly drop into destitution.¹

John Barton Seymour suggests a broad and inclusive "all-in" scheme under which the labor exchanges would administer most of the social services.²

J. L. Cohen is also a proponent of unification.³ His arguments are based upon the social expediency of such an amalgamation of the various social insurance schemes, no matter whether they are at present administered privately or by the state, or whether they are voluntary or compulsory. The government passes legislation requiring private persons to insure against risks; it cannot therefore allow private organizations to make excessive profits out of the business, and it is obliged to stop high administrative expenses if they are incurred. Similarly, in the case of voluntary insurance where a great number of people are involved, Cohen contends that the economies effected by unification would enable the government to increase the benefits or to insure a rebate to the contributors. This he claims is demonstrable by comparing the administrative cost of social insurance by the state with that of private enterprise.

Various proposals for unifying the finances and administration of the different forms of social insurance have been made. The Melchett-Turner group recommended that, "A comprehensive inquiry into the consolidation of existing pensions and insurance funds should immediately be set up by the Government."⁴ Members of the Labour Party predicted before the general election of 1929 that one of the first tasks of the Labour Government would be to weld the social insurances into a unified whole, based on the general idea of granting benefits and pensions pro-

¹ W. H. Beveridge, *Insurance for All and Everything*, London: Dally News, Ltd., 1924 (New Way Series, No. 7), pp. 30-31.

² "Should it develop in the way suggested in this book, the British employment exchange of the future would occupy a far larger position in the life of the worker than it does today. As the administrative machinery of a unified system of social insurance, its sphere of service would cover the workperson's entire existence. At the time of birth, it would serve with maternity benefit; during childhood, with dependents' relief and family endowments; in school years, with consultations and advice about future careers; and, after industrial life had begun, with a host of services connected with unemployment, illness and accidents. When the time arrived at which the worker was entitled to retire from active service in industry, the exchange would still be of utility in matters of invalidity and old age pensions. Even the death of the worker would bring exchange assistance through burial benefits and aid to widows and orphans." J. B. Seymour, *British Employment Exchange*, *op. cit.*, p. 263.

³ J. L. Cohen, *Social Insurance Unified*, London: P. S. King and Son, Ltd., 1924, 157 pp.

⁴ Trades Union Congress General Council, and Representative Group of Employers—Conference on Industrial Reorganization and Industrial Relations, *Interim Joint Report on Unemployment Adopted by the Full Joint Conference on 12th March, 1929* (Lord Melchett, and Ben Tillett, Joint Chairmen), *op. cit.*, p. 16.

viding a decent minimum of subsistence in all cases of involuntary unemployment from whatever cause, whether physical or economic. Philip Snowden, Chancellor of the Exchequer, announced in Parliament on July 15, 1929, that the government was "engaged on a general survey of the various national insurance and pension schemes,"¹ a cabinet committee having been appointed to consider unification of all social services.²

In September, 1929, at the annual meeting of the Trades Union Congress, Mr. Hayday, M.P., of the National Union of General and Municipal Workers, moved that, "This Congress resolves that the Government be requested to appoint a Commission of Inquiry with a view to consolidating and merging the various contributory schemes of Social Insurance, to be administered by a Department charged with the special duty of Social Insurance administration. Further, that the Commission should also inquire into the various non-contributory social services for the purpose of reporting upon the possibility of reorganizing same." Mr. Hayday, in defending his resolution, said that it "makes possible the abolition of the administration of state unemployment benefit by trade unions." He added that there "might well be one great measure of Social Insurance that would give us social service covering every department of distress measured by the circumstances of a person's employment or lack of it."³ The Minister of Health explained to a deputation from the Trades Union Congress early in 1930 that the government considered the matter of such great importance that no other body than a sub-committee should deal with it.⁴

Sir John Marriott, M.P., was one of the first to advocate an "all-in" scheme, which he outlined on an industrial basis.⁵ The idea was strongly endorsed in 1922 by Henry Lesser and in January, 1927, he carried into effect in the South Metropolitan Gas Company the establishment of a comprehensive Social Insurance Fund in substitution for the various independent schemes—health, pensions and unemployment—administered by the state.⁶ This public utility company scheme provides for old age pensions, widows' and orphans' pensions, wives' pensions, medical, sickness, disablement and maternity benefits, dental treatment, convalescent home treatment and unemployment benefit. It has the simplicity in administrative requirements afforded by a unified system in a single establishment where wage deductions and verifications of claims are an easy matter.

¹ Great Britain House of Commons, *Parliamentary Debates: Official Report, First Session of the Thirty-Fifth Parliament*, July 15, 1929 (Vol. 230, H. C. Deb. 5a.), Col. 84.

² *Times* (London), November 22, 1929.

³ Trades Union Congress, *Report of the Sixty-first Annual . . .*, London: Co-operative Printing Society, Ltd., 1929, p. 377.

⁴ Letter from Ministry of Labour to Industrial Relations Counselors, Inc., April 29, 1930.

⁵ *Times* (London), November 27, 1922.

⁶ It should be noted that this is a public utility company and its "permanent" workers have been "excepted" from state insurance.

An approach to co-ordination has been made in the state schemes by the employers' payments of contributions for health insurance, old age pensions and unemployment insurance of employed persons of 65 years of age and over, on the same card. This is the first step in the direction of unification of state insurances. But there is a distinct tendency in the field of local government, to co-ordinate various methods of giving public assistance through local authorities, a tendency in evidence in the new local government act which went into effect in April, 1930.

Unification might present political difficulties. Approved societies might attempt to cling to their administrative privileges in the dispensing of health benefits. In spite of the depression in the staple industries and the heavy burden of unemployment and underemployment, the friendly societies have been making constant numerical and financial progress. At the end of 1929, 90 per cent of their numbers were compulsorily insured for sickness, disablement, and old age pensions under the national health insurance act. Some 10,000,000 persons, including the juvenile members, have made voluntary insurance provision against sickness and disablement. Their capital reserves accumulated to meet future liabilities amount to about £95,000,000.¹ This fact, coupled with the personal interests of those concerned with the administration of so huge a fund, represents a formidable obstacle to any unification plan sponsored by state or private bodies.²

These societies might not be alone in objecting to unification. Trade unions and the Ministry of Labour might conceivably be unwilling to relinquish administration of unemployment benefits. Staffing a unified insurance system would present the problem of finding people capable of administering the various kinds of social insurance, and judgment of eligibility for benefit requires knowledge and ability, based on different kinds of experience and training. However, the advantages of a unified system are such that the difficulties may not prove insurmountable.

Agricultural Workers

In June, 1925, it was estimated that there were about 660,000 men and 80,000 women regularly employed on farms in Great Britain, and 125,000 men and 60,000 women employed for a certain part of the year. There are no satisfactory statistics of unemployment of agricultural workers. From time to time pressure has been exerted on the government to insure the workers in agriculture. In May, 1925, a committee was appointed "to consider and report whether it is desirable that workers

¹ *Times* (London), January 1, 1930.

² For a vigorous protest against state interference with friendly societies see the *London Times*, January 9, 1930.

in agriculture should be compulsorily insured against the risk of unemployment."¹

Practically all the evidence submitted to the committee by the workers was in favor of extending the principle of unemployment insurance to agriculture. They maintained that their exclusion from the national unemployment insurance scheme made people, especially young men, reluctant to remain in agricultural employment. The opponents were mainly representatives of employers who argued that the wages of agricultural workers often approximate the state benefits, and that insurance would remove the incentive to work.²

After examining many witnesses, the majority of the committee concluded that, although the balance of evidence and argument was in favor of the inclusion of agricultural workers within the scope of unemployment insurance, they were "of opinion that the terms and conditions of the present Unemployment Insurance Acts are inapplicable to agriculture and that, therefore, the inclusion of agriculture within the scope of existing legislation would be impracticable. Insurance against the risk of unemployment in agriculture can only be provided by new legislation." The committee outlined a scheme differing in amount of contributions, benefits and other details from the national scheme, and recommended that its administration should be under the Ministry of Agriculture, thus involving not only separate financing but separate administration.

With regard to the inclusion of agricultural workers in unemployment insurance the Blanesburgh Committee recommended that the *status quo* be maintained.³

On September 23, 1929, a conference was held between representatives of the National Union of Agricultural Workers and the rural section of the Workers' Union to consider the question of including agricultural workers in the national unemployment insurance scheme. After reading reports from many parts of the country suggesting the probability of increased unemployment during the winter of 1929-1930, and after full discussion of the problem, it was unanimously decided to ask the government to secure the passage of an unemployment insurance act on the lines of the recommendations made by the Inter-Departmental Committee on Agricultural Unemployment Insurance in 1926. However, although the National Union is the largest body of organized agricultural labor, it represents only about 5 per cent of the agricultural laboring population. Consideration of its recommendations must be tempered by the knowledge that there are many unorganized workers who are opposed to the

¹ Great Britain Ministry of Agriculture and Fisheries—Inter-Departmental Committee on Agricultural Unemployment Insurance, *Report*, 1926, p. 4.

² Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report*, *op. cit.*, Vol. 2, pp. 84, 103.

³ *Ibid.*, Vol. 1, p. 56.

inclusion of agricultural labor in any insurance scheme at all. The latter base their objections mainly on the claim that there is very little unemployment among agricultural workers and that it would be unfair for them to contribute from their relatively low wages.

The Labour Government which came into power in 1929 took the question of insuring agricultural workers under consideration. The Minister of Labour stated in Parliament on November 21, 1929, that while it was her own personal desire to include agricultural workers in the scheme of unemployment insurance, there were great difficulties, among which were the comparatively low rate of wages, the fact that the population is scattered over wide areas, the paucity of reliable information with regard to the degree of unemployment, and the disadvantages attendant upon a special scheme. She said at the same time that the ministries of labor and agriculture were "trying to evolve a sound scheme."¹

On January 29, 1930, a motion was agreed to in the House of Commons. "That, in the opinion of this House, unemployment insurance should be extended to include agricultural workers," thus definitely committing the government to the principle. The Minister of Labour had asked for "the support which a unanimous vote in favor of this resolution would give to the government in their task of evolving a scheme" which was already being considered by the Ministry of Agriculture, the Ministry of Labour, the Secretary of State for Scotland and the Treasury. She stated that there was a difference of opinion as to whether agricultural workers should form a special scheme or be included within the main scheme.²

Domestic Workers

A government committee appointed "to enquire into the present conditions as to the supply of female domestic servants, and in particular to enquire into the effect of the Unemployment Insurance Scheme in this connection and to make recommendations," reported in 1923. The Committee said:

We have very carefully considered the desirability or otherwise of the present exclusion of domestic workers in private service from the operation of the Insurance Acts so far as insurance against unemployment is concerned. . . . Persons employed in domestic service are only liable to Unemployment Insurance if they are employed in a trade or business carried on for gain (e.g., servants employed in hotels, boarding houses and proprietary nursing homes, or to wait upon shop assistants, etc.). We are of opinion that this distinction is an artificial one, and that it is desirable that

¹ Great Britain House of Commons, *Parliamentary Debates: Official Report, First Session of the Thirty-fifth Parliament*, November 21, 1929 (Vol. 232, H. C. Deb. 5a), Col. 738.

² *Times* (London), January 30, 1930.

women employed in private domestic service should not be excluded from the advantages of the Unemployment Insurance scheme unless some alternative scheme better suited to their particular needs is provided for them.¹

More recently a memorandum submitted to the Blanesburgh Committee by the Trades Union Congress General Council also urged the inclusion of domestic workers in the state scheme. According to the memorandum,

The very large number of persons in domestic service who have hitherto been excluded from unemployment insurance constitute a problem not easy to solve. On the one hand, it is urged that they should continue to be excluded because there is comparatively little unemployment among them, and because the contributions would be a real burden in view of the low wages paid. It is also said that their inclusion would be very unpopular both among these workers themselves and their employers. On the other hand, it is urged that domestic workers need the protection of such legislation quite as much as ordinary industrial workers, if not more, owing to their lack of organization and low pay. It is said that there is quite an appreciable amount of unemployment among them, and it is pointed out that a good deal of hardship ensues when unemployed girls normally in insurable occupation are made to take up domestic work, and so lose their status as insured workers. It is also pointed out that the inclusion of domestic servants would, to a large extent, do away with the pernicious system of private registry offices which exact exorbitant fees from the unfortunate workers who are forced to patronize them.²

The Blanesburgh Committee, however, did not recommend the inclusion of domestic workers on the ground that they considered unemployment negligible among this group. They nevertheless recognized the fact that if a person were required to go from an insured into an uninsured industry he might, on becoming unemployed, be deprived of benefit. The Act of 1930 therefore provided that workers entering an uninsured trade would have their contributions credited for a period of two years thereafter. This applies also to agricultural workers.

Source of Fund

Contributory or Noncontributory.—The question of who should pay for unemployment insurance is one of never-ending controversy. Political parties are divided among themselves on this subject. The moderate group in the Labour Party acknowledges that, while for practical reasons the entire fund could not be supported by the Exchequer, this principle of the assumption of sole responsibility by the state must be

¹ Great Britain Ministry of Labour—Committee Appointed to Enquire into the Present Conditions as to the Supply of Female Domestic Servants, *Report, op. cit.*, pp. 30-31.

² Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report, op. cit.*, Vol. 2, p. 170.

supported in public documents,¹ on the ground that unemployment is a national problem and that state grants should be sufficient to make the fund adequate. The more radical group protests that, since unemployment on any considerable scale is so largely due to national and international policies, insurance must not be on a contributory basis at any cost, regardless of what is practical. George Lansbury, Minister of Works in the 1930 Labour Government, opposed both the National Health Insurance and Unemployment Insurance Bills in 1911 because they were based on the contributory principle.²

The report of a survey of the Tyneside district,³ after mentioning the various national and international factors affecting the Tyneside shipbuilding and other industries, says, "The conclusion is that the nation should bear the greater part, if not the whole, of the cost of maintaining the unemployed. *This is admitted in principle by all the three political parties, but up to the present no action has been taken.*"⁴

Pigou examines arguments for and against the contributory idea and concludes that, "the injurious effect [of discouraging workers from providing for themselves by contributing] is not likely to be important."⁵ In answer to the argument that the payment of a contribution is desirable because it guarantees a legal right to benefit, the Trades Union Congress questions whether a statutory right would not be just as strong a guarantee.⁶ This body, like the Labour Party, maintains publicly that industry should be relieved of the burden of contributing to the fund while it concedes that at present this is impracticable. On the other hand, the National Confederation of Employers' Organizations regards the contributory principle as an essential feature.

Arthur Henderson, Foreign Secretary in the MacDonald Government, stated on February 22, 1929, that "rates should be relieved by transferring to the state the cost of poor relief to the able-bodied unemployed."⁷ One reason why there is strong opposition to high rates of taxation is that excessive taxes to pay relief caused by unemployment depress industry and thus cause further unemployment. It was to obviate this hardship that the government put through its de-rating of industry scheme in 1929, relieving productive industry of about three-quarters of the rates. However, this measure did not prevent great variations in the burdens on different districts.

It was largely because the increase of local rates, borne chiefly by the general taxpayer, fell so heavily on depressed areas that the idea of

¹ Labour Party (Great Britain), *Labour and the Nation*, *op. cit.*, p. 18.

² George Lansbury, *My Life*, *op. cit.*, p. 115.

³ See p. 167.

⁴ H. A. Mess, *Industrial Tyneside*, *op. cit.*, p. 163.

⁵ A. C. Pigou, *Industrial Fluctuations*, London: Macmillan and Co., Ltd., 1927, p. 250.

⁶ Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report*, *op. cit.*, Vol. 2, pp. 167, 168, 172.

⁷ *Morning Post* (London), February 22, 1929.

carrying for cases of protracted unemployment from funds raised by national taxation has grown in favor. Relief of the necessitous areas, asserted a leading periodical, "should be done and done at once."¹ As for mere assistance by the government and not complete assumption of the burden, the report of the Committee on Schemes of Assistance of Necessitous Areas stated, "None of the schemes placed before us can be regarded as providing a fair and equitable basis of distribution of special assistance from the Exchequer."² In granting "pound for pound" from the Exchequer to the Lord Mayor's charity fund for relief of the unemployed in the winter of 1928-1929, and in contributing other sums, the government committed itself to a policy of state relief as supplementary to statutory relief on a contributory basis. The authors of the Liberal Industrial Inquiry proposed, in order to reduce the burden of local rates, that the care of the able-bodied unemployed through poor relief should be transferred entirely both administratively and financially from the local guardians to the state.³

The chairman of the Pontypridd board of guardians, representing wide areas with heavy unemployment, testified before the Blanesburgh Committee: "The Guardians moreover are strongly of the opinion that the Insurance Act should be so amended that adequate benefit is granted to insured persons during periods of unemployment and so obviate the necessity of applying for Poor Law Relief. Further, that where and when an insured person has exhausted his or her benefit from the insurance fund, assistance sufficient for his or her needs and also of the dependents should be available outside the Poor Law *under a separate scheme*."⁴ The Association of Poor Law Unions of England and Wales advocated a state-aided expansion of poor relief,⁵ but the Blanesburgh Committee did not favor this idea.⁶

After an examination of the arguments concerning a contributory system of unemployment insurance, Davison concludes, "Whatever grounds there may be for doubting the complete justice of the contributory method . . . these must be regarded as relatively abstract as compared with the solid fact that such a method is administratively desirable and financially inevitable at the present time."⁷

¹ "Problem of the Distressed Areas," *Nation and Athenaeum* (London), Vol. 43, April 7, 1928, pp. 6-7.

² Great Britain Committee on Schemes of Assistance to Necessitous Areas, *Report*, 1926, (Cmd. 2645) p. 32.

³ Liberal Industrial Inquiry, *Britain's Industrial Future*, *op. cit.*, p. 441.

⁴ Great Britain Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report*, *op. cit.*, Vol. 2, p. 121.

⁵ *Ibid.*, p. 94.

⁶ *Ibid.*, Vol. 1, pp. 42-44.

⁷ R. C. Davison, *What's Wrong with Unemployment Insurance*, *op. cit.*, p. 28.

Two divergent viewpoints on contributory unemployment insurance are presented by Sidney Webb and Beveridge. The former has said:

"Regarded as a method of raising revenue, compulsory insurance of all the wage-earning population, with its elaborate paraphernalia of weekly deductions, its array of cards and stamps, its gigantic membership catalogue, its inevitable machinery of identification and protection against fraud, involving not only a waste and per-

Despite the welter of conflicting viewpoints the authors of the unemployment insurance acts have adhered to the tri-partite contributory principle. They have supported their procedure by the contention that the state alone could not carry the financial burden, and that trade unions and friendly societies had proved by their experience that workers were more likely to concern themselves with checking malingering if they contributed to the fund. But the concentration of a steadily increasing burden on a limited class is causing so much dissatisfaction with the present scheme that there may be an increasing demand for broadening the basis of taxation to maintain the fund.

The controversy over standard and extended benefits is related to the question of a contributory versus a noncontributory scheme. Standard benefits have a definite relationship to the number of contributions, while the payment of extended benefit is entirely independent of the number of contributions, except for the statutory requirements as to the original eligibility. Some hold that those who have exhausted their right to benefit through contributions should be carried by the national government, thus enabling the contributory insurance scheme to pay its own way and removing the many difficulties involved in throwing people on poor relief. When the transitional arrangements negating the thirty contributions regulation were extended for another year by a vote in the House of Commons on March 18, 1929, a Conservative Member of Parliament said that it would become necessary, before twelve months more, to recast the whole of the insurance system as "the financial arrangements of the Act would not hold water," because there had been no separation of the "permanently" unemployed and the normally unemployed.

The Liberal Industrial Inquiry claims that to transfer the complete care of able-bodied unemployed to the state effectively relief should be separate from, but co-ordinated with, unemployment insurance, so as to relieve the contributory insurance fund of the burden of quasi-permanent, post-war unemployment, which it ought not to have to carry.¹ This would help meet the problem of the large surpluses of labor attached to industries like coal mining, which are now being maintained by "a peculiar sort of tax, which is partly a poll-tax on insured workers and partly a tax on employment,"² inasmuch as other industries, with low rates of unem-

petual trouble to every employer but also the appointment of an extraordinarily extensive Civil Service staff—is, compared with all our other taxes, almost ludicrously costly and cumbersome to all concerned." Sidney Webb, and Beatrice Webb, *The Prevention of Destitution*, *op. cit.*, p. 170.

Beveridge says:

"The main result of recent experience both during and after the war has been to confirm the value of contributory unemployment insurance as a measure for preventing distress through unemployment. In simplicity, generality, flexibility, and cheapness of administration it is unsurpassed. The British scheme, put to the test under circumstances of extreme and unnecessary difficulty, has stood the strain with remarkable success." W. H. Beveridge, "Unemployment Insurance in the War and After," in Norman Hill and Others, *War and Insurance*, *op. cit.*, p. 247.

¹ Liberal Industrial Inquiry, *Britain's Industrial Future*, *op. cit.*, p. 441.

² *Ibid.*, p. 276.

ployment, are bearing a large part of the burden. A Conservative Member of Parliament asked in the House of Commons in December, 1928, whether such districts as Durham and South Wales were to continue to drain away the statutory insurance funds which could otherwise be put on an actuarial basis, according to the original intention. If conditions in those distressed areas were to exist indefinitely, he suggested that they should be administered independent of the statutory funds, with the financial responsibility devolving upon the state.

An argument presented by Henry Clay¹ may be summed up as follows: Britain's export industries have long labored and still labor under competitive disadvantages. The government's post-war deflation policy raised cost in proportion to prices at a time when their chief competitors, i.e., France and Germany, had their costs reduced by national policies of inflation. Hence, "their losses are as directly and certainly a cost of the war as the losses which are represented by the war debt or war pensions, but they have not received the same recognition." If this argument is accepted, there is ample reason for questioning whether the cost of the extraordinary unemployment in these industries, i.e., extended benefit, should be borne by the same fund as the cost of ordinary unemployment for which the insurance fund was originally designed.

In the light of such reasoning the Labour Government in the Act of 1930 cast the burden of transitional benefit on the Exchequer. This was the first move toward recognizing the "permanently" unemployed as a group to be separated from the contributory insurance scheme.

Proportion Paid by Contributors.—The Blanesburgh Committee recommended that the state, employers and workers should contribute equal sums to the unemployment insurance fund, and the London *Times* commented favorably on this idea.² The Act of 1927 did not embody this recommendation, but provided for variations in the contributions of the three groups as well as variations based on the sex and age of the contributing workers as did the Act of 1930.

The British Chambers of Commerce³ and other similar groups testifying before the Blanesburgh Committee strongly favored equal contributions. Workers' representatives advocated a lowering of workers' contributions.⁴ They proposed that the contributions of both employers and employees should be cut in two and that the remainder of the fund should be provided by the state. They held that in no case should the worker be allowed substantially to share the burden, except as a taxpayer.

Through the entire history of the fund the larger part of the burden has been borne by employers and workers although proportions carried

¹ Henry Clay, *Post-War Unemployment Problem*, op. cit., pp. 102, 204.

² *Times* (London), November 11, 1927.

³ Great Britain Ministry of Labour, Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report*, op. cit., Vol. 2, p. 129.

⁴ *Ibid.*, Vol. 1, p. 33.

by employers, workers and government have varied from time to time (Table A, page 471). One of the first bills presented by the Labour Government in 1929 provided that the state should increase its contribution to one-half the joint contribution of workers and employers. This bill received the Royal Assent in July, 1929, and was made retroactive to April 1.

Insurance by Industry

There is a contention, varying in emphasis from time to time, that because of the wide differences in the rate of unemployment in different industries (Table 19, page 171; Table 23, page 184), it is unfair to subject trades with low unemployment rates to the same burdens as those with high rates. The "excepting" of railway workers and other groups of quasi-permanent employees from the state scheme may be regarded as a tacit acknowledgment of this argument. Such also was the permission, now withdrawn, for industries to "contract out" of the scheme.

In June, 1920, the Minister of Labour set up a Committee of Inquiry to examine the administration and working of the Employment Exchanges in Great Britain. The Majority Report speaks of "the opinion expressed by a very large number of witnesses, that the administration of unemployment insurance by industries in behalf of their own members is the most desirable system in the end, particularly from the point of view of obtaining technical knowledge in the placing of workers, the creation of a corporate pride in each industry and a sense of responsibility for unemployment in the industry."¹

The organizations which have been most active in pressing the claims of insurance by industry are the National Federation of Employees' Approved Societies, and the Allied Association of Bleachers, Dyers, Printers and Finishers. The General Council of the Trades Union Congress, the National Confederation of Employers' Organizations, the Association of British Chambers of Commerce, and the National Union of Manufacturers, on the other hand, advocate the retention of the present idea of the general spread of risk. The Blanesburgh Committee observed that, in evidence presented from the workers' point of view, "the inequality of a flat rate as between different insured industries is a circumstance which is not lost sight of by those whose normal level of unemployment is low."²

Suggested Plans.—Felix Morley, an advocate of insurance by industry, has suggested that first steps in this direction be taken by permitting well-organized industries with a relatively low percentage of unemployment to contract out of the state scheme. He claims that the risk could

¹Great Britain Ministry of Labour—Committee of Enquiry into the Work of the Employment Exchanges, *Report, op. cit.*, p. 11.

²Great Britain Ministry of Labour, Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report, op. cit.*, Vol. 1, p. 14.

still be spread by requiring any industry contracting out to pay into the state fund half of the reduction of contribution and half of the increase in benefit made possible by its low rate. The employment exchanges would be relied on, though not exclusively, to fill vacant jobs. The Bradford Dyers advocate making some contribution to a general fund, and representative organizations of employers and workers regard this basis of contracting out with favor.¹ The Blanesburgh Committee rejected the suggestion.² Pigou suggests that if a socially injurious form of favoritism is to be avoided as between stable and unstable industries, the requisite adjustment would be made if equal initial premiums were collected from all industries and if, in addition, variable premiums were collected from the less stable industries, so adjusted as to allow the final benefits in all industries to be equal.³

In February, 1922, the Minister of Labour, following a recommendation of the Geddes Committee, to the effect that the possibility of extending unemployment insurance by industries should be further explored, addressed a letter to a large number of representative associations of employers and employed, asking their views on the subject. Inasmuch as only about 10 per cent of them replied, he wrote, in November, 1922, to the National Confederation of Employers' Organizations, outlining various schemes of insurance by industry evolved by a committee of which he was chairman, and asking the Confederation to report their views. Method A suggested deflection of the responsibility for unemployment and unemployment insurance from the state, and placing the burden on industry. This would have involved a statutory liability on every employer to set up in joint agreement with his workers a plan for the payment of benefit over a prescribed period. Method B suggested that supplementary benefits should be given by industries with relatively low risks, and that their contributions to the state fund should be only enough to pay the cost of what might be termed a "basic rate" of benefit. Method C provided that those insured under a private scheme should be taken care of by the state after a specified period. Contributions to the state fund would be fixed according to the proportion of unemployment in any industry in its relation to unemployment throughout the country. The report of the confederation was unqualifiedly opposed to insurance by industry⁴ and also to contracting out, but favored supplementary benefits by industries able to pay them.

In answer to the objection that it would be difficult to define industries and occupations, it has been suggested that, for purposes of admin-

¹ Great Britain Ministry of Labour, Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report, op. cit.*, Vol. 1, p. 54.

² *Ibid.*

³ A. C. Pigou, *Industrial Fluctuations, op. cit.*, pp. 343-345.

⁴ National Confederation of Employers' Organizations, *Report on Unemployment Insurance Submitted by . . . to the Minister of Labour in Reply to the Minister's Letter to . . . dated 28th November, 1922, op. cit.*, pp. 8-10.

istering insurance, an individual firm be considered as a unit and that, instead of splitting hairs about the individual occupation of a worker, each firm be classified as engaged in a particular industry, according to its preponderating interest.¹

"It is scarcely fair criticism," says Mr. Lesser, "to object that a small fraction of the workers in a given firm do not fall into strictly logical categories. The Trade Unions of the country are familiar with that difficulty, but it makes little difference to their organization. What is customary is that certain conventional lines of demarcation are drawn; and whether these are logical or mutually exclusive makes no difference as long as they are generally recognized."² As for the objection to insurance by industry on the ground that it would complicate matters to have employment exchanges operated by different industries, Mr. Lesser says representative employers might well co-operate with representative workmen at the already existing employment exchanges.

Reasons for Advocating Insurance by Industry.—There are several reasons which are commonly urged for the change to industry-controlled insurance. In the first place, individualists condemn the present scheme as "an expression of State Socialism, thinly, if at all, disguised." It is also urged that better administration would result from a change to insurance by industry. One writer claims that while "insurance by industry is, even as a theory, in its infancy, far greater promise is contained therein than in the bureaucratic methods of State-operated unemployment insurance which have been found wanting."³ He adds that "each industry knows the needs and conditions of its particular field. The State must treat all alike, opposing flat conformity to that diversification and initiative from which springs progress."⁴

It is also frequently stated that industries would take a greater interest in stabilization of employment if a lower insurance rate could be obtained by their efforts in this direction. Mr. Lesser spoke on the subject as follows:

Would not unemployment be better controlled and insurance be brought within more workable limit if each industry could carry its own casualties? . . . To say merely that this is a national problem, and leave it there, is to offer no solution at all, unless, indeed, it be pure socialism. But if the business of this country is to be run on the principle of private enterprise, it is clear that employers and employed persons should be encouraged themselves to make provision for the cyclical fluctuations of the common industry or undertaking in which they are engaged, and, as far as

¹This is the practice in United States' workmen's compensation laws.

²Henry Lesser, "Advantages of Unemployment Insurance by Industries Instead of Under a National or State Scheme," *Economic World*, Vol. 27, April 19, 1924, p. 563.

³Felix Morley, *Unemployment Relief in Great Britain*, Boston: Houghton Mifflin Co., 1924, p. xi.

⁴*Ibid.*

possible, to co-operate in a spirit of mutual good-will to maintain that industry or undertaking at the highest state of efficiency, having regard to output on the one hand and unemployment on the other. Without some such animating principle no scheme of insurance against unemployment will command the respect and confidence of the parties—employers and employed—on whom its success must principally depend. At the present time it would be very difficult to improve on the method of insurance by industry contemplated originally in the Unemployment Insurance Act, 1920.¹

The Memorandum of Evidence submitted to the Blanesburgh Committee by the Bradford Dyers' Association, Ltd.,² and representing the views of the Allied Association of Bleachers, Dyers, Printers and Finishers, employing in all about 80,000 persons, made a strong plea for contracting out of the state scheme, and gave both of the reasons mentioned. It was held that the present scheme did not furnish any direct incentive to employers and employed to reduce claims on the state fund, and that it was fundamentally opposed to the British method of permitting flexibility for the sake of experimentation. Contracting out, permitted by the Act of 1920, was suspended as soon as the insurance and banking industries had set up schemes. The failure of other industries to install schemes was explained by the short period during which the privilege was extended, and the hesitation of the industries to launch independent systems in a depression. The association stated that difficulties of classification had been greatly exaggerated and that administrative costs could be considerably reduced, and said, "all administrative difficulties can be overcome where there is a desire to do so." They expressed themselves as wholly dissatisfied with the present system, declaring that "no amount of tinkering with the state scheme will achieve the impossible feat of fitting it to the complex industrial system of this country." Finally, they protested that under a state scheme it is impossible to balance the labor requirements of industries, and consequently the existing scheme tended to discourage organization and self-help, rather than to put a premium on better organization of industry, as insurance by industry would do.

The association insisted upon the psychological effect of self-administration in bringing about a more personal relationship between employers and workers, and the value of permitting experimentation instead of requiring everyone to submit to a rigid state scheme. In support of the latter point they say,

Those industries which "contract out" would presumably have different schemes based on their own circumstances and needs, and

¹ Henry Lesser, *Unemployment Insurance by Industries*, London: London Chamber of Commerce, 1923. (Pamphlet Series No. 109) pp. 5, 6, 7.

² Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report, op. cit.*, Vol. 2, pp. 187-189.

various experiments would then be running which might ultimately lead to the adoption for the general population of a less objectionable scheme than the present State arrangement. At any rate, statistics showing the real needs of the industries concerned would be available in due course. The figures yielded by the present methods are rather a measure of how much unemployment pay can be disbursed.¹

In May, 1927, Mr. Lesser said,

I do not consider that we have solved the problem here at all. Flat rates of benefit are inadequate and have largely to be supplemented by payments from the Poor Law Guardians. Neither employers nor workpeople have a direct personal interest in the Unemployment Insurance Fund, or any incentive to reduce the burden on it. In fact, the tendency is quite the other way round. . . . The larger and more progressive undertakings in this country are very dissatisfied with the [present] State scheme of insurance.²

Reasons for Opposing Insurance by Industry.—Although it is granted that the groups with little unemployment would profit from industry-controlled insurance, from the point of view of the country at large, it violates the most fundamental tenet of safe insurance, namely, that as many as possible should share the risk.

Sir Alfred Watson, the government actuary, testified before the Blanesburgh Committee that since the state scheme had set contributions without provision for contracting out, this procedure would now be disastrous. He pointed out that since probably only those industries with a low rate of unemployment would undertake self-insurance, the burden of heavy unemployment by the less prosperous industries would still fall on the state fund.³ He also stressed the practical administrative difficulties in the way of determining the industrial fund to which each company and each worker should contribute.

In answer to the argument that industries would be encouraged to stabilize employment if they paid benefits independent of state financing, it is pointed out that industries dependent upon world markets suffer more severe fluctuations from causes beyond their control than do home trades, and that great disparity between either contributions or benefits in the various industries would inevitably create unrest and dissatisfaction. Moreover, it is said that compulsory insurance is not a scheme designed to penalize those engaged in industries with abnormal trade fluctuations; its purpose rather is to supplement the thrift of the worker.

¹ Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report, op. cit.*, Vol. 2, p. 188.

² Letter from Henry Lesser to Industrial Relations Counselors, Inc., May 2, 1927.

³ Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report, op. cit.*, Vol. 2, pp. 212-213.

J. L. Cohen rejects the principle of insurance by industry mainly on the ground that the individual employer is helpless in the face of fundamental causes of depressions,¹ and because insurance on this basis violates the principle of pooling good and bad risks.²

Report of the Blanesburgh Committee.—In the face of all the conflict of fact and opinion the Blanesburgh Committee could scarcely be expected to bring in recommendations which would win unanimous approval. The members reported against contracting out, chiefly because of the interrelation of all industries. They were convinced that the integrity of the fund must be preserved by a general sharing of risks. They expressed a preference for a "general scheme" because of the "serious practical difficulties" involved in the problem of transfers between schemes. The committee deprecated any further application of the principle of special schemes, but did not advise interfering with the only two such schemes in existence, banking and insurance, regarding them as valuable for the experience they might offer in case an extension of insurance adapted to different industries should prove desirable in the future.³

The Unemployment Insurance Act of 1927 (Section 11) pursuant to these recommendations abolished the power of the Minister of Labour to make or approve further special schemes but, by a proviso, the operation of the banking and insurance schemes was not affected.

The Blanesburgh Committee stated that widespread unemployment "in quarters that had previously been considered immune" had all but extinguished the desire for further contracting out,⁴ but it seems significant that, in pointing to the value of the insurance and banking industries schemes as experiments, the Blanesburgh Committee said, "The question of the adaptation of unemployment insurance to the needs of particular industries is one on which we do not doubt future development is to be looked for."⁵

Increasing Discontent and Recent Suggestions.—There seems little doubt that employers who have been "hard hit" by bad industrial conditions have abandoned, for the present, any idea they may have entertained as to contracting out of the state scheme. On the other hand, interviews with a number of employers during the winter of 1928-1929 revealed that many of the more prosperous are waiting for a more favorable opportunity to contract out. As one employer said, "We consider it a social duty for every one to help to bear the country's general burden under present conditions." On the other hand, as late as April, 1927, a

¹ J. L. Cohen, *Insurance by Industry Examined*, London: P. S. King and Son, Ltd., 1923, p. 57.

² J. L. Cohen, *Social Insurance Unified*, op. cit., p. 59.

³ Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report*, op. cit., Vol. 1, pp. 52-56.

⁴ *Ibid.*, p. 53.

⁵ *Ibid.*, p. 55.

prominent English employer led a deputation of representatives of some important concerns to the Minister of Labour to urge amending legislation which would enable them to "contract out" and run their own schemes.¹ And a Conservative Member of Parliament, in recommending a complete overhauling of the state scheme, said in the House of Commons in March, 1929, that not only should the unemployment insurance scheme be framed with regard to certain distressed areas but to "conditions in particular industries."²

The subject is by no means permanently shelved. A committee which made a recent survey of the Tyneside districts reports of the shipbuilding industry,

A special unemployment insurance scheme for the industry with higher contributions, both of employers and of men, and with a longer period of benefits would appear to be equitable. It is doubtful, however, whether it is practicable. The difficulties of insurance by industry are held by many competent persons to be insuperable. But this should not be lightly assumed. It is possible that there might be a small levy on tonnage launched, analogous to the penny per ton levied on coal.³

Beveridge recently called attention to the fact that the risk of unemployment in some industries is ten times as great as in others and that while some were paying in three or four times as much as they drew out, in the case of others this situation was reversed. The dock and wharf services received £31 from the direct contributions of others and £17 from the taxpayer, for every £11 they contributed toward the cost of its unemployment. Eight other industries with eight times as many insured persons and paying ten times the contributions drew no more in benefit.⁴ Davison accuses employers of using the unemployment insurance scheme to reduce their payrolls, charging that some employers "have found that they can lower their annual wages bill by largely increasing their staffs for a few days or weeks of intensive production and then reducing their labour force by one-half." He claims that the resistance of workers is "weakened by the knowledge that they can exercise a right to almost unlimited benefit." As long as a tax is paid on employment, and the weak and sick industries are parasites on the healthy, accusations of this kind will continue.⁵

While Beveridge has consistently opposed insurance by industry as usually conceived he insists that the present demoralized scheme can be reformed only by providing for widely varying risks between

¹ Letter from Henry Lesser to Industrial Relations Counselors, Inc., May 2, 1927.

² *Times* (London), March 19, 1929.

³ H. A. Mess, *Industrial-Tyneside*, *op cit.*, p. 59.

⁴ W. H. Beveridge, *Past and Present of Unemployment Insurance*, London: Oxford University Press, 1930. (Barnett House Papers, No. 13) p. 24.

⁵ E. C. Davison, *What's Wrong with Unemployment Insurance*, *op. cit.*, pp. 68-70.

industries or employers and penalizing what is in effect an actual creation of unemployment, at the same time rewarding and stimulating prevention.¹

He suggests that funds needed to meet excessive unemployment might be raised by a special levy on the industry, paid by the employers. Each employer, in fact, might be required to pay into the unemployment insurance fund an amount covering "the whole or a proportion of the benefit paid by the fund to any workman formerly employed by him, the liability being fixed either on the last employer or on a succession of employers, in proportion to the workman's length of service with each." This, Beveridge claims, would have the healthy effect of transforming the scheme from a tax on employment to a tax on unemployment.²

Summary

Health insurance, unemployment insurance, old age pensions and workmen's compensation are administered by various government departments and outside co-operating agencies. These services grew up at different times and developed their own institutions. For some time proposals have been advanced for the unification of the schemes in order to prevent overlapping and duplication. Such proposals range from various systems of co-ordination to amalgamation into one all inclusive organization. It is estimated that probably 100,000 people are engaged in administering social insurance. Unification seems difficult because the approved and friendly societies, the trade unions and Ministry of Labour would each be loath to relinquish their administrative privileges in dispensing benefits. However, there seems to be a growing body of opinion in favor of a unified system.

There have been a number of recommendations that agricultural and domestic workers should be included in the insurance scheme. Objections have been put forward that the low rates of wages would make contributions a hardship, that these workers have little unemployment, and that their inclusion would be unpopular with both workers and employers. Each succeeding government has shelved the question.

Much discussion has centered on the tri-partite system of contributions and there is disagreement as to whether the government should bear the greater share of the cost of maintaining the unemployed. Through the entire history of the fund the larger part has been borne by employers and employees. The present contributory system is likely to continue for the provision of standard benefit if for no other reason than its financial stability.

¹ W. H. Beveridge, *Unemployment: A Problem of Industry (1909 and 1930)*, new ed., *op. cit.*, p. 410.

² *Ibid.*, p. 411.

The increase in local rates, especially in the distressed areas where cases of prolonged unemployment involve heavy expenditures, has lent support to the view that such cases should be provided for from national taxation. In various ways the government has committed itself to a policy of state relief as supplementary to statutory relief on a contributory basis. The Liberal Industrial Inquiry recommended that the contributory fund should be relieved of the burden of quasi-permanent post-war unemployment, and in 1930 the Labour Government took the first step in this direction. The act of that year put the cost of extended benefit upon the Exchequer.

Exemption of railway workers and other groups of quasi-permanent employees from the state system and the permission given to industries to contract out was tacit acknowledgment of the justice of the criticism that the state scheme unduly burdened trades with a low unemployment rate. For a long time various plans for insurance by industry have been advocated. It is claimed that insurance by industry would result in greater interest in stabilization because an industry with a low unemployment rate would have correspondingly low benefit costs rather than bear an undue share of the cost of unemployment in high rate industries as at present. Insurance on this basis, it is said, would be more flexible, would permit more experimentation and would result in better relations between employers and employees. The opponents of insurance by industry claim that it violates the first tenet of safe insurance—spreading of risks. They assert that the fund was designed to include industries with low as well as those with high rates of unemployment, that only industries with a low unemployment rate would contract out if permission to do so were restored, and that there are administrative difficulties in the way of any such reorganization. Though the subject is not completely shelved, the Blanesburgh Committee opposed contracting out. Because of the interrelation of all industries they thought the integrity of the fund could be maintained only by sharing of risks. In their view widespread unemployment in quarters that had been considered immune had reduced the demand for permission to contract out. Evidence, however, exists that a certain amount of dissatisfaction persists among both employers and employees who have been carrying an undue proportion of the cost of unemployment insurance for a prolonged period.

CHAPTER XIX

SUMMARY AND CONCLUSIONS¹

Great Britain's system of unemployment insurance was adopted after centuries of dealing with unemployment by the method of poor relief. Policy fluctuated between repression—involving punishment for "sturdy beggars," the work house, and other variants of the work test—and a more generous attitude, often accompanied by lax administration and large-scale distribution of public funds.

Relief Prior to 1911

With the industrial revolution and the advance of the country to its present position as the most highly industrialized nation, and the one most dependent on export trade, the policy of repression in poor relief and the laissez-faire attitude toward unemployment have steadily declined in influence. During the early eighteenth century, fear of the spread of radical doctrines from the French Revolution, and the general depression and unemployment that followed the Napoleonic wars, led to heavy expenditures for poor relief. Based on the memorable poor-law inquiry of 1834, the last major effort to re-establish a repressive policy was instituted by the Poor Law of 1834. But recurring depressions, along with increasing urbanization of the population, made this procedure more and more impracticable. Many examples of the futility of deterrent measures are recorded by the Webbs. The workhouse test could not be applied to the hordes of unemployed who demanded work or bread in times of bad trade, and abandonment of the "Principles of 1834" was inevitable. The slow development of a more humane view was accompanied by assumption of greater responsibility for the unemployed by the local authorities, the initiation of relief work in times of depression, and recourse to charitable funds raised by public subscription.

There were difficulties, of course, in this line of action. For example, employees on relief work knew their employment was artificially created, the discipline of private employment was lacking, standards were not maintained, the work was often unsuitable for the men assigned, and costs were high. In any case, the earlier institutions of poor

¹ Some relevant material issued after this volume was in page proof appears in Appendix VII. The final judgments of official bodies which have studied unemployment insurance are given in Appendix VI.

relief became less popular, and the first decade of the twentieth century was marked, first, by an effort toward constructive action under the Unemployed Workmen Act of 1905, and, second, by the monumental inquiry of the Royal Commission on the Poor Laws and Relief of Distress (1905-1909), which became the basis of an altogether different approach.

This commission recognized that the theories and practices of what had been a relatively self-contained nation were not adequate for the industrial and financial center of a more closely integrated world. The commissioners understood that unemployment reflected fluctuations in business activity rather than alternating energy and laziness in the individual worker, and that, in the new circumstances, the changing whims of public taste were a more potent cause of idleness than original sin. This view influenced the development of the system of unemployment insurance described in this volume and such other constructive measures as employment exchanges, vocational guidance, training for young workers and adults, state-promoted emigration and internal labor migration, health insurance and old-age pensions. In the two decades since the initiation of this program, the "social services" have been utilized more and more to meet the economic needs of the workers in times of distress and with the purpose of reducing dependence on the poor law.

While the state was leaving the unemployed to poor relief and private charity, the workers had made a spirited effort to help themselves. The industrialization of Great Britain, beyond that of any other nation, was accompanied by a corresponding degree of organization among workers. Within their limited means and coverage, many of the trade unions provided out-of-work benefits. Although these benefits afforded substantial aid, they did not cover all union members and the great mass of non-unionists were left dependent on poor relief. The experience of the unions with out-of-work benefits furnished the administrative basis for unemployment insurance.

The Coming of Unemployment Insurance

A national system of employment exchanges was established under the Labour Exchanges Act of 1909 and in February, 1910, the first exchange was opened. A year later the first unemployment insurance act was passed. Contributions were payable from July 15, 1912, but benefits were not distributed until January 15, 1913. The Act of 1911 applied to all workers over sixteen years of age in a number of trades with a high rate of unemployment, and covered about 2,500,000 persons. Weekly contributions by employers, employees, and the government were re-

quired; and a modest weekly benefit rate of 7s. for adult workers was provided for not more than fifteen weeks in any twelve months, with a further limit of one week's benefit for every five contributions.

In so far as possible, the scheme was originally constructed on actuarial principles. The only available data, the record of trade union percentages of unemployment, were considered, and on this basis what seemed a conservative rate of unemployment was postulated. An individual account was maintained for each employee contributor, and it was provided that benefits to any worker should be kept within the limits of a stipulated ratio of benefits to contributions.

Trade unions and other workers' associations which continued to pay out-of-work benefit to their members were allowed to supplement their payments by the amount of the benefit under the state scheme, in the case of members covered by it, and to be reimbursed by that amount from the state fund. These unions really became the agents of the government for the distribution of the state benefit due their members. The Ghent system of subventions to trade unions paying benefits to their members was also utilized. The act provided that trade unions with members both in the insured trades and outside them should receive from the state fund a subsidy of one-sixth of their own out-of-work benefit expenditures.

The machinery of administration was somewhat complex, but with minor modifications, it stands today as first established, and is generally regarded as efficient. The system was administered by the Board of Trade at first and by the Ministry of Labour, when it was formed, through its employment exchanges and branch offices. Each exchange registers local applications for work and employers' orders for labor. The chief insurance officer in Kew maintains a central file of records of all applicants. The insurance officers stationed at the exchanges pay benefits only to registered workers in the insured trades, who cannot be placed in suitable employment. Each worker has an unemployment book which he deposits with his employer while at work, and with the local employment exchange when unemployed. Government stamps representing the contributions are purchased by the employer from the post office and are affixed weekly in the employee's book, in amounts to cover the contributions of both. The amount of the worker's contribution is deducted from his wages.

The employment exchanges maintain statistics which provide a record covering applicants for work, insured workers, applicants for benefit, and much other valuable material. The many changes in procedure and conditions have somewhat vitiated the comparability of the figures from year to year, but in spite of all this the records furnish a very complete picture of the fluctuations in British unemployment by sex, industry

and according to "wholly unemployed," "temporarily stopped" and "casual workers."

Doubtful claims for benefit are passed upon by local courts of referees of three persons representing employers, employees, and the state, except that cases involving industrial disputes are dealt with by the chief insurance officer. An umpire appointed by the Crown hears appeals from courts of referees. An appeal from the chief officer goes first to the local court of referees. Great care is exercised in examining all claims to benefit and the employee who is disqualified for benefit by "misconduct" or leaving his work "without just cause" has an opportunity to have his case reviewed by an impartial tribunal.

It is evident that while Great Britain was the pioneer in unemployment insurance on a national scale, the promoters of the system sought to profit by such fragmentary experience as was available at home and abroad. Experience with some voluntary schemes on the Continent had indicated that the better risks would not join them, and that the principle of compulsion was fundamental to success; Great Britain adopted it from the outset though the compulsion was applied to a small coverage.

The local experiments in some European countries had also indicated the necessity of close integration of unemployment insurance and employment exchanges, to prevent malingering and unjustified benefit outlay. Britain's Labour Exchanges Act came into force almost three years before the first payment of unemployment benefit. However, this period was not sufficient for the exchanges to acquire a reputation as placement agencies before undertaking the exacting duties of administering unemployment insurance. The insurance legislation forced an increase in the number of exchanges and thus gave the system contact with a much greater proportion of the workers of the nation. A basic principle of poor law policy was adopted—that relief should not make the condition of the recipient more desirable than that of the lowest paid independent workman. Accordingly, throughout the history of the scheme, benefits have been scaled to the wages of the unskilled laborer with, in later years, additional benefit for dependents. The object was to insure a subsistence minimum for the worker rather than the maintenance of his standard of living. Contributions, judged by this standard, were strictly equitable, for all employees contributed the same sum when employed, regardless of earnings.

Basic to the adoption of the flat benefit rate was the thought that employers, employees, or the two jointly, might set up their own schemes that would yield benefits to supplement those from the state fund. Many unions were already distributing considerable sums annually to unemployed members, and the theory was that these payments would be

continued and extended under state encouragement. With extension of this established practice, and the expected growth of other voluntary plans set up by employers, or employers and employees jointly, it seemed that in time a comprehensive system sufficient for all classes of workers covered by the state scheme might be developed.

A certain inequity was involved in flat rate contributions and benefits for all industries. By this procedure, the employers and workers in firms and industries with low rates of unemployment contributed proportionately more and drew less in benefit than others, although this development did not become pronounced until the Act of 1920 extended the scheme over the great bulk of the nation's industry. To correct this discrimination in some measure, there had been an attempt in 1911, following precedent in other forms of insurance, to establish a classification of preferred risks of both employers and employees whose members should pay lower rates of premium. This was effected in the case of employers by a small rebate on their contributions for employees kept at work throughout the year. In the case of employees, those who had contributed for five hundred weeks, on attaining the age of sixty, were to receive the amount of any excess of their contributions over benefits drawn, with interest at $2\frac{1}{2}$ per cent. The rebates to employers were, of course, inequitable as between industries and it would seem that some measurement of an employer's total stability would have been a more satisfactory index of his rebate than the number of full-time employees.

Extension of the national scheme in 1916, to cover employees in the munitions and allied industries, brought the number of insured up to about 3,750,000. Certain industries recalcitrantly refused to come under the act. The boot and shoe employers and workers would not pay contributions and were retroactively excluded from the scheme by an amending act in 1917. The emergency of providing for demobilized soldiers and war workers prompted the government to take swift measures immediately after the armistice. The alternatives were to stretch the unemployment insurance scheme to the breaking point or to meet the entire expense from the Exchequer. The latter course was chosen. The out-of-work donation payments, which were commonly termed "doles," were more liberal than the insurance benefit and little was paid out for unemployment benefit as long as the dole was available. Donations from this emergency fund which amounted to over £62,000,000 were discontinued for civilians in 1919, and for ex-service men in 1921.

Such, in brief, is the history of the scheme from its inception in 1911, through the extension in coverage in 1916, and up to the Act of 1920. For this period the experience, in general, was encouraging. The depression of 1914 had soon given way to the flush employment of four years of

war. Claims were few, and there was no reason to liberalize the scheme as there were not vast numbers of unemployed until after the armistice when the government made special provision for them through the out-of-work donation scheme. The fund mounted steadily, and when the Act of 1920 was passed a surplus of £22,000,000 had been accumulated.

If in 1916 the scheme had been extended to most of the industrial wage earners as was proposed, instead of waiting until 1920, the whole post-war history of unemployment insurance might have been different. But there was strong protest from employers and employees against the proposal and Beveridge thinks it would have been impracticable to introduce universal unemployment insurance at that time although perhaps feasible in 1918.

Post-war Experience

As against the experience of the first decade of British unemployment insurance, that of the second has been discouraging. On the eve of the depression of 1920-1921, the state scheme was extended to include about 11,100,000 persons, the great majority of wage earners exclusive of agriculture and domestic service. Benefit rates were advanced to 15s. for men and 12s. for women, contributions were also materially increased and a difference was made on a sex basis in the payments to adults and youths. The ratio of one week's benefit to five weeks' contribution was replaced by a one to six ratio. About one year later, in view of the acute unemployment, duration of benefit was extended to twenty-six weeks, benefit rates were advanced 33 $\frac{1}{3}$ per cent and benefit conditions were relaxed.

In addition to the unfortunate timing of the inauguration of the extended scheme and the resulting strain, the plan encountered a calamitous post-war period during which the number of unemployed never fell substantially below a million and at the beginning of 1931 stood at about 2,662,800.

The extended system of 1920 introduced few administrative changes. The employment exchanges and the machinery for deciding upon claims continued to function without major alterations, but the scheme of co-operation with trade unions was revised. The Ghent system procedure of the law of 1911, under which the benefits paid by workers' organizations were subsidized from the state fund, was abandoned, but coverage under the decentralized method, by which benefit-paying unions could distribute state benefits due their members, was extended. The Act of 1920 provided that societies approved for the administration of national health insurance might distribute state unemployment benefit to their members on the same basis as the trade unions, and a small number of

employees' approved societies in various firms began to administer state unemployment benefits for their members, to which amounts they added a sum from their own funds. Six such schemes are now in existence. The contributions of the employees of the firm constitute the fund of the society, an additional small assessment being required for administrative expense; employer contributions are general but optional.

The Act of 1920 permitted industries to "contract out" and establish their own "special schemes" under the general supervision of the state but otherwise independent of the national system. This privilege was suspended in 1921 to prevent industries with low unemployment rates from contracting out at a time when the state fund could ill afford to lose their contributions, and withdrawn in 1927. The commercial insurance and the banking industries were the only ones to set up plans under this authorization although other industries had plans under consideration when the privilege was suspended. These schemes provide for contributions from employers only, and benefit scales for certain categories are higher than under the state system. The experience which they offer is, according to the Blanesburgh Committee, valuable on which to build, if an extension of insurance by industry is contemplated in the future.

The act also permitted workers, principally in various public utilities, to be "excepted" from its provisions on the observance of stated conditions, and provided they were classed as permanent workers, which involved three years' length of service with one employer. It was required that each industry excepting workers under this provision should keep 20 per cent of its employees insured under the state scheme. This procedure is analogous to the "guarantee-of-employment" schemes established by a few firms. It results in the building up of a stable or permanent group of workers, and concentration of most of the unemployment upon employees with shorter terms of service who receive state benefit when out of work. In practice, railway workers have constituted the largest class of excepted workers. Employees with a specified income, and certain other classes of workers may be "exempted" from the state system although for them, unlike excepted workers, their employers must continue to pay contributions.

The Act of 1920 has been modified a number of times and in many ways. Benefits for dependents were added in 1921, and the first provision for "uncovenanted," or "extended" benefit was made in the same year. Under the latter provision, unemployment lasting longer than the standard benefit period was compensated and the requirement for a stipulated number of contributions suspended.

By an Act of 1924, the Labour Government liberalized benefit and eligibility regulations, but required of applicants evidence that they were "genuinely seeking work," when, previously, registration at the

employment exchange had sufficed. The same government made extended benefit a statutory right. The Act of 1927, passed by a Conservative Government, made some noteworthy changes. Benefits and contributions were reduced, and five age groupings were introduced, each with a different rate of contribution and benefit. Payment of extended benefit was abolished, but, on the other hand, standard benefit was granted practically without limit of time, for the required ratio of benefits to contributions was canceled, and the new requirement of thirty contributions during the preceding two years was not enforced. Persons who could not conform to this requirement were called "transitional" cases and very liberal conditions were made for them by successive arrangements, extended from year to year. The cost of these transitional cases finally became such a burden that in 1930 the Exchequer assumed it.

In 1929, the Labour Government increased the government's share of the weekly contribution. Benefit rates for adult dependents and certain groups of young persons were increased. The Act of 1930 discarded the requirements that the applicant should prove he was genuinely seeking work, and that he had been employed for a reasonable period in insurable employment during the past two years, placing the onus of finding a job on the employment exchange rather than on the worker.

In reviewing the legislation of the past decade it is apparent that the basis of the scheme is now so altered that it has become a relief rather than an insurance measure. Good and bad risks benefit equally and no incentive is furnished toward the stabilization of employment.

The low scale of state benefits has prompted fourteen firms to establish schemes for the payment of additional benefits; one firm has two plans. Nine are financed by the employers, five by joint contributions of employers and employees, and one entirely by the employees. Dismissal benefits are provided under all but one plan. These additional benefit schemes accept the state flat-rate benefits as merely a necessary minimum scale which will provide the unemployed unskilled worker with subsistence only. To this they add benefits graduated according to the customary wage. The variety in terms and of methods of administration reflects the freedom to experiment which constitutes the peculiar contribution of such plans.

It is possible that the main utility of such schemes will always be confined to the provision of benefits for workers who are only temporarily laid off. Few firms will be prepared—few, indeed, will be able—during a period of depression and financial stringency, to continue for any length of time the payment of benefits to discharged workers for whom there is no prospect of re-engagement. The constitution of adequate unemployment funds, "invested outside the business and vested in independent trustees," may, it is true, offer a way out of the difficulty, but

this would be within the means of only a minority consisting of financially strong firms. A system of reinsurance, or pooling of separate funds, might however be devised to meet the case of some of the weaker firms. The difficulty may be less serious than would at first appear, since the firms which establish such schemes will have a strong financial inducement to stabilize their working force, and to the extent that their efforts in this direction are successful, the burden of unemployment benefits will be reduced. But for those firms whose efforts to stabilize are defeated by factors beyond their control, payment of benefits to dismissed workers during periods of depression will continue to be fraught with difficulty, and the building up of adequate reserve funds to be attractive in theory, but by no means easy of achievement.

Moreover, the full advantages of additional benefit schemes may not be within the grasp of any but that minority of firms in which financial strength is combined with leadership of outstanding ability and progressive ideas. But a limited range of advantages, including the provision of benefits for workers temporarily laid off or on short time, could undoubtedly be secured by a relatively large proportion of well managed businesses. To the community as a whole, no less than to those directly engaged in industry, the gains from even such a limited application of the plan would be well-nigh incalculable. Experiments by employers and by employees and trade unions in collaboration are clearly worthy of the closest study, and there is much that is significant in the experience of these pioneers. At a time when the possibilities of industrial co-operation are being so eagerly explored, the success of their efforts would seem to point the way to a particularly promising field for the application of this principle.

Some trade unions, also with no share in administering the state scheme, continue to pay benefits out of their own funds under a diversity of rules. In a few cases very generous benefits are paid.

It is evident that the payment of unemployment benefit is not confined to the state insurance system. The national scheme is, of course, the main source of payments; the number of insured persons under its coverage was 12,094,000 in 1929, and the benefit outlay for that year was £42,665,000. In 1928, trade unions not participating in the administration of state benefit numbered twenty-five, with 1,611,161 members; they paid out £489,986 in out-of-work benefit. Some proportion of these beneficiaries also received payments from the state fund. In the year ending March 31, 1930, the contracted-out plan of the commercial insurance industry covered 93,000 employees; the number of beneficiaries was 10,768, and the benefit outlay totaled £132,350. The banking industry in the year ended June, 1929, had 41,000 workers insured, of whom 358 received benefits amounting to £6,019. Comparable information is not

obtainable for the fifteen additional benefit plans operated by companies and covering about 50,000 employees.

The depressed state of British industry and the more generous provisions of post-war unemployment insurance have combined to force the fund into an unfavorable financial situation. The Act of 1920 trebled the coverage of the scheme and liberalized its benefits just as the business of the country began to contend with the paralysis of a serious depression and the higher average unemployment rate of the post-war period. The war accelerated the pace of industrialization in certain other countries, and the manufacturing equipment they installed was new and modern. They began to produce commodities which formerly had been imported from Great Britain, to carry them into her markets, and to raise tariffs against her. Coal, her great basic industry, a principal factor in her early industrial expansion, suffered from the expansion of coal areas in other countries, from the competition of hydro-electric power and oil, and from economies in the use of coal itself. Her textile trade has been injured by new production abroad, and by the increased use of artificial silk. Britain's former importance in coal and textiles, industries that have experienced world-wide depression since the war, now furnishes the chief factor in her unemployment problem. Together with shipbuilding, the heavy engineering trade, and others of the older employments largely dependent on exports, the coal and textile industries are undergoing an apparently permanent contraction, which has more than offset expanding employment in new and "sheltered" industries. The longer hours and lower wages prevailing in some competing countries are factors in the situation. All these considerations added to the burden of war debt, currency inflation in some countries after Britain resumed the gold standard, and her tendency to lag in the rationalization of industry, have resulted in an unparalleled period of acute unemployment and a social problem of the first magnitude.

In these trying circumstances, the surplus accumulated in the unemployment insurance fund during the first ten years was soon depleted, and the fund had to borrow from the national Exchequer. With the up-trend of employment in 1923, borrowing ceased, and a large proportion of the loan was retired; but, after this brief respite, unemployment began to increase again, and borrowing from the Exchequer was resumed in 1925. It was necessary to increase the borrowing limit of the fund from time to time, until late in 1930, it was fixed for the time being at £70,000,000. The total cost of the scheme from January, 1919, to November, 1930, exclusive of out-of-work donations, and similar relief, was more than £478,000,000. The costs are not equitably distributed among the industries, for some with high unemployment rates draw heavily on the contributions of others. Extended benefit has been an important factor in

the cost. The Act of 1930 provided that the Exchequer should meet the cost of transitional (extended) benefit, and it was estimated at the time that it would relieve the fund to the extent of approximately £10,500,000, though since then the cost of carrying transitional cases has constantly risen. The abolition of the "genuinely seeking work" provision by the law of 1930 has resulted in an increase in the benefit outlay. Only four times has the cost of administration exceeded 12½ per cent of the income of the fund in which cases, as provided by law, the Exchequer has been called on to pay the excess.

Poor Relief and Unemployment

The heavy unemployment insurance expenditures have been accompanied by large outlays on poor relief and some resort to charitable funds raised by private subscription, such as the Lord Mayor's Fund sponsored by the Prince of Wales. This has occurred despite the steady decline in poor relief disbursements before the war, and the inauguration of state schemes of insurance against sickness and old age. It is sometimes said that poor relief is now accepted by many people with less hesitation than formerly, but the large figures for relief expenditures after the Napoleonic wars suggest that a very considerable proportion of the population had grown used to receiving it at that time. In an earlier day administrators, chiefly land-owners, used poor relief to their own ends by subsidizing the wages of agricultural laborers from the rates. In recent years, under labor influence, some boards in distressed areas have used poor relief to maintain the standard of living of their unemployed fellow workers. When the government has attempted to tighten up conditions for the receipt of unemployment benefit, the result has been merely an increase in poor relief expenditures. Recently the number of able bodied receiving relief has been decreasing but the proportion of persons receiving relief for long periods has been on the increase.

The rise in poor relief outlay materially increased the local rates so that they bore heavily in some districts on industries already depressed. This resulted in the adoption of a de-rating scheme in 1929, which substantially reduced taxation on industry.

There is a measure of duplication of payments from poor relief and unemployment insurance, although precautions are taken to prevent the aggregate income of an applicant from exceeding his ordinary wage. Certain unemployed workers apply for poor relief because they are not in the insured group, others who are insured apply for relief during the waiting period or while their claims are under consideration or after their right to benefit has been exhausted, still others apply because they are not qualified for insurance benefit. Since poor relief payments often

exceed insurance benefits in amount, and are granted under less stringent rules, they are more likely to cause malingering and demoralization; no doubt, much of the criticism of unemployment insurance could be more properly directed at poor relief. The Local Government Act of 1929, which embodied recommendations of the Minority Report of the Poor Law Commission of 1909, abolished boards of guardians and established new public assistance committees under the local authorities. This step has brought more centralization in the local provision for the poor and the possibility of more specialized treatment of unemployed applicants. It was designed to effect, among other things, closer co-ordination of unemployment insurance with poor law functions relating to the able-bodied unemployed.

Duration and Incidence of Unemployment

The experience of the unemployment insurance scheme has shown that the unemployed belong to different categories. The wholly unemployed, released from work because of mechanization, amalgamation of plants, decline of industries, or for personal reasons, constitute one group. In a second class are the temporarily stopped—those laid off with expectation of resuming work within six weeks. In this group are many workers employed on a chronic part-time basis in the depressed industries. Unemployment of this type is likely to be translated into total unemployment as rationalization proceeds. Casual workers form still another class of unemployed, especially in the shipping centers. There is also a category of seasonal workers, who do not expect employment at certain times in the year because of the character of their occupations.

The personnel of the unemployed constantly changes. During 1928, the total number of separate individuals on the register was nearly four times the average number on any given date. Persons who are usually quite regularly employed constitute between two-thirds and three-fourths of the insured; the remainder is made up of the ebb and flow and the stagnant pools of labor.

Between individuals and industries, there is wide variation in the duration of unemployment. During the year ending March 18, 1929, according to a sample study, the average duration of unemployment was 140 days for men, and 93 days for women, for all industries combined. The proportion of the beneficiaries drawing benefits for long periods apparently is increasing.

Unemployment is least among male claimants to benefit under twenty years of age, and steadily increases among the advanced age group of males forty-five years and over. Older workers do not seem to be dis-

charged with any greater frequency than others, but the duration of unemployment increases with advancing age. In the higher age groups women, apparently, have less unemployment than men.

The contributory old age pension act, which went into effect in January, 1928, provided that persons under its coverage should receive a pension on reaching the age of sixty-five, whether employed or not. They are not required to pay contributions to the unemployment insurance scheme in case they are employed, although their employers must contribute for them. These pensioned workers are not eligible for unemployment benefit.

Mobility of Labor

The recent history of unemployment insurance has given rise to a good deal of criticism and stock-taking of the scheme. Although legislative interference with the free movement of labor dates back at least to the seventeenth century, some critics seem to regard unemployment insurance as the first important restriction. Since an unemployed insured worker is less in need of accepting any kind of a job at any wage, it is alleged that the insurance system has impeded labor mobility and the redistribution of labor demanded by the post-war situation. In addition, it is said that by impeding downward revision of wage rates the insurance scheme has prevented much-needed reduction in production costs that would have brought increased business and employment. Further, the scheme is held responsible for making it possible for labor to secure an increase in real wages by resisting wage reductions in the face of a decline in the cost of living. In short, unemployment insurance has resulted in a more immobile labor force and a more static industry.

As against this, the defenders of insurance say that the labor exchanges have promoted necessary mobility and discouraged aimless wandering and that wage reductions are not the sole means of reducing production costs. They assert that the efficiency of labor cannot be shown to have declined but rather that management is at fault. It is pointed out that the Act of 1927 requires workers who have been a long time on benefit to accept available work in another occupation as long as wages and conditions are not sub-standard for that occupation, contrary to the former procedure which required them to accept only "suitable" employment—which usually meant work in their regular calling. It is also pointed out that housing difficulties, psychological factors in uprooting people from their neighborhoods and families, and many other circumstances may impede mobility more than does unemployment insurance.

The actual experience of the scheme has proved that, in so far as unemployment insurance has fostered chronic short time and retarded

the permanent release of workers from declining industries, it has impeded mobility. But on the other side is the fact that mobility is evidenced by the migration of workers from depressed areas and industries to more active localities and trades, and this despite trade union and craft demarcations. The movement is chiefly from the declining industries of the north to the new enterprises of the south. The government has aided mobility by a definite system of transference, and has provided training centers to promote necessary shifting. Authorities report, however, that the limit of transferring any considerable number of workers from the over-staffed coal mining, engineering, shipbuilding, and iron and steel industries seems to have been reached. Efforts to train and transfer young workers have had a measure of success, but many remain unemployed in the depressed districts.

Attempts to promote international labor mobility have not been very effective, although here, also, the employment exchanges have aided by advertising vacancies in the dominions. Despite the assistance afforded by the Empire Settlement Act of 1922, emigration has lagged. British workers have not shown eagerness to emigrate, and the universal unemployment of recent years has made the newer countries less receptive to immigration, especially of industrial workers who constitute the great majority of Britain's unemployed. "Assisted" migrants are now temporarily excluded from some of Britain's oversea lands. Some opinion does not regret that the stern forces that prompted emigration in the hungry forties are not so powerful today. Winston Churchill said, a short time ago, that he could not feel reproach when he learned that the British people "no longer wish to leave their native land and face pioneer hazards in mighty countries beyond the sea." He said he was "glad that the hard pressure of extrusion has been mitigated."

Whether or not unemployment insurance has discouraged the free movement of labor, relief in some form was inevitable. Had the insurance method not been adopted, the old poor relief procedure would have been followed and would have been subject to even greater criticism, for there is abundant historical evidence of its stagnating effect. It is probable that in the present circumstances certain casual and other workers ineligible for unemployment insurance are quite as immobile as the insured, if not more so. In so far as insurance has contributed to the institution of chronic short time in over-manned industries by serving as a cushion, it is, no doubt, a factor in immobility among others more or less potent, such as the restrictive practices of trade unions and lack of housing facilities. Despite its lack of unemployment insurance, the United States has been confronted for some time with chronic unemployment and stagnant pools of labor in the textile and bituminous coal regions. In England itself, it required time for the population to

shift geographically during the industrial revolution when there was not only no insurance but plenty of poverty to act as a spur. Many factors, material and psychological, which inhibit the desire to move on should be taken into consideration in weighing the possible effect of unemployment insurance on mobility of labor.

Malingering

The insurance system has been charged with causing malingering as well as impeding mobility, but there seems little foundation for this indictment. Prolonged unemployment has resulted in some demoralization, and individual instances of malingering could be cited; but any financing of voluntary idleness has probably been due more to lavish poor relief and the wide use of extended benefit than to insurance methods. The proportion of disallowed claims for benefit does not seem high, and, no doubt, a considerable number of the drifters who do not make a sufficient number of contributions to qualify are really unemployable. The authors of a statistical survey published in 1927 asserted that the aggregate savings of the small investor were being maintained despite the depression, and they found no evidence "that the advent of state schemes has led to a slackening of individual effort to provide against the chances and changes of life." It has been argued that employers who utilize the scheme and the contributions of more regular firms to foster chronic short time, and so to establish a reserve of labor, are the real malingerers. Beveridge thinks the same charge could be brought against the successive governments in that they have relied on the insurance system to provide relief rather than promoting measures to stimulate business and prevent unemployment.

Insurance by Industry

A broad criticism frequently voiced is that the insurance scheme penalizes the employer who manages to attain a high degree of stabilization of employment. Those less successful or efficient may shift the burden of maintaining their employees to the state and to other employers and their workers, who continue to make contributions as long as employment continues. Certainly the common rate of contribution and benefit bears heavily on industries with low rates of unemployment and some industries make drafts on the fund out of all proportion to their contributions. The system is a tax on employment rather than a tax on unemployment and it offers no inducement to employers to regularize production. True, there is a large area in which the individual employer has little control, especially in industries where government policies and international conditions have much weight. But in many

lines there are controllable factors affecting stabilization, and management should be held responsible for effort in that direction. Certainly collective action in the coal and textile industries should yield greater steadiness of employment, but no spur to such action is furnished by the unemployment insurance scheme as it now stands.

It is noteworthy that the 1911 incentives to regularization, small as they were, have been withdrawn. While these rebates did not afford an important urge to employers, the principle was capable of extension and it seems regrettable that it was not included in more potent form in the law of 1920. The contracting-out provision embodied in that act which enabled industries to rid themselves of responsibility for others and establish their own schemes was withdrawn in 1927, thus doing away with every chance to adjust premiums to risks on an industrial basis. In this situation some employers apparently are content to accept continuous short time and endless depression with little effort to regularize industry in their own plants or to promote concerted action on an industry-wide basis.

Insurance by industry has been advocated as an alternative method and as long as some industries have low rates of unemployment there will be demand for authority to contract out of the state system and to set up industrial schemes. To some proponents this would permit payment of benefit adjusted to earnings so that the employees' standard of living might be protected as against the present system of flat rate benefits scaled to the earnings of the lowest paid workers.

Unlike employers who have been content to draw the maximum benefits for their employees from the general fund, employers in industries which have contracted out are carrying the entire cost of benefits. They are accumulating a body of experience that may prove helpful in a future revision of the state system. These firms do not seem to fear that Britain's "dole" will pauperize her workers. Their purpose is to increase it. No doubt if the right to contract out had not been withdrawn, other industries than insurance and banking might have demonstrated that they were not lacking in ability to originate in this sphere. In 1922 the Minister of Labour announced that, as soon as the state of the fund permitted he would welcome and encourage further schemes on an industrial basis, but no encouragement has since emanated from the Ministry of Labour. The flourishing surpluses of the banking and insurance funds must cause envy to other industries with low unemployment rates and it is scarcely to be expected that employers and employees in such industries will continue indefinitely to acquiesce in being taxed for persistent depression in others.

Opponents of insurance by industry hold that it violates the principle of spreading risk—the basis on which the scheme was built, that

only industries with relatively little unemployment would contract out of the state system if permitted to set up their own industrial schemes. They also contend that insurance by industry would make for immobility of labor as between different industrial groups. The cost, they claim, would ultimately come out of wages, while under the present system the higher income classes carry the larger part of the burden. It is also maintained that the administrative cost would be increased and administrative technique complicated by the multiplication of agencies for the payment of benefit. But, surely any scheme which would prod both workers and employers to exert every effort within the enforced limits to stabilize employment would be desirable. To many the principle of contracting out seems good, and it appears certain that the present system of taxing employment will have to be radically overhauled sooner or later with an eye to the varying risks of different groups and to the provision of incentives to individual employers and to employers and workers collectively in entire industries.

Other Suggested Changes

Other suggested changes include better co-ordination, if not amalgamation, of the different social services, to prevent overlapping between them and to secure lower cost of administration, but, no doubt, the Ministry of Labour and the participating unions and friendly and approved societies would be loath to relinquish their "vested interests" in the distribution of benefits. The inquiry of the Royal Commission now under way may yield proposals in this direction. The inclusion of agricultural and domestic workers has been considered, but decided against by successive governments. It is commonly believed that unemployment in these pursuits is not serious and this, together with their low wage rates, has militated against their inclusion. The Act of 1930 sought to prevent immobility of labor between these and the insured trades by providing that an insured worker entering agriculture or domestic service might carry over for two years his right to benefit on the basis of contributions previously paid.

Present Trends

The effort to adapt unemployment insurance legislation to the exigencies of the post-war situation has greatly modified its original pattern. Davison speaks of the alterations in the acts as "so much tinkering with the original principle, with little certainty as to the ultimate goal." No doubt, the changes made by successive governments were prompted by an earnest desire to make the instrument fit the need,

but the main characteristic of the problem, a hard core of chronic unemployment, became apparent only as the years passed. In the absence of long-term guiding principles to give direction to these numerous changes, the result is a mass of legislation and case law, the understanding of which is not easy for the civil servant, and a well-nigh insuperable task for the amateur. The Act of 1930 has not given any predominant pattern to the scheme.

Despite this characterization, there are certain evident trends in post-war legislation and practice. The outstanding development is the shift from an insurance to a relief basis, for, in the long depression, expediency, not theory, has guided policy. The contribution and benefit scales of the Act of 1920 were premised on the volume of unemployment the country had experienced according to the available records; they were not adjusted to the unemployment rate that has since been recorded. When the problem of prolonged unemployment began to be disturbingly manifest, the authorities chose to finance its relief through the device of extended benefit borne by the insurance fund. The continued pressure brought increases in benefits and relaxation of the conditions affecting their receipt, which, together with the successive acts offering extended benefit, forced the fund to borrow from the Exchequer. In short, the specified ratio of contributions to benefits formerly required of each beneficiary was abandoned, and need rather than the measure of protection contracted for on a limited liability basis became the principal determinant of benefit expenditure.

The scheme was devised to cover persons ordinarily employed in normal times, and able to contribute and fulfill stipulated conditions for benefit. "Depression grown inveterate" has resulted not only in large numbers of chronic short-time workers, whose wages are, in fact, subsidized by the fund, but also in a body of "permanently" unemployed, squeezed out from the basic export trades. Extended benefit granted to persons unable to qualify by contributions has brought within the coverage of insurance numbers of sub-standard persons formerly regarded as uninsurable risks. Essentially, by a tax on employment and on the more regular workers, with assistance of contributions and loans from the Exchequer, the scheme has been providing benefit for persons suffering an abnormal amount of unemployment and for some unemployables. Between November, 1920, and January, 1926, no benefit was drawn by 51 per cent of the insured; but little more than one-half of the workers and their employers have borne the major part of the burden of the heavy cost.

An unfortunate result of the whole procedure has been the confusion of the two classes of beneficiaries. Large numbers are no longer contributors. Under the extended benefit provision, they have received what

may justly be termed a dole, but, until recently, they have not been distinguished from the *bona fide* insured who earn benefit by contributions. The Act of 1930, in providing that the Exchequer should carry the cost of extended benefit, has at last separated the two classes. This focuses attention not only upon the extended benefit cases for the specialized treatment they require, but also upon the problem of chronic unemployment itself. It also opens the way to an actuarially sound scheme for it recognizes the principle that the payments to any beneficiary should be in a pre-determined ratio to his contributions, leaving assistance not justified by contributions to other agencies.

It would be impracticable for all the able-bodied unemployed who fail to qualify for benefit by reason of failure to pay contributions to be cared for through poor relief. Local rates are already a heavy burden on industry and individuals in depressed areas. The unemployed with a good chance of re-employment as far as their own qualifications are concerned, but who because of the prolonged depression have become members of the "permanently" unemployed with no benefits due them through their contributions, may have to be supported by the national Exchequer. Some suggest that the grant from the Exchequer should be given to the county and borough councils and others that benefits thus financed should be distributed through the employment exchanges with stipulations concerning voluntary application for training and other requirements affecting eligibility. The long-time unemployed with little prospect of getting back into industry, according to the suggestion of some thoughtful critics of the present scheme, would then be dealt with on a case-work basis by the county and borough councils.

As for "actuarial soundness," it would not be achieved by the mere separation of classes of beneficiaries. A careful periodic adjustment of contributions and benefits, based on an estimate of current claims, would have to be worked out in accordance with demands on the fund.

A significant trend is the decline in the number of unions distributing state benefit, and in the amount of benefits disbursed by the unions from their own funds. This is partly due to the strain of the long depression. Severe unemployment, loss of membership, and difficulty in conforming with the regulations of changing unemployment insurance legislation have been largely responsible. Some unions have abandoned the distribution of state benefit because of the friction caused by workers blaming the union for disqualifications determined by the state. Another cause has been the difficulties unions have faced in advancing funds for the payment of state benefit to their members, and in getting prompt refunds. Shrunken resources of some union schemes, and abandonment of others, constitute still another factor. Unions that have continued to distribute state benefit retain the privilege because they have

advantages in furnishing employment information and in presenting appeals for members in case of disallowance of state benefit.

But there are other reasons for the decline in this traditional function of the trade unions. While some union leaders hold that the paying of benefits is one of the most important functions of their organizations, and that danger lies in any lessening emphasis on it, others take a different view. They are considering whether it is necessary to continue these functions when the Labour Party has such power and when the government is assuming an ever-increasing responsibility for the social services. They ask if the energy consumed in this way might not be utilized to greater advantage in increased effort toward securing better working conditions.

There is no apparent tendency to modify the fundamental tripartite contributory nature of the state scheme, though there have been changes in the proportionate shares of the contributors. The weight of opinion seems to favor a continuance of the present contributory method with the state assuming the burden of those who fail to qualify for benefit. It would have been impracticable in the circumstances to throw any increasing share of the responsibility for chronic unemployment in such industries as coal and the engineering trades upon other industries, and with the emergence of the problem of long-term unemployment, and the consequent adoption of the extended benefit procedure, it was inevitable that the state's contribution to the fund should tend to increase.

Indisputably the contribution of the employment exchanges in promoting labor mobility and improving the administration of unemployment insurance has been considerable. There is much difference of opinion concerning the advantages of centralizing all placement in the national employment system. Officers in some of the busiest exchanges say they are glad to have trade unions and employers' organizations do as much placing as possible and relieve the heavy burden on their offices. Others maintain there cannot be a satisfactory volume of placement, complete elimination of needless tramping for jobs, and planned geographic and occupational distribution of the labor force, until there is compulsory notification of vacancies and all placement is done through the system. Certainly a man's willingness to work cannot be tested unless a job is offered him, and it would seem that the full value of this dual service of exchanges as placement agencies and as disbursers of unemployment benefits cannot be realized until they have a monopoly of placement work. In the meantime, there can be better co-ordination of labor supply and demand if employers and workers co-operate more closely with the exchanges, and training programs are aligned with industrial needs.

A generally recognized defect of the system is the preoccupation of the employment exchanges with unemployment insurance duties, which

has not allowed them sufficient time for proper attention to placements. The Minister of Labour expressed the hope that when the 1930 act released the officials from their onerous duties in connection with verification of "genuinely seeking work" they would have more time for interviewing and placing. Interviews are to be increasingly directed toward instructions for finding work, planning for suitable training or other treatment. But it is probable that only a material reduction of unemployment will release the services of exchange officials for more effective placement work. While, as in the year ending May 6, 1929, approximately 4,000,000 individuals claimed benefit, making a total of about 10,000,000 claims and receiving about 50,000,000 weekly payments, the major emphasis cannot be on placement. However, despite the adverse industrial situation and the consequent burden of unemployment insurance administration, the exchanges attained their high record of placements in 1929. This indicates that the system may be growing in usefulness and in the confidence of employers.

Preventive Measures

Notwithstanding the overwhelming prominence of the relief problem throughout the long depression, a good deal of attention has been directed to the broader aspects of unemployment and experiments with various methods of combating it have been undertaken. Noteworthy among these has been the work of the juvenile advisory committees in promoting the better guidance and placement of juvenile workers. Certainly there is need for such assistance as a safeguard against future unemployment and unemployability for, according to a recent sample study, 93 per cent of the unemployed workers under thirty years had left school at or under the age of fourteen.

The unemployment rate for juveniles has been lower than the rate for adults. An investigation in 1925 indicated that more than one-half of the juveniles secured work within one month after leaving school, and three-fourths within six months. There is little evidence of any serious deterioration of juvenile labor on account of prolonged unemployment, except in the distressed areas. Instructional centers have been established in some of the industrial cities and coal mining districts, and considerable numbers of juveniles are passing through them. If the school-leaving age is advanced to fifteen, and the age of entry into unemployment insurance is lowered from sixteen to fifteen, it is hoped the period during which juveniles are without vocational guidance will be bridged. Due to the declining birth rate there has been a falling off in the number of juvenile workers entering the labor market annually, a development that promises to continue. The expected advance in the

school-leaving age will effect a further reduction. Perhaps the shrinkage in the supply of juveniles may enhance their "scarcity value" and promote better training, vocational guidance, and work standards for these young entrants into industry. The Act of 1930, by requiring that insured persons under the age of eighteen unemployed for a specified period shall be deprived of benefit if they fail to attend approved courses of instruction when so directed, is already promoting better vocational guidance and employment adjustment.

The Labour Exchanges Act of 1909 provided for a juvenile department to give advice and assistance to young workers and the Education Act of 1910 empowered local authorities to assist young persons under seventeen years of age in choosing employment. Arrangements have since been effected for dividing the work between the Ministry of Labour and the education authorities, the former being the administrative head.

In recent years, numbers of young women and girls, mainly from the distressed areas, have been trained in domestic service, receiving a training allowance in lieu of unemployment benefit. Training facilities on a moderate scale have also been developed for men. These include government training centers for handymen who receive unemployment benefit while in training, transfer instructional centers for men who have suffered prolonged unemployment and deterioration of skill to accustom them to regular work, and farm training for men planning to emigrate. No doubt training serves to increase the versatility of the workers and the mobility of labor and to maintain the unemployed person in employable condition; it plays a part in salvaging young people from a life of unskilled labor where the incidence of unemployment is greatest. But training has obvious limitations. Older men cannot be easily trained and there are many unemployed in some of the occupations for which training is being given. As Davison has pointed out, the need in relation to training is that it shall be based on some other test than the prolonged idleness of the individual. Consideration should also be given to the financing of the schemes apart from the insurance fund.

Large sums have been expended on public works in order to reduce unemployment, but the number of workers employed on state aided schemes has never been more than 130,000 at any one time since 1920. Public works offer no permanent solution, since, like "made" or relief work, they may leave the men stranded at the end of the job. They also involve the danger of diverting capital from ordinary industrial channels. However, with long-term planning and careful selection of workers, public works have their place in the prevention program. Steps have been taken to provide credit for industries and to assist manufacturers and distributors in selling their products, and to finance approved plans for rehabilitating businesses, or rationalizing the basic industries.

There has been much study and stock-taking by numerous official commissions which have interested themselves in basic attacks on unemployment. The reports of the Sankey and Samuel commissions contain proposals for the coal industry, and the Balfour Committee's report is replete with suggestions. Indeed, it is sometimes said that there has been more study than action.

The ever-ready suggestion of lowering production costs by reducing wages has been advanced, and in industries such as coal, textiles, and the railroads, general wage cuts have been effected either directly or by increasing hours. It is urged that the increase in real wages from pre-war levels resulting from the disproportionate rise of money wages as compared with the cost of living argues for such a step. But the limit of action in this direction may well have been reached. The strong industrial and political position of organized labor enables it to offer sturdy resistance to wage reductions. Moreover, it is asserted that any such step would be especially unwise in the existing situation; that, instead of lowering the wages of millions of workers in order to counteract the shrinkage in exports, effort should be directed to the alternative of increasing wages and purchasing power to afford a larger home market. It is significant that heavy unemployment exists in some of the industries with extremely low wage rates.

Various other suggestions for the prevention or reduction of unemployment have been put forward by investigating bodies, governmental and private. These include such measures as abandonment of the traditional free trade policy, in favor of "safeguarding" home industry and "economic unity of the Empire," stimulation of raw material production in the dominions as a means of increasing output at home, extension of credit to industries affected by depression, assistance from the banks to promote rationalization of industry, currency control and an imposing program of public works. Reducing production costs by rationalization of industry is advocated as an alternative to wage reductions, although it is recognized that this procedure would entail temporary unemployment. But Beveridge asserts that the present wage level is unwarranted by the productivity of industry, that wages are absorbing an undue proportion of national income and reducing the stream of savings. In that case the financing of rationalization would become more difficult. The Labour Party holds that unemployment could be reduced by shorter working hours, removal of workers from industry at age sixty-five, with larger pensions than are now granted, advancement of the school-leaving age and the withdrawal of young workers from industry.

Recognition of the fundamental problem as an indispensable readjustment of industry to the changed conditions in international trade

seems to be increasing. The Balfour Committee said, "The only real cure for unemployment is the expansion of production and trade," and various measures to that end are being canvassed, and, in some instances, adopted. The line of attack seems to have turned in the direction of the reconditioning or rationalization of industry in the sense of applying scientific methods to every phase of production and distribution. Progressive employers are insisting that there must be increasing application, thinking, planning, and efficiency in office and plant, that selling enterprise must be quickened, and that labor and capital must co-operate to eliminate mutual suspicion and mistrust, and the consequent element of cost in production.

Whether industry at large will reorganize itself as the Balfour Committee asserts it can, or whether it will not, as Clay says experience proves, there have been encouraging examples of action from within the shipbuilding, chemical and other industries. The announcement that the Bank of England will finance approved schemes of rationalization should accelerate the rate of adjustment. There are signs of realization that the isolation of the individual employer, and an individualistic business outlook, are disadvantageous under the existing conditions; that production, marketing, research, and other functions need undivided effort, that isolation and secrecy must be supplanted by co-operation and exchange of information. An increasing number of firms have set up committees consisting of directors, managers, and workers in order to promote co-operation and satisfaction throughout the organization, a movement that promises greater competitive power for the nation's industry.

Considerations Arising Out of British Experience

In whatever way Great Britain may reorganize her attack on unemployment, her experience with unemployment insurance suggests a number of considerations which may well be taken into account in the present discussion of unemployment insurance in the United States.

(1) Unemployment is largely due to poor adjustment of industry to changing conditions in internal and international trade. Unemployment insurance should therefore be so organized as to tend to make all parties in industry more sensitive to shifts in consumer demand, the introduction of new industrial processes and the generally rapid rate of change in industry and trade. It should discourage inertia and promote foresight, planning and power of adaptation in government, employers and workers.

(2) In planning a scheme of unemployment insurance consideration should be given to its ultimate co-ordination with a system of old-age pensions. This will prove especially desirable if the present rate of

change in industrial structure and processes should be maintained or accelerated. The available British experience indicates that while there is little or no evidence of a policy of discriminating against older workers when employees are being released, yet once such workers are dismissed they are likely to be out of work for long periods and to have difficulty in securing new jobs. An unemployment insurance scheme with a dismissal benefit feature would be a protection against this risk and in many cases would suffice to tide the worker over until the age of eligibility for a retirement allowance if a pension plan were in operation. Such a benefit would probably be the most equitable form of compensation to all employees affected by such changes, and would tend to discourage chronic short time and over-manning of industry.

(3) A brief record of unemployment experience may make possible fairly accurate calculation of the cost of seasonal or even cyclical unemployment but not of the emergency situations involved in the long-time employment trend. Accordingly, the costs of the more measurable risks should be determined with all possible precision, and definite limits well within the resources of the scheme should be fixed on the protection afforded against emergency unemployment.

(4) A plan of unemployment insurance should be constructed strictly on insurance lines and no departure from this principle should be permitted in any subsequent revision of the scheme. Provisions such as benefits for dependents and lengthening of the benefit duration period without proportionate increase in contributions establish dangerous precedents and lead to financial disaster unless justified by a record of favorable experience. They introduce consideration of the need of the claimant as against the degree of protection contracted and paid for in his case, which is the only proper determinant of the amount of benefit he should receive. In short, such procedure places a scheme on a relief rather than an insurance basis.

(5) In constructing a plan, decision must be made as to whether the scale of benefits shall be designed to protect the workers' standard of living or merely to provide a subsistence minimum. Great Britain chose the latter procedure, leaving to private industry and trade unions the task of providing payments additional to the state benefits which were scaled to the wages of the unskilled laborer. It appears difficult to maintain the interest of the insured in the higher wage groups in such a plan. The German state scheme has departed from British precedent and has graduated benefits for eleven wage groups. Practically all of the voluntary company and joint plans in the United States and many of those in Great Britain scale benefits and contributions according to wages.

(6) The numerous changes in the British law since the war have been dictated by immediate relief needs or political expediency. Theory and principle have largely been disregarded. The experience suggests that promoters of legislation in the United States, in considering the participation of governments in the cost of unemployment insurance and in fixing the rates, should have regard to these probable consequences.

(7) Unemployment insurance should not be financed by a tax on employment that compels industries and firms with low unemployment rates to share unreasonably the unemployment costs of others with highly irregular employment. The premium structure of the scheme should be designed to encourage effort to reduce the extent of the risks covered as far as practicable. This suggests a system of rebates to employers who afford a specified minimum of regular employment as provided in the Act of 1911, or insurance by industry, or perhaps both should be adopted to secure the fullest application of the principle. As the rebates of the legislation of 1911 were standard for all employers they did not have regard to the possible range of achievement; employers in comparatively regular industries would be able to earn rebates when others in highly seasonal pursuits would fail despite much greater effort. On the other hand insurance by industry under which all contributions and benefits in the industry were on a uniform basis would penalize the managements affording the greatest degree of regular employment for the benefit of those at the margin and would slow down migration from declining to expanding industries. It would seem that in the United States consideration should be given to a scheme of insurance by industry that would contribute to industrial planning, with rebates to firms attaining relatively low unemployment rates as an incentive to plant planning for regularization of employment.

(8) The employers' additional benefit plans, all of which have been set up since the Act of 1920 was passed, bear witness that a government system does not necessarily preclude initiative and experiment on the part of progressive employers.

(9) The extension of the British scheme in 1920 just before a serious depression and the consequent depletion of the fund indicates the importance of timing the initiation of benefit payments with the up-trend of the business cycle so far as careful planning will permit. The unexpected long-term unemployment that came into evidence as the fund was recovering from the depression brought irresistible social pressure for relief of unemployment of this kind which again depleted the fund and forced it to borrow to meet the risks for which it had been planned. Apparently if reserves are not provided against all risks, the fund may be consumed in meeting any one of them.

(10) The administration of a state scheme of unemployment insurance is impracticable without a system of employment exchanges. The exchanges, however, should not be so burdened with the administration of insurance as to impair their efficiency as placement agencies, especially at a time when changes of industrial structure demand a more mobile labor force. Nor should insurance be permitted to interfere with such other functions of the exchanges as vocational guidance, dovetailing of seasonal occupations, and decasualization. It seems advisable that the exchanges should be given time to develop the technique of placement before undertaking the administration of unemployment insurance, but the period allowed should not be unduly extended. Workers will not readily turn to public employment exchanges from their usual methods of finding employment without the inducement offered by unemployment insurance. Their registrations will not be sufficient to permit the calculation of rates of unemployment, nor the best possible organization of the labor market. The congestion due to the large crowds of workers who call at the employment exchanges to receive benefits during times of serious unemployment suggests the need for developing a more decentralized procedure. With a high grade personnel an unemployment insurance scheme may be so administered as to reduce malingering and fraud to a minimum.

(11) The operation of employment exchanges and unemployment insurance in Great Britain has yielded valuable statistical data, but, as the government actuary reported to the Blanesburgh Committee, the scheme has not afforded the information necessary to place it on an actuarial basis. Information on the incidence and duration of extraordinary unemployment is not available except from meagre samples. Complete current data would indicate any increase in unemployment of this kind at an early stage. Such information, together with an industrial classification of contributions and benefits, would shed light on the controversy concerning the efficacy of industrial as compared with state insurance. Payroll statistics and data indicating for each industrial classification the numbers in whose behalf contributions are made would be a valuable supplement. Periodic publication of the scheme's unemployment data classified by age, sex and educational groupings would yield information valuable not only from the standpoint of administration but also of social policy.

(12) With respect to administrative experience, the poor law and unemployment insurance are in striking contrast. No doubt the old poor law system with its decentralized administration and diversity of treatment as between localities brought concentration of hazard and impeded labor mobility and its drastic reorganization was inevitable. The provisions of the unemployment insurance law have applied uniformly

throughout its coverage under a central administration and thus problems which forced poor law revision have been avoided. The federal system of the United States will force a piece-meal approach to unemployment insurance but it should be possible to construct the state systems with a view to their ultimate co-ordination and standardization through co-operative action among regional groups of states or through national legislation.

(13) National compulsory unemployment insurance covering the great majority of the nation's industrial wage earners has not dispensed with the need for a system of poor relief and scientific case work. Experience appears to indicate that unemployment insurance on a limited liability or real insurance basis is practicable only for workers who are usually regularly employed in normal times and that unemployed persons not of this class should be directed to other appropriate agencies. As Davison says, "There must be a second line of defence for those who have exhausted their insurance rights or have been disallowed or have never been insured." Unemployment insurance and public employment service apply only to persons of the former class, that is, "to those fit men and women who have a proved employment value and who are the nation's chief asset."

(14) Once an unemployment insurance scheme is adopted it should not be permitted to become the only or even the major reliance in the struggle against unemployment. There must be a framework of prevention that influences management in individual establishments and entire industries and that also affects governmental policy.

Industry as the world has known it in the last century and a half, came first in Great Britain and she has adapted her life to it to a greater extent than any other nation. Now industry everywhere is faced with the necessity of rapid readjustment to new conditions, and in this task countries with smaller investment in plant, fewer industrial traditions and not so heavily burdened by the war have a decided advantage. The immediate prospect for the present system of unemployment insurance in Great Britain is not bright. To the continuous volume of unemployment of the post-war period has been added the enforced idleness due to a world-wide depression. At the beginning of 1931 the insured unemployed in Great Britain and Northern Ireland numbered 2,662,842, the highest figure since the scheme was inaugurated.

The unemployment insurance fund has attained the largest amount of indebtedness to the Exchequer in its history and the debt is steadily mounting. Some authorities maintain that the cost of unemployment insurance puts British industry at a serious competitive disadvantage. No relief is in sight for there is little hope that the unemployment rate will

enable the income of the fund to cover expenditure in benefits in the near future. The decline in the birth rate during the war and the resultant decrease in the number of entrants into industry promise some relief, but on the other hand such developments as inventions, new methods, amalgamation of plants at home and increasing competition abroad may outweigh this advantage. Public opinion is becoming more averse to the large annual benefit distribution. There is evidence of increasing discontent with palliatives and a growing conviction that the disbursement of huge sums cannot be continued on the assumption that the present condition is a temporary emergency. Unfortunately, the general depression has forced further unavoidable absorption of energy and resources in the work of relief at the expense of progress in preventive measures. The government has evidenced its concern with the general situation by the recent appointment of an Economic Advisory Council with a broad outlook on industry and a nonpartisan approach. With respect to unemployment insurance a government commission has been appointed to re-examine the whole system.

The onlooker is impressed by the endurance power of the insurance scheme; the wonder is that it has not wholly collapsed under the terrific and unprepared-for strain to which it has been subjected in the past ten years. Plainly the alterations effected by the Act of 1930 are not final. Indeed, there is provision for revision of its administrative changes after three years' experience. Changing circumstances and further experience will force structural revision and to a degree any system must be regarded as an experiment, recording action and reaction upon which to base legislation for improvement. The present chaotic condition of the British scheme is explained largely by the adoption of unprecedented means to meet unprecedented conditions not easy to forecast.

But the unfavorable history of the British system of unemployment insurance since the war and its present patchwork condition have caused very little loss of faith in the principle of insurance against unemployment. It is generally held by the closest observers of the scheme that but for its operation these depressing years would have caused far greater distress than has been experienced. Indeed, some maintain that largely due to unemployment insurance the wage earners, apart from those in the distressed areas and industries, have been able to maintain their standard of living in one of the most trying periods of the nation's history. In 1924, the leading bodies of employers approved "making provision for the able and willing worker against what is a normal risk of industrial life to him, just as lack of orders and remuneration is a normal risk to the employer." There does not seem to have been any serious reconsideration of this position.

Much of the criticism of the scheme is entirely negative. It lacks in

constructive suggestion and fails to give the system credit for its achievements. It offers Britain no alternative for the situation confronting her today. The informed critic realizes that but for the unemployment insurance scheme, the nation would have been entirely dependent upon the poor law and private charity for the relief of distress due to involuntary idleness during the trying post-war period. What might have happened in that situation is a somewhat unpleasant subject for speculation. Further, he understands that the breakdown of the scheme, in so far as that has occurred, has been due to the burden of chronic unemployment in declining industries which it was not designed to assume. The promoters of the 1920 scheme could scarcely have been expected to make all necessary allowance for the after effects of a modern world war.

Many foreign critics show no appreciation of the major objective of Britain's unemployment insurance system and its place in her structure of social legislation. For many years, it has been asserted that the nation, by one means or another, has assured a minimum standard of subsistence, that no citizen is allowed to starve. Since the beginning of the century, there has been a steady development of the social outlook reflected in the work of the Royal Commission on the Poor Laws. The new policy seeks more than mere prevention, or relief of extreme poverty; the narrowing of the economic gulf between the rich and the poor is its central purpose.

Evidence of this point of view is available on all sides. All political parties have accepted it in practice in greater or lesser degree, and its tangible results are considerable. The Trade Boards Act, which provides for minimum wages in certain industries, and the various social services have resulted, without question, in a redistribution of income, which has mitigated the worst forms of poverty. Indeed, the condition of wage earners in general is improved, for the social services are not restricted to the lowest paid workers. The Webbs state that the nation is contributing, collectively, toward the maintenance of its poorer citizens, in commodities and services, over twelve times as much per head of population as a century ago and that less than one-eighth of this enlarged contribution is in the form of poor relief. Since 1908, there has been a five-fold expansion of social services, or, considering the rise in the general price level, at least a three-fold expansion.

The Liberal Industrial Inquiry asserted that it was not sufficiently recognized how largely the real distribution of wealth had already been transformed by social expenditure on the one hand, and the graduated taxation of wealth on the other. It was estimated that the benefits which the average working class family derives from the different forms of public expenditure add about 12½ per cent to their income, or 14.7 per

cent if employers' contributions to insurance funds are taken into account. Stanley Baldwin asserts that "the diffused destitution with which we used to be familiar, the chronic uncertainty, the pauper stigma—these things have been greatly reduced, even where they are not abolished, by the State's having taken on the responsibility under the Insurance Acts."

The British people realize that the present unemployment cannot be dealt with by any single expedient nor indeed, for a nation so sensitive to world conditions, by any national program. They can only adopt the measures that promise most effectiveness within the limits of the national horizon and assert themselves vigorously in the international sphere to promote a program mutually advantageous among the nations. In unemployment insurance they face the problem of revising the present scheme to provide protection for the main body of insurable workers and of evolving methods for the care of workers who have exhausted their right to benefit. It seems altogether probable that Britain will continue the age-old process of trial and error and shape on the hard anvil of experience a system better adapted to her needs. She has courageously experimented in this field to her own advantage and to the profit of other nations.

APPENDIX I

ADDITIONAL BENEFIT PLANS OF EMPLOYEES' APPROVED SOCIETIES

British Xylonite Company, Ltd., Hale End

The British Xylonite Company manufactures celluloid products. The working conditions are exceptionally good and the policies liberal. There are holidays and annual vacations with pay, an annual bonus to employees, a pension plan, medical services and additional health benefits, and various welfare activities. Shop committees and a general works committee exist for the purpose of discussing matters affecting the employees.

The normal working week is forty-five hours at Hale End and fifty hours at Brantham.

Additional benefit schemes covered 1,150 workers, or about 67 per cent of the entire force.

The fund was established when the Unemployment Insurance Act of 1920 was passed. After the war this company, like many others, found itself overstaffed. It was reluctant to discharge workers especially when the industrial depression was so severe, and for a long time pursued the policy of letting people share work. But chronic undertime became distasteful, and it also greatly impaired the efficiency of workers. A process of reorganization was therefore undertaken, with the idea of retaining only as many workers as the firm could keep fully employed.

The unemployment fund for the payment of additional benefits is financed wholly by the workers who belong to the employees' approved society, each member contributing 4d. per week. This contribution enables him to draw 3s. per week for a maximum period of twenty-six weeks in any one year. In addition he also draws state benefits, which he obtains at the same time without having to go to the employment exchange for them. All benefits, both state and additional, are paid at the works. The vacant books, usually signed by unemployed persons at the employment exchange, are kept at the office of the employees' approved society. As in all employees' approved societies' schemes, the society must maintain interest in a worker for twelve months after he leaves the firm.

In case appeals for state benefit are refused, they are first reviewed by the secretary of the society, and then, if worth considering, are referred to the local court of referees. In 1928 the secretary appealed and won twenty-three cases of unemployment benefit disallowance.

Only twelve weeks' contributions had been paid into the fund when the industrial depression set in and 50 per cent of the workers were on a short-time schedule. From 1920 to 1922 it was necessary for the employees' approved society to borrow from the firm to cover the abnormal demands on the fund, and it found itself in debt £4,500. Since then it has paid off £1,500, so that in January, 1929, it owed the firm £3,000.

In 1928 the income, through contributions to the employees' approved society, was £770. The additional benefits paid out were £327, and the state benefits were £4,667. The amount spent for administrative expenses was £68.

Debenham, Ltd.

Debenham, Ltd., includes the wholesale department of Debenham and Company; the retail department stores of Harvey, Nichols and Co. Ltd., Debenham and Freebody, and Marshall and Snelgrove, and the clothing and hat factories at Nottingham and Luton.

Out of a total of approximately 6,000 employees, about 4,000 are eligible for unemployment benefits. Of this number 1,629 are factory girls and 2,311 are clerical workers and shop assistants.

The policies of the company are liberal and working conditions are good. Vacations with pay are given to workers and staff members. The company has a pension scheme. Very few employees belong to trade unions, the company priding itself on keeping well in advance of the demands of organized labor.

The usual seasonal work of the department store necessitates the taking of numbers of temporary workers before the Christmas holidays. This group is largely recruited from former workers and from those who have retained membership in the approved society after leaving the company. The normal working week is 44 hours in the wholesale departments and 48 hours in the retail.

In 1912 the two approved societies, Debenham's Approved Society, covering staff members, and Debenham's Workers Approved Society, covering the rank and file of workers, began to administer health insurance. In 1920 they started to administer state unemployment insurance.

The fund for additional unemployment benefits to cover short time is provided entirely by the company. The first deposit was in 1921 when the company established a fund of £561, at that time contributing on the basis of 2*d.* per week for each member of the societies. The amount now contributed for additional unemployment benefits is 1½*d.* per week per worker. The fund covers all short time, but if a worker leaves the employ of the firm he can, by making his own contributions of 1½*d.* per week, continue to draw full benefit for thirteen weeks and half the usual rate for another thirty-nine weeks. Benefits cease if a worker is thirteen weeks in arrears. Any worker over sixteen years of age who has completed three months' service is eligible for additional unemployment benefits.

The rates of benefit are as follows:

1920	{	Man.....	5s per week
		Woman.....	4s per week
		Juveniles*	½ foregoing rates
1926	{	Man.....	7s 6d per week
to		Woman.....	5s 6d per week
1930		Juveniles*	½ foregoing rates

* Juveniles are under eighteen years of age.

It is thus seen that not only were contributions reduced, but benefits were increased as time went on. The present rate of additional benefits exceeds the government requirements for associations of workers.

As one of the objects of administering unemployment insurance through an employees' approved society is to make it unnecessary for workers to use employment exchanges, an unemployed member may sign each day at the company office, instead of reporting to the exchange. If he lives a long distance from the office, he is supplied with a "vacant ticket." In this case a clerk at the employment exchange who deals especially with association claims, regularly endorses the vacant ticket which is mailed to the secretary of his approved society, who then mails the applicant his state benefit and his additional benefit.

The company makes no attempt to use employment exchanges as placement agencies, preferring to co-operate with the Chamber of Commerce, and with the Retail Distributing Association. Administration cost amounts to 2s. per member per year.

In 1928 there was considerable short time in the Nottingham factory which manufactures summer clothing. Additional unemployment benefits were at that time greatly appreciated by the workers and were a boon to the company which was thereby enabled to hold workers in reserve.

Table 39 and Table 40 show the average weekly claims and the amounts paid out yearly by both approved societies from the inception of the scheme until 1928.

Table 39
EXPERIENCE OF DEBENHAM'S APPROVED SOCIETY (STAFF), 1921-1928*

Year	Average Weekly Claims	Additional Benefits Paid		
		£	s	d
1921.....	54	665	16	5
1922.....	29	360	1	6
1923.....	24	269	13	10
1924.....	16	194	16	8
1925.....	8	96	15	8
1926.....	5	52	12	10
1927.....	8	116	17	6
1928.....	3	48	2	2
Total.....		£1,794	16	7

*At the end of 1928 the general fund amounted to £4,369 4s. 10d., of which £4,219 8s. 0d. is on deposit at 5 per cent.

Table 40

EXPERIENCE OF DEBENHAM'S WORKERS' APPROVED SOCIETY, 1921-1928*

Year	Average Weekly Claims	Additional Benefits Paid		
		£	s	d
1921.....	69	638	5	8
1922.....	25	228	13	8
1923.....	19	198	16	8
1924.....	13	113	12	0
1925.....	11	84	19	8
1926.....	4	64	9	4
1927.....	4	49	9	1
1928.....	19	173	12	10
Total.....		£1,551	18	11

*At the end of 1928 the general fund amounted to £2,834 9s. 5d. out of which £2,683 19s. 8d. is on deposit at 5 per cent.

J., T. & T. Taylor, Ltd., Batley

J., T. & T. Taylor, Ltd., manufacture woolen cloth. The company has a successful profit-sharing and co-partnership scheme.

The overseas trade of this firm is carried on in part directly and in part through shippers. When, in normal times, there is irregularity of demand, balance of production is secured by working short time and overtime and by the occasional employment of temporary workers for night work. During the past few years the woolen trade has been depressed and there has been little need for night work. Short time has been very general during this period. The normal working week is forty-eight hours.

There are about 1,600 employees of whom 850 are members of the unemployment insurance section of the company's approved society. This branch of the society's work was inaugurated in 1920. Others of the employees receive their benefits through their trade unions.

As both state and additional benefits are disbursed by the approved society, there is the usual arrangement whereby each worker contributes 2d. a week to the society's unemployment fund. Eligibility and amount of benefit conform to the regular approved society plan.

The scheme is administered by the National Health Insurance Approved Society which also administers extra health benefits. This society does not have control over the dismissal of employees.

Total state and additional unemployment benefits amounted to £2,647 in 1927, which was £995 less than the previous year. Since the scheme was established in 1920, the average annual total has been over £3,000, additional benefits consisting, on the average, of about one-sixth of the total benefits disbursed.

The Eccles Spinning & Manufacturing Co. Ltd., Patricroft near Manchester

This firm manufactures shirtings, drills, towels, and other cotton materials, and exports to practically every country on the Continent as well as to South America. Because of its widely diversified market, there is little trouble with irregular work. The mill runs more or less full time all the year round. The company states that mechanical and other improvements are not causing any reduction in the number of workers.

The card room employees, the spinners, and the loom tacklers, are members of trade unions. Working conditions are good, thus enabling the firm to get the choice of the best class of worker which the district supplies. This organization has a works council, and twice a year the three committees of the council, composed of operative foremen and management men, meet to review the work of the previous six months. At other times each committee meets separately. In case any complaint or suggestion from the operatives is not handled to their satisfaction by the foreman, the matter is referred to the management committee.

The divisional controller of the local employment exchanges in Manchester reports that much placing of workers in this organization is done through the employment exchange, which keeps the firm's waiting list.

The additional unemployment benefit scheme was started in November, 1920.

The number of employees in January, 1929, including boys and girls under sixteen, was approximately 540, and the number of members of the employees' approved society approximately 420.

There was no fund prior to the establishment of the plan, but fortunately, unemployment was so slight that deposits had a chance to accumulate. During the latter part of 1921, and in 1922, there was so much unemployment that the fund was totally absorbed and payment of benefits had to be temporarily suspended. Eventually, when times were better, the fund again was built up. The firm pays into the fund 1*d.* weekly for every employee, and each employee pays 1*d.* weekly also. In other particulars the plan is like the regular approved societies' scheme.

The company provides the secretary and treasurer and does all the clerical work gratis, and as the committee gives its services free, the association has no administration expenses.

Unemployment benefits paid out for 1927 and 1928 were as follows:

1927	£
State benefits	457
Association benefits	76
1928	
State benefits	380
Association benefits	65

The mill stopped long enough in both 1927 and 1928 to bring practically all subscribers on the funds for one week. Otherwise expenditures would have been negligible.

Associated Optical Provident Society

The charge is often made that a group of employees cannot have the advantages of an approved society unless they are in a large organization, but here is a case of many small organizations which have grouped together for the purpose of furnishing additional unemployment benefits to the members of their society. Employers with only three men are included, and the largest employer has only a few over 100 employees. Any employer may withdraw from the society with the consent of five-sixths of the members.

The society was organized in 1922, and is based on practically the same lines as other employees' approved societies in the National Federation. Each employer deducts 2*d.* per week from each employee's wages, in order to establish the fund.

Additional unemployment benefits are paid only when state unemployment benefits are payable, provided that no member of the society is entitled to benefit until he has made twelve contributions. State benefits are paid at the same time as the additional benefits, which are 5*s.* a week.

The management of the society is vested first in the committee of management, consisting of one employer and two employees selected by the joint committee. The latter consists of a representative of both sections elected by each participating firm. The committee of management reserves the right to expel any member whose character or conduct is detrimental to the interest of the society, or who makes a false claim in connection with benefits, or who does not make every endeavor to put himself in such a position that he need no longer remain a charge on the funds of the society.

The industry has been in a flourishing condition during the six years in which the plan has operated, with the result that unemployment remained low. There have been no more than five on the register in any year and these were for short periods.

South Metropolitan Gas Co., London

In 1927, under the guidance of Henry Lesser, the South Metropolitan Gas Company contracted out of all state insurance and established a unified system of contributions and benefits to cover all hazards; widows' pension with additional allowance for children, orphans' pension, sickness benefit, disablement benefit, maternity benefit, medical attendance and treatment, convalescent home treatment, and unemployment benefit.

Only co-partners (there is a co-partnership plan in this company) who have been on the permanent staff for at least three years of service are eligible. About 5,000 people are covered.

It was necessary to make arrangements for all measures, excepting unemployment benefit, through the Ministry of Health, and as the company is a public utilities concern, unemployment insurance is administered without taking advantage of the provision for excepting workers.

The members' contributions are for the special class, 5s. 3d. a week; for class 1, 3s.; for class 2, 2s. 9d.; for class 3, 2s. 6d.

Dr. Carpenter, the chairman of the company, stated,

Under our all-in scheme the benefits it provides will be in place of those given under the State scheme. I think that I may sum up the advantages when I say that the benefits will be greater and the cost less, while adequate provision has been made for those who, on leaving our service, automatically take up State benefits and deduct State contributions. . . . Through our scheme, we have been enabled to take the statutory conditions and, freeing them from inflexibility, apply them to every-day conditions of the lives of our employees.

The workers of this company received the scheme with full co-operation. Members' contributions are 4d. a week less "taken as a whole" than they would be under the state scheme. Moreover, no cards have to be stamped, and the rest of the administrative machinery no longer applies. Deductions are made from wages, and when a claim arises a medical or other certificate is produced and benefit paid with the minimum of trouble and formality.

Arrangements to the satisfaction of the Ministry of Health have been made for persons who leave the employment of the company. One-half of their total contributions, with simple interest at 3 per cent per annum, is returned to them on leaving. A member leaving the company's service is entitled to benefit for a period of two years.

Workers receive unemployment benefit for twenty-six weeks in any year, with extensions subject to the committee's discretion, and the amount received is 18s. a week with an additional allowance for a wife of 5s. a week and for each child of 2s. a week.

Mr. Lesser states that employers will eventually pay less than they would under the state scheme. They have the responsibility of maintaining solvency, and they forego all state grants, in spite of which they are satisfied that there will be a saving.

The bookkeeping is greatly simplified, as there is just one set of books to keep, and there is no necessity to make returns to the central department and to carry on other machinery of the state scheme.

The *London Times* of February 25, 1929, said that the new scheme "is the first contracting out scheme which has been approved by the Minister of Health under the Act of 1925."

The company feels that the chief benefit to be derived from this scheme is an improvement in personal relations between employers and employees. Mr. Lesser stated, "We think our system will be beneficial in more than one respect, and it may prove to be an encouragement to other undertakings. We have had that thought in mind, and we should not be surprised if eventually it suggests to Parliament and other concerns an alternative solution to what is unquestionably a great social problem."

APPENDIX II

ADDITIONAL BENEFIT PLANS OF INDIVIDUAL FIRMS AND THEIR EMPLOYEES

For the purpose of this study the fifteen employers' additional benefit plans have been classified in two groups (1) joint trade union and employers' schemes, of which there are only two, and (2) employers' schemes without union co-operation, comprising the remaining thirteen schemes. The latter group has been subdivided on the basis of method of financing. Four of the thirteen plans are of the employment guarantee type, in which the employers bear the entire cost; several others are also supported by employers; while in the remainder, contributions from workers are relied on for part or all of the needed funds.

The industries represented include dyeing, chocolates and confectionery, stationery and paper products, soap, steel, and drugs and chemical products. It may be noted that these industries, except certain chemicals, do not belong to the "safeguarded" group. In several of them, however, the percentage of workers unemployed has been lower during recent years than the general average for all industries. It would, of course, be a mistake to regard this fact as evidence in favor of a presumption (which may be justified on other grounds) that plans of this kind are more likely to emerge in industries which enjoy a low rate of unemployment. The schemes which are outlined below are evidence not of the exceptional capacity of certain industries to pay additional benefits, but of the initiative and far-sightedness of certain employers. It is significant that, without exception, the firms which provide for additional unemployment benefits pay wages higher than the average in their industries, and have correspondingly favorable conditions as regards hours, vacations with pay, medical services, supplementary health and old-age benefits, and working conditions in general.

JOINT TRADE UNION AND EMPLOYERS' SCHEMES

Match Industry

This scheme, adopted in April, 1921, by the joint industrial council of the industry, is the only one of its kind which covers practically a whole industry. It includes within its scope six companies employing 95 per cent of the workers in the industry, of whom about twenty-five hundred employees, or one-half of the total number engaged in the industry, are eligible for benefits. The object of the scheme as stated by the joint industrial council, consisting of representatives of employers and workers,

is "to remove as completely as possible from the minds of the workers the anxiety which they may feel owing to the risk of unemployment through trade depression." Co-operation between employers and trade unions is an essential feature of the plan, and the payment of a weekly contribution to his trade union is a necessary membership qualification for every employee. Sir George W. Paton, chairman of Bryant and May, Limited, the largest match-manufacturing concern in Great Britain, states that "the reasons for this are the desire to protect the position of the unions and to help those who help themselves."

The additional unemployment benefit scheme is by no means the only advance made by the industry in the direction of improved conditions of employment; wages, holidays and conditions of work throughout the industry are generally good. In addition, there are works committees in operation, as part of the joint industrial council system, and Bryant and May, Limited, has a successful co-partnership plan.

Unemployment Fund.—At the inception of the scheme it was stipulated that a sum equal to 1 per cent of the amount paid out in wages should be set aside yearly by each firm until the fund equaled 5 per cent of the payroll, or £25,000, whichever sum should be the greater, and that this sum should be maintained. The liability of the industry is strictly limited to the amount in the fund. Any employer may discontinue contributions on three months' notice. The maximum amount of £25,000 has been subscribed and the total invested fund amounted to more than £26,500 in January, 1929. The chairman and managing director of the largest firm in the industry has stated that the contributions of 1 per cent of the payroll do not constitute a heavy burden on the industry.

Administration of the additional benefits is in the hands of an unemployment committee, appointed by the joint industrial council of the industry, whose decision is final.

Benefits Payable.—Eligibility is limited to persons over eighteen years of age, employed by firms co-operating in the scheme, who have been regularly employed in the industry for a continuous period of six months immediately prior to their unemployment, and who are represented, through their trade unions, on the joint industrial council of the match manufacturing industry. Other benefit conditions are practically the same as under the state unemployment insurance scheme.

The unemployed worker receives one week's benefit for every two months employed up to two and one-half years and one week's benefit for each complete year beyond two and one-half years' employment. He must, however, have been an adult at the time of his employment and must have been continuously employed in the industry immediately prior to his unemployment.

Unlike the state scheme, there is no waiting period; the additional benefits are paid for the first week of unemployment. A worker may also continue to receive benefits from the fund when his right to state benefit has expired. Workers receive the benefit to which they are entitled under

the state scheme in the ordinary way at the public employment exchanges, and must comply with the requirements of the exchanges regarding registration.

The rates of benefit were proportionate to individual earnings in the early stages of the fund. At the present time (1930) they are as follows: for men, married or single, 9s. per week, together with 1s. 6d. per week for each dependent child who is under sixteen years of age or who is receiving full-time instruction at a school, university, college or other educational establishment; for women, 5s. per week, together with 1s. 6d. per week for each dependent child as defined above, where the father is deceased or is unable to contribute to its support.

Additional Benefits Paid by the Trade Unions.—Each worker contributes 2d. per week to his trade union. These contributions, although

Table 41
EXPERIENCE OF THE MATCH INDUSTRY UNEMPLOYMENT BENEFIT SCHEME,
 1921-1928

Year	Factory and Cause of Unemployment	Number of Beneficiaries	Number of Weeks' Benefit Paid	Maximum Number of Weeks' Benefit Paid to One Worker	Total Amount of Benefit		
					£	s	d
1921	Factory No. 1 (closed down).....	23	286	22	119	8	8
1922	Factory No. 2 (closed down).....	104	738	18	262	16	11
1923	Factory No. 3 (1 branch)* (reduction in staff).....	7	98	18	34	6	0
1924	Factory No. 4 (worker laid off for two weeks).....	1	2	2		6	0
1926	Factory No. 5 (closed for two weeks)...	16	32	2	6	4	4
	Factory No. 6 (reduction in staff).....	8	124	27	80	14	6
1927	Factory No. 4 (closed down).....	14	221	24	45	9	0
	Factory No. 3 (2 branches) (reduction in staff).....	7	106	22	46	19	0
	Factory No. 3 (2 branches) (closed for two weeks)...	307	481	2	131	10	2
	Factory No. 3 (3 branches) (closed for two weeks)...	62	122	2	56	6	6
	Factory No. 3 (1 branch) (closed for three weeks)	37	109	3	24	13	6
	Factory No. 5 (closed for three weeks)	21	63	3	9	7	10
1928	Factory No. 6 (closed for two weeks)...	115	221	2	74	18	0
	Total.....	722 ^b	2,603	27	893	0	5

* Branches of Factory No. 3 in different parts of the country.

^b In this total the same worker may be counted more than once if he drew benefit in more than one year.

under the control of the union, are actually paid over to the treasurer of the joint industrial council, who is also treasurer of the fund constituted by employers' contributions, and pays out benefits on behalf of the unions. These benefits are at the rate of 6s. per week for men and women alike.

It is expressly stated that the total benefit, including the amounts payable by the state, the trade unions and the additional benefits provided by the fund must not exceed the average wage of the worker.

Experience.—The number of workers who have drawn benefit, the total number of weeks for which benefits were paid, and the total amount paid in each year since the inception of the scheme are shown in Table 41. The figures indicate that the average duration of the compensated unemployment was 3.6 weeks.

The Bradford Dyers' Association, Ltd.

In addition to the formal plan involving co-operation between employers and organizations of workers in the match industry, there is a similar plan of an informal nature. In 1907, four years before the institution of the state unemployment insurance scheme, the Bradford Dyers' Association entered into an agreement with the unions in the industry to pay a dismissal benefit for twenty weeks to men "displaced from any cause." This benefit, which amounted to 16s. per week for the first ten weeks, and 10s. for the next ten weeks, was paid out of a fund provided by the association and the unions. The number of workers covered by the agreement was about five thousand, and the amount of benefit paid reached a maximum of £1,125 in 1908. Considering the cost of living at the time, the rates of benefit were generous in comparison with those provided by the state at present.

With the institution of the state scheme, the formal agreement between the Bradford Dyers' Association and the trade unions lapsed. It is still usual, however, when dismissals occur, for reasons such as amalgamation, for the unions to pay out additional benefits of 20s. per week, up to a maximum of twenty weeks, and for the association to reimburse them for half of such expenditure.

Since 1920 attempts have been made at various times to formulate a permanent plan providing additional benefits for workers affected by short time employment, which is more prevalent than total unemployment. The association submitted plans for a joint unemployment and under-employment fund, made up of 1 per cent of earnings from both employers and workers. The proposal was rejected by the workers, who were not prepared to make any payments in addition to their contributions under the state scheme.¹

¹ It may be noted that the Bradford Dyers' Association has been a persistent advocate of insurance by industry. It claims that such a system, or some provision which would enable them to "contract out" of the state scheme, would enable them to pay unemployment benefits "on an adequate scale," the present rates being considered inadequate, and at the same time provide them with a strong pecuniary inducement to reduce unemployment among their workers. Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report, op. cit.*, Vol. 2, pp. 187-189.

COMPANY PLANS WITHOUT UNION CO-OPERATION

FUNDS SUPPORTED BY EMPLOYERS

Rowntree and Company, Cocoa Works, York

The name of the chairman of directors of the cocoa works, at York, B. Seebohm Rowntree, has been associated for many years with progressive management and liberal industrial outlook and policies. Good wages are paid in the firm's factories, working conditions are of a high standard, and every endeavor is made, by means of vacations with pay, pensions, medical service, additional health benefits and other similar provisions, to secure the well-being and cordial co-operation of the working force. The institution of the additional unemployment benefit scheme in 1921 was due largely to the recognition that employers owed the workers more than high wages and good working conditions. It was also necessary to remove from the worker's mind the sense of insecurity which the unemployment of the post-war depression had rendered particularly acute.

For the first year after its inception, the scheme remained in a more or less experimental form, but in January, 1922, it was established on a permanent basis. In September, 1929, the number of employees covered and eligible for benefits in case of unemployment was 5,530 out of a total staff of 6,064.²

As in the case of the match industry scheme, a friendly relationship is maintained with the trade unions, and the payment of a stipulated weekly sum³ into a trade union or other approved benefit society is one of the conditions of eligibility.⁴

The company frankly recognizes its dependence on the state scheme, but considers the benefits inadequate and that they should be supplemented. There is no desire to "contract out" of the national plan; although the management exerts itself to reduce unemployment to a minimum, it has found the state benefit indispensable as a contribution to the cost of adequately relieving its workers during periods of unemployment which it cannot prevent because of the nature of the industry. This opinion in a plant where planning, forecasting, budgeting and other stabilization methods are employed, has much significance.

Unemployment Fund.—The company alone contributes to the unemployment fund. It set aside the sum of £10,000 in January, 1921, when the scheme was established, and undertook to provide annually a sum not exceeding 1 per cent of the payroll, sufficient to keep the fund to a

² Every employee of the company, whether at York or elsewhere, is eligible for benefit.

³ This sum consists of 2d. per week, which assures from the trade union or approved society a weekly benefit of at least 2s. per week, or any larger sum which the society insuring the majority of the workers can afford. This society insuring the majority of the workers was instituted by the local branch of the trade union in order to comply with the requirements of the Rowntree scheme. The firm made this stipulation chiefly on the ground of "a desire to protect the position of the unions."

⁴ It may be noted that 90 per cent of the women and 95 per cent of the men factory operatives employed by the company at York are members of trade unions.

total of £10,000, or 1 per cent of the wage bill for the time being, whichever is the greater. The company is not liable for any benefits beyond those which may be paid out of the fund so constituted, and reserves the right to discontinue the scheme on three months' notice.⁵

The administration is in the hands of an unemployment committee appointed by the central works council. At times of pressure the firm renders some assistance to the local employment exchange in the work of administering the state benefits.

Benefits Payable.—All unemployed workers between the ages of eighteen and sixty-five (pension age) who have been with the company for at least six months, and have regularly paid a contribution of not less than 2d. per week into the funds of their trade union or other approved benefit society, are eligible for the additional unemployment benefits. A worker is disqualified for the company's benefit if he has been discharged for misconduct or misbehavior, or has left the employ of the firm without just cause, or is unemployed in consequence of a stoppage of work directly due to a trade dispute, whether at the company's works or elsewhere.

In calculating the amount of benefit payable, the firm assumes that benefits have been received from the state and from a trade union or other approved society. The firm's scheme provides that, together with these benefits, persons wholly unemployed shall receive 50 per cent of their average weekly earnings. In the case of married men, this is increased to 60 per cent, with an additional allowance of 5 per cent for every dependent child up to a maximum of three. No worker may draw more than 75 per cent of his normal earnings, or £5 per week, whichever sum is the smaller. The minimum is £1.5s. per week, except in the case of a worker under twenty years of age, when it is £1 per week.⁶

Benefit is payable from termination of employment. Adults who have been employed two and one-half years or less are entitled to one week of benefit for two months of employment; those with longer service receive one week of benefit for each three months of employment. In addition, partial benefit, amounting to 80 per cent of full benefit, is payable for short time resulting from shortage of work. Workers receive guaranteed minimum rates if they lose time amounting to not less than one hour in any day, because of heat or of machine difficulties over which they have no control.⁷ The firm pays the amount of state benefit during the first waiting period when no benefit is paid by the state. In no case may the amount of partial unemployment benefit be less than the amount of state benefit which would be due in respect of the time lost if it were payable.

⁵ The chairman of the company, Mr. E. Seebohm Rowntree, considers that this provision is an important factor in creating a sense of responsibility with regard to the administration of the fund.

⁶ The case of married women does not arise, since women workers are dismissed on marriage and only in one or two exceptional cases are they employed by the company. These exceptional cases are either widows, or women with invalid husbands, who are treated as single women with dependents.

⁷ This payment is based on an agreement between the employers and trade unions represented on the Interim Industrial Reconstruction Committee of the industry.

A special provision enables a discharged worker to draw in a lump sum 75 per cent of the total unemployment benefit to which he would normally be entitled in the form of weekly payments, together with a "leaving gratuity" consisting of a week's wage for each year of service in excess of five years.

Experience.—Table 42 shows for the years 1923-1928 the number of workers in the company's employ, the number covered by the unemployment benefit scheme (those aged eighteen years or over), the number of workers to whom benefits were paid, and the total amounts of benefit expended.

Table 42
NUMBER OF EMPLOYEES, BENEFICIARIES, AND EXPENDITURES FOR
BENEFIT, ROWNTREE AND CO., LTD., 1923-1928

Classification	1923	1924	1925	1926	1927	1928
Number Employed						
Men.....	3,515	3,340	3,311	3,260	3,245	3,167
Women.....	3,586	3,380	3,321	3,407	3,422	3,226
Total.....	7,111	6,720	6,632	6,667	6,667	6,393
Number Covered*						
Men.....	3,247	3,053	3,048	2,999	2,990	2,914
Women.....	3,009	2,830	2,798	2,871	2,855	2,708
Total.....	6,256	5,883	5,846	5,870	5,845	5,622
Number of Beneficiaries						
Partial						
Men.....	1,326	900	739	556	833	1,289
Women.....	1,487	1,646	1,270	1,340	2,607	1,838
Total.....	2,813	2,546	2,009	1,896	3,440	3,127
Full						
Men.....	107	178	104	42	35	111
Women.....	...	8	...	...	...	4
Total.....	107	186	104	42	35	115
Amount of Benefit Paid						
Partial.....	£4,556	£4,824	£2,902	£4,805	£4,676	£9,130
Full.....	988	2,396	1,472	750	196	1,244
Total ^b	£5,544	£9,834 ^a	£5,365	£6,273	£4,965	£10,769

* Workers 18 years of age and over.

^b Includes lump sums and service payments.

^a In 1924 an unusually large sum (£2,000, was disbursed in the form of lump-sum payments to workers dismissed on account of reorganisation. Most of this money was given in the form of dismissal benefits, and in addition 23 workers were enabled by this means to go into business in their own account.

The unemployment for which provision is made by the fund is largely seasonal. The demand for confectionery varies greatly throughout the year and the perishable nature of the product precludes extensive manufacturing for stock. The management is faced with two alternatives—the engagement of a large number of seasonal or temporary workers for the busy period, or employment of a permanent force sufficiently large to cope with peak loads, but working short time during slack seasons. The latter method has been resorted to during the past few years. In the week ending December 31, 1928, for example, there were 657 persons working short time, some being unemployed during one-fifth of the normal working time, some during one-third, and others during as much as one-half.⁸ Fluctuations in hours worked are more marked among female than male workers, due largely to the type of job they hold (Chart 8). During 1928, short time was so prevalent that the company agreed to make a supplementary payment to girls eighteen years of age and over of £1 per week for every week of short time in excess of nine weeks; 238 workers benefited by this additional scheme and the total cost was £309.

It has always been the policy of the company to attempt to place discharged workers in other jobs.⁹

The special arrangement under which a discharged worker receives as a lump sum 75 per cent of the total amount of benefit to which he would ordinarily be entitled in the form of weekly payments resulted in the following annual expenditures by the committee in charge:

Year	£
1924	550
1925	513
1926	718
1927	93
1928	427

Additional Benefits Paid by the Employees.—Generous as the provisions of the Rowntree scheme have been, the employees have thought it worth while to supplement them. In April, 1929, a voluntary levy was decided on at the rate of 6d. per week for every worker earning 65s. or less per week, and 1s. per week for those earning more than 65s. The

⁸ During the week in question 82 workers were on short time to the extent of 50 per cent of the normal working hours; 133 to the extent of 33½ per cent; 348, 25 per cent; 11, 20 per cent; 76, 15 per cent; and 7, 10 per cent; total 657 on short time.

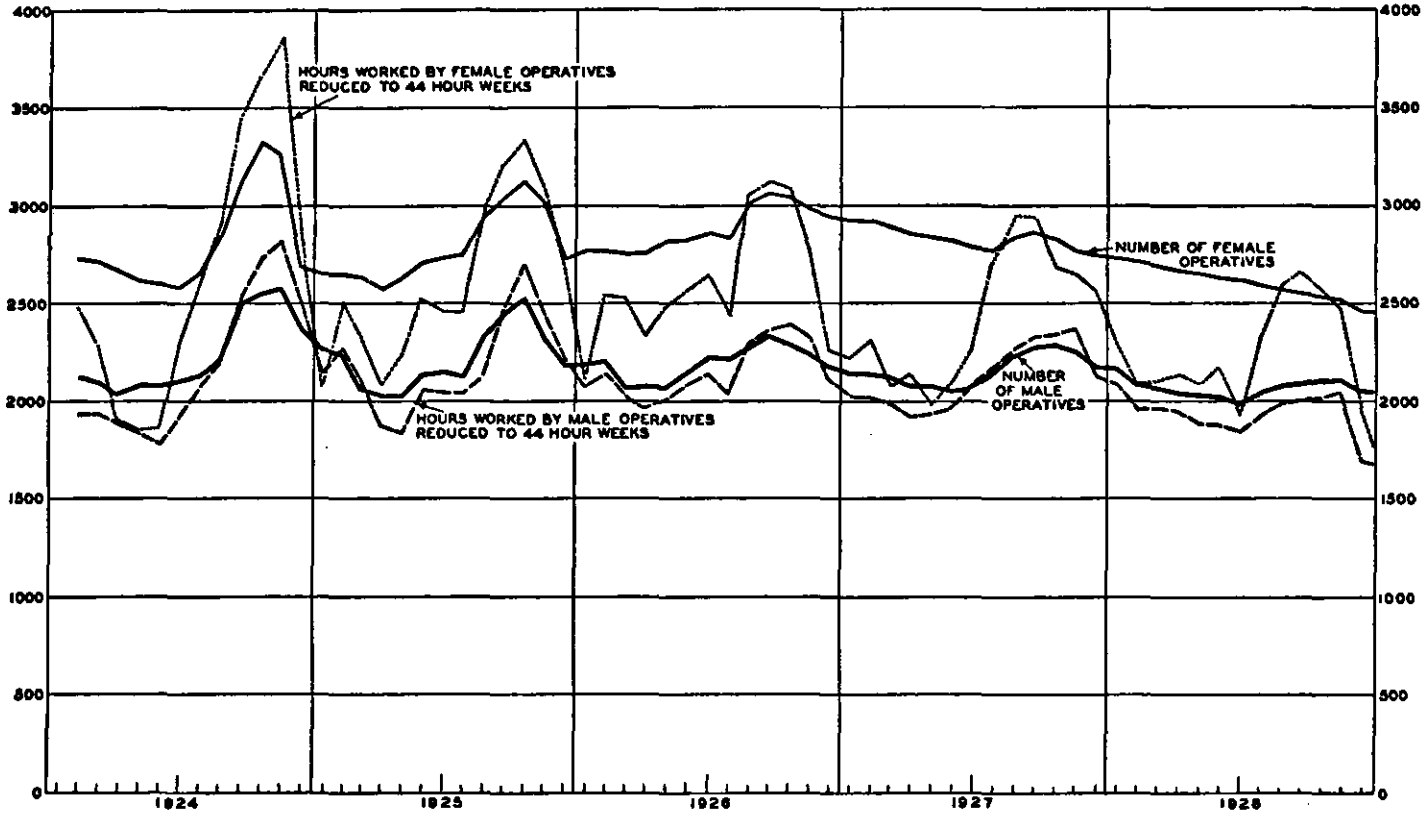
The number of workers engaged temporarily during the busy season was 556 in 1924, 270 in 1925, 30 in 1926, 65 in 1927, and none in 1928. On the other hand, the average weekly number of workers on short time during the year ending September 30 increased from 377 in 1925-1926 to 916 in 1926-1927 and 736 in 1927-1928.

⁹ It is of some importance to note that workers are effectively safeguarded against arbitrary dismissal. When it is proposed to dismiss workers on account of lack of work, the list of those selected for dismissal is submitted to the shop steward for information and approval before the notices are issued. In the event of nonagreement, each case is further considered by the management and the shop steward, in conjunction with the employment department, with whom the final decision rests. In all other cases of dismissal the shop steward is informed of the reasons for dismissal before notice is issued.

Any worker who is either suspended or dismissed has the right of appeal to an appeal committee, which consists of five persons, two appointed by the company and two appointed by the worker members of the central works council, with a chairman appointed by these four members.

Chart 8

NUMBER OF OPERATIVES, EXCLUDING BUILDERS, EMPLOYED AT THE END OF EACH FOUR-WEEKLY PERIOD,
ROWNTREE AND CO., LTD., 1924-1929



fund so constituted is to be used for paying additional unemployment benefits and, in particular, to advance money to unemployed workers transferred out of York to other factories.¹⁰

Cadbury Brothers, Ltd., Bournville

Cocoa, Chocolate, and Confectionery Manufacturers

Cadbury's of Bournville is well known for its high standard of management and working conditions and many welfare activities, which include supplementary health and pension schemes, provision of medical service, educational facilities and model houses for the workers. Works councils and shop committees are in operation in the factories and deal with matters of common interest to workers and management.

The company makes every endeavor to insure, through budgeting planning, and the transfer of workers from one department to another that the highest possible degree of regularity of employment shall be maintained.¹¹ As in the case of other firms engaged in the same industry however, the varying demand for the product and the impossibility of manufacturing chocolates and confectionery for stock, have made seasonal fluctuations in employment inevitable. The engagement of temporary workers is avoided as far as possible and overtime and short time are resorted to in busy and slack seasons.¹²

For some years the practice of the firm has been to compensate workers for unavoidable short time, and in November, 1923, a welfare fund was set up with the dual purpose of placing this system of compensation on a permanent basis and of providing a means for employees with five or more years' service to share in the profits of the company. In addition, a dismissal benefit scheme, instituted in December, 1920, makes provision for additional benefits to workers dismissed because of inefficiency or because no work was available for them. These payments supplement the state benefits, which were regarded as inadequate.

The number of workers employed by the company on May 25, 1929, was 8,135 at Bournville and about 900 in subsidiary factories.

Unemployment Fund.—The company alone contributes to the fund from which unemployment benefits are paid. Each annual contribution consists of a sum equal to the average annual dividend payable for the three years ending on the current June 30, on a block of shares, nominally set aside, which would have yielded dividends averaging £50,000 for the three years ended June 30, 1923. In addition, since the annual contribution so calculated is subject to income tax, an amount equal to the income tax payable is added to the contribution. The sum required for short-time benefits is the first charge on the income of the welfare

¹⁰ About £8 is the maximum paid in a lump sum out of this fund.

¹¹ For example, careful records are kept of the various operations for which each worker has been trained and reference is made to these records whenever exceptional demands for particular products make it necessary to transfer workers from one department to another.

¹² Labor turnover is very low, being estimated "under normal conditions" as 4.3 per cent in the case of male workers and 8.75 per cent in the case of female workers.

BENEFIT PLANS OF FIRMS AND THEIR EMPLOYEES 415

fund, and on June 30 each year the surplus income is distributed to employees according to sex, age and length of service.

The welfare fund is administered by an administration committee consisting of two directors and two workers' representatives appointed by the workers' representatives on the works councils. The company reserves the right to withdraw, suspend or amend the scheme at any time after six months' notice to the works councils.

Benefits Payable.—Short-time benefits are payable in case of short time or temporary unemployment due to causes other than hot weather and temporary defects in or break-down of machinery. Workers receive guaranteed minimum rates if they lose time amounting to not less than one hour in any day, because of heat or of machine difficulties over which they have no control.¹⁸ When the time worked is over four hours less than the normal working week these benefits are paid to all workers, irrespective of age or length of service, with the exception of traveling salesmen and employees who are not affected by short time and receive commissions based on profits or returns.

The following tabulation shows the weekly rates of benefit payable

Class	State Benefit		Additional Benefit		Total	
	s	d	s	d	s	d
Unmarried men and boys aged:						
14.....	.....	.....	10	0	10	0
15.....	.....	.....	13	6	13	6
16.....	.....	.....	16	0	16	0
16 30-52 ^a	6	0	10	0	16	0
17.....	6	0	13	0	19	0
18.....	10	0	10	0	20	0
19.....	12	0	10	0	22	0
20.....	14	0	18	0	32	0
21 and over.....	17	0	26	0	43	0
Married men (aged 21 and over)						
No children.....	24	0	25	0	49	0
One child.....	26	0	25	0	51	0
Two children.....	28	0	25	0	53	0
Women and girls, aged:						
14.....	.....	.....	10	0	10	0
15.....	.....	.....	13	6	13	6
16.....	.....	.....	16	0	16	0
16 30-52 ^a	5	0	11	0	16	0
17.....	5	0	14	0	19	0
18.....	8	0	12	0	20	0
19.....	10	0	12	0	22	0
20.....	12	0	12	0	24	0
21 and over.....	15	0	12	0	27	0

^a State unemployment insurance benefits are not payable unless thirty or more contributions have been paid in the two years preceding the date of the claim. In the case of youths and girls, who start contributing at the age of sixteen years, this qualification clearly cannot be satisfied until at least thirty weeks after the attainment of that age.

¹⁸ This payment is based on an agreement between the employers and trade unions represented on the Interim Industrial Reconstruction Committee of the industry.

from the fund prior to the passage of the Unemployment Insurance Act of 1930, together with the amounts which the worker, if eligible, could draw from the state fund.

A worker who is not eligible for state benefit may draw weekly an amount equal to the sum of the state benefit and the additional benefit normally payable from the fund.

In no case may the total benefits drawn from all sources exceed (1) 80 per cent of the average weekly earnings prior to the unemployment or short time in question, or (2) the current standard wages of general laborers in the factory or department in which the worker is employed whichever is the higher. Close co-operation is maintained with the public employment exchanges and an arrangement is in force whereby unemployed women and girls may draw state unemployment insurance benefit at the Cadbury works. This, it is stated, has worked efficiently both from the point of view of the exchanges and of the workers. The average weekly amount of state benefit so paid out during 1928 was approximately £465 (Chart 9).

There is no established fund to cover the cost of dismissal benefits, both the benefit paid and the cost of administration being direct charges on the company. Administration is in the hands of the wages department of the company. All questions in dispute are referred to the works councils, composed of eight representatives from the workers and eight from the management. This dismissal benefit scheme may be terminated after six months' notice to the works councils.

If a worker is discharged because of lack of work or inefficiency, dismissal benefits are paid by the company at the following weekly rates:

Classification	1st 9 Weeks	2nd 9 Weeks
Men and boys—		
Married.....	22s	11s
Single.....	16s	8s
Women and girls.....	10s	5s

In order to be eligible for these benefits a discharged worker must have been continuously in the service of the company for two years or more. Workers who have served less than two years, but not less than six months are given a proportionate allowance. There is, in addition, an age qualification: full dismissal benefits are payable only to men of twenty-one years and over and women of eighteen years and over. In the case of men under twenty-one and women under eighteen years, benefits are paid at half the above rates. An applicant must have applied in the prescribed manner and must also have made unsuccessful application for work to his trade union and to the employment exchange. Workers who voluntarily leave the company, or are discharged for misconduct, or are in receipt of or entitled to pensions from the company, are not eligible for dismissal benefits.¹⁴

¹⁴ Discharges on account of misconduct are reviewed by a special discipline tribunal. It is the usual practice of this tribunal to interview discharged workers personally. The trade unions take action only in cases which they regard as unfairly or harshly treated.

Chart 9

AMOUNT OF BENEFIT PAID ON BEHALF OF STATE, TO WOMEN AND GIRLS, CADBURY BROTHERS, LTD., 1928

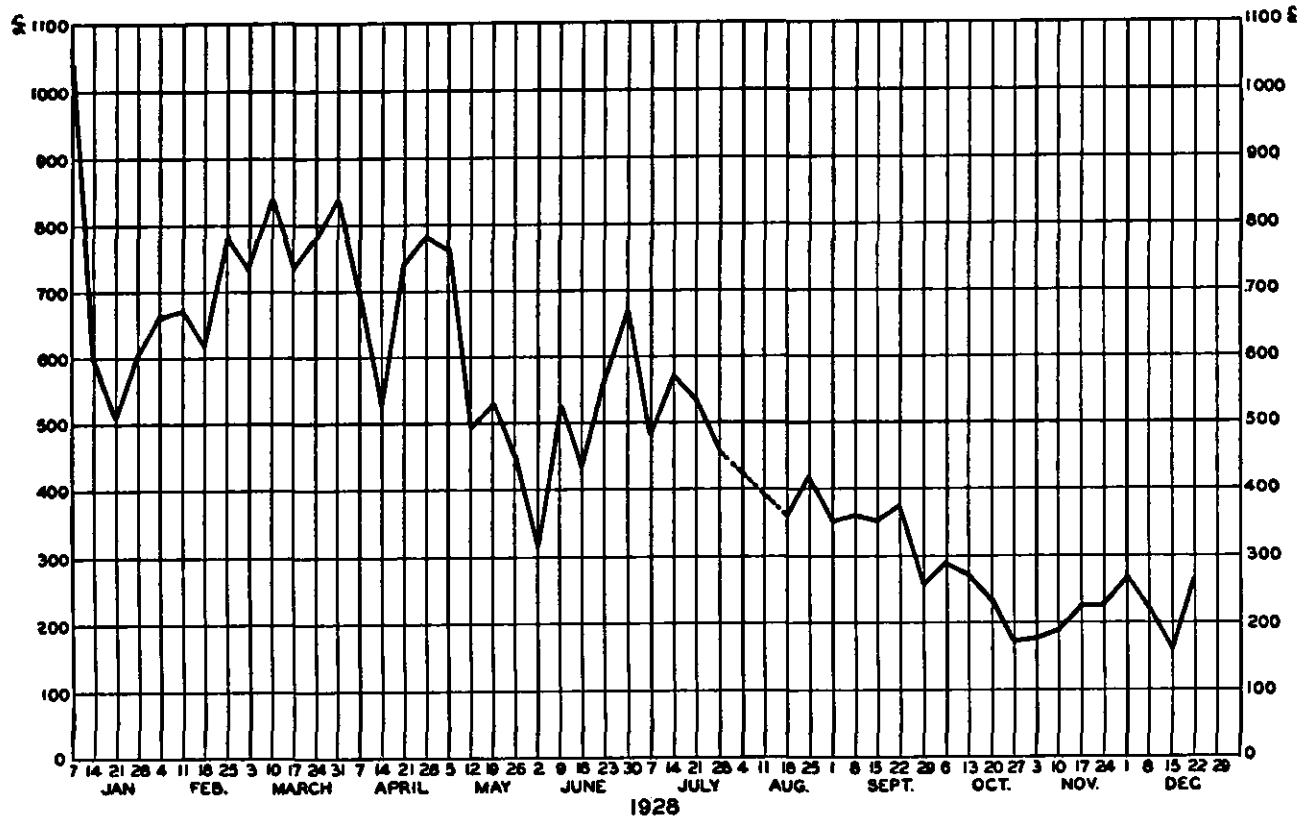


Chart 10

SHORT-TIME BENEFIT PAYMENTS, CADBURY BROTHERS, LTD., 1928

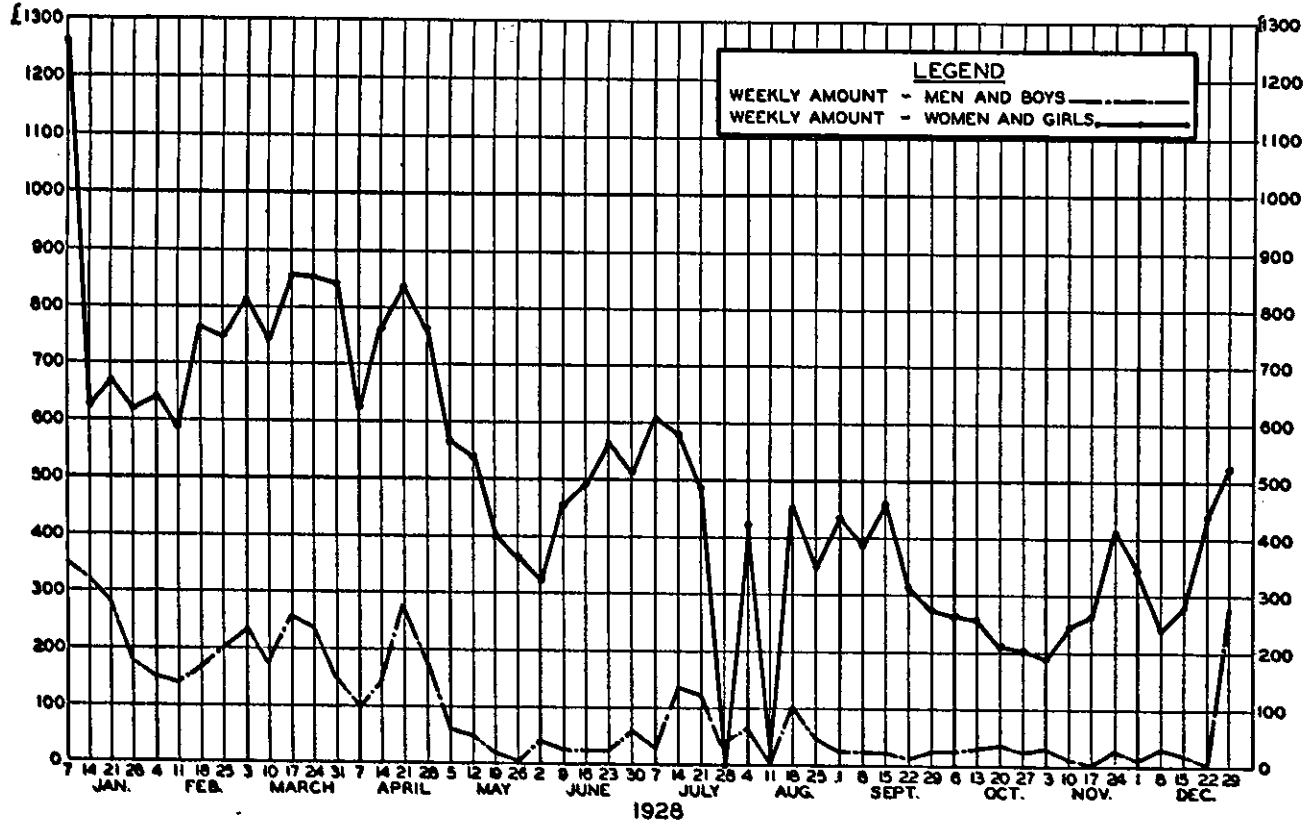


Chart 11

EMPLOYEES ELIGIBLE FOR SHORT-TIME BENEFITS, AND BENEFICIARIES, CADBURY BROTHERS, LTD., 1928

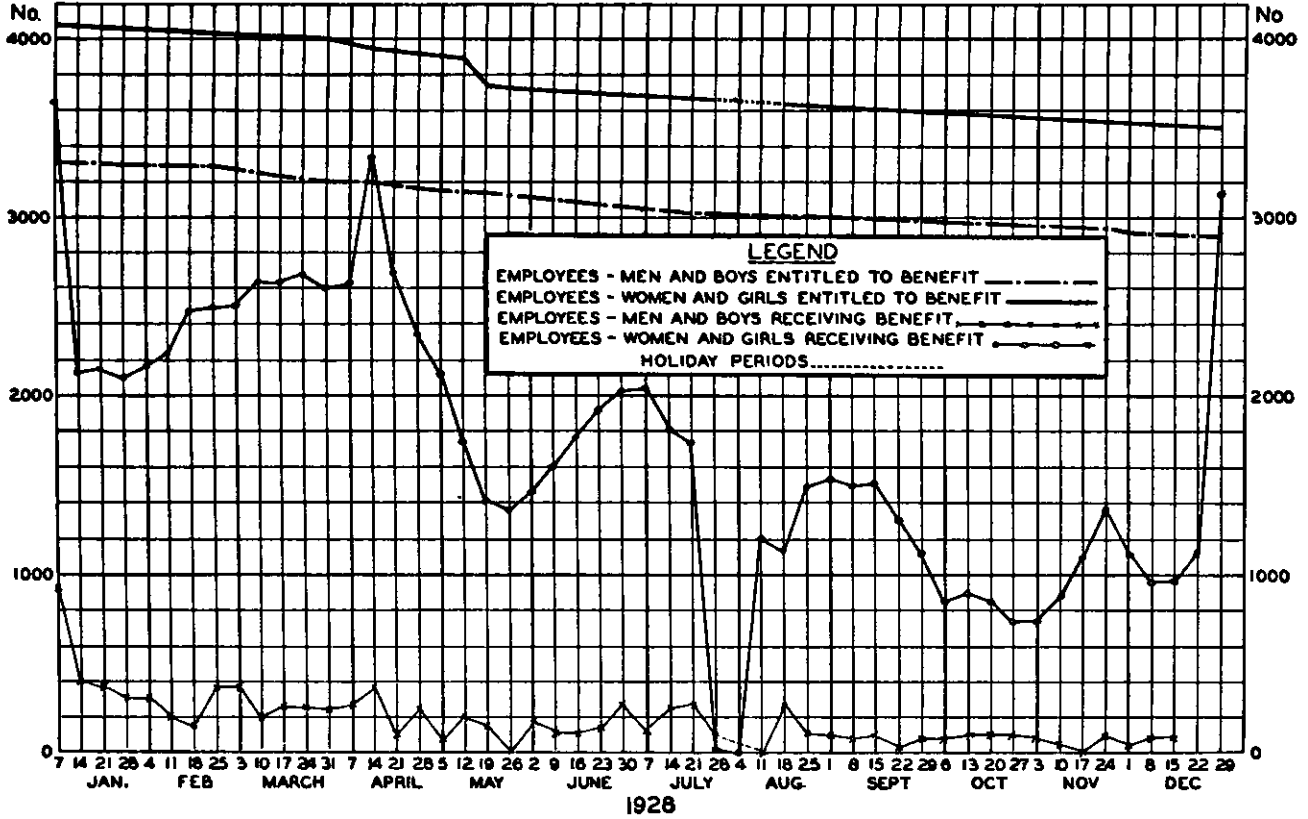
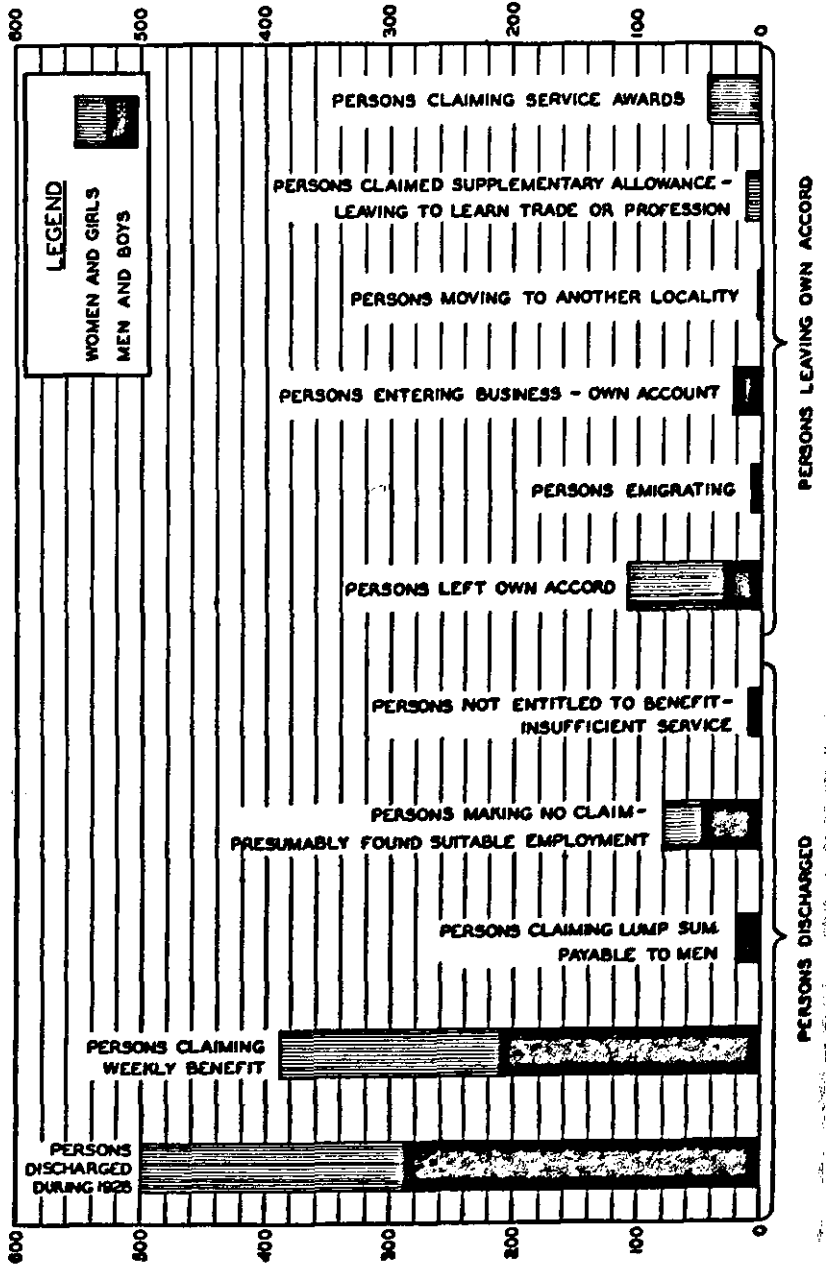


Chart 12
 EXPERIENCE WITH DISMISSAL BENEFIT SCHEMES, CADBURY BROTHERS, LTD., 1928



The number of workers covered by the dismissal benefits' scheme was 8,530 on March 12, 1929. Of these, 197 had completed less than two years' service and were entitled to an allowance in the proportion that their periods of service bore to two years. In addition, 32 workers had completed less than six months' service and were therefore not eligible for benefit under the scheme. Accordingly, the total number eligible for the full benefits was 8,301.

Experience.—During 1928 the average weekly number of workers drawing benefit was approximately five hundred. This was an exceptionally large number, due to reorganization, improved machinery and changes in the nature of public demand that had reduced the labor required in the factories. Rather than resort to wholesale dismissals, an unusual amount of "surplus labor" was carried, and short time was worked on a large scale, while in normal years there was very little short time and little change in the size of the working force. Wherever possible work was found both inside and outside the factories, and in many instances, to reduce the number of extra workers, employees were retired on full pension five or six years under the normal pension age. During 1928, the average weekly amounts of benefit paid were £500 to women and girls and £100 to men and boys (Chart 10 and Chart 11). Short time was most prevalent during the period from January to the middle of July.

During 1928, 289 men and boys and 211 women and girls were dismissed because of inefficiency or lack of work.¹⁵ As a result of reorganization, improvements in machinery and changes in public demand, this number, like the number of those working short time, was abnormally high. Of the five hundred workers dismissed, 209 men and boys and 177 women and girls claimed weekly benefit; 12 claims (all men) were disqualified owing to insufficient length of service; 29 men claimed lump sum payments instead of weekly benefits; 47 men and boys and 34 women and girls made no claims, having presumably found employment (Chart 12).

Special Temporary Arrangements.—In view of the exceptional conditions prevailing during 1928, and the reductions in staff necessitated by them, it was decided to offer surplus workers various inducements to leave the company's service:

(1) A lump sum was offered, in place of (and equal to) the total weekly benefits payable under the unemployment scheme, to men leaving for any of the following reasons: (a) to remove to another district; (b) to take up business on their own account; (c) with a view to the extension of an existing business; (d) to emigrate. Men leaving under this arrangement were also entitled to receive the special service awards indicated below.

(2) In addition to the weekly dismissal benefits, special service

¹⁵ Cases of misconduct or the breaking of work rules are reviewed by a special discipline tribunal. It is the usual practice of this tribunal when cases are sufficiently serious to recommend discharge, but such cases rarely are found.

awards were offered to men and women on their obtaining other employment or reaching the end of their period of unemployment benefit. The amounts vary in proportion to length of service as follows:

Classification	Years of Service	Service Award	
Men	5 and under 10	£ 7	s 10
	10 and under 15	10	0
	15 and under 20	15	0
	20 and over	20	0
Women	10 and under 12	2	0
	12 and under 15	4	0
	15 and over	6	0

The special service awards for men do not apply to tradesmen. They came into operation during the latter part of 1928 and were subject to reconsideration before August 31, 1929. On that date they were discontinued so far as their general applicability to the factory was concerned, but it was decided that if any male employee should wish to leave the firm for any of the reasons mentioned, his case should be considered on its merits, and if the firm felt itself able to dispense with his services a grant would be made equal to that provided for under the former scheme. These grants will be continued until the position is considered to be quite satisfactory.

(3) Special facilities were offered to girls leaving to learn another business or profession. When the earnings of the learner were less than 25s. per week, a special allowance at a rate not exceeding 10s. per week for the first nine weeks and 5s. for the second nine weeks was granted. These rates were equivalent to benefit under the firm's unemployment scheme. The arrangement was discontinued on May 15, 1929.

J. S. Fry and Sons, Ltd.,¹⁶ Bristol and Somerdale

Chocolate and Cocoa Manufacturers

J. S. Fry and Sons, Ltd., like Cadbury Brothers, Ltd., and Rowntree and Company, are known for the high standard of working conditions and industrial relations prevailing in their factories. Welfare activities promoted by the company include the provision of free medical service and sick visiting, supplementary sickness benefits and pensions, various social and educational facilities, and model housing accommodation. An excellent trade apprenticeship scheme equips boys for work in various trades, in case their services are no longer required by the firm.

¹⁶ In a letter dated June 23, 1930, the company stated that a new scheme was under consideration but that details covering the new provisions were not then available. It is understood, however, that the revised plan is to cover only employees with dependents.

Careful budgeting, forecasting, and scientific planning, together with excellent storage accommodation, are resorted to in order to distribute production as evenly as possible over long periods, and as a result, short time in normal years has been reduced to small proportions. Recently, however, general trade depression and changes in public taste have involved unforeseen fluctuations in the demand for the company's products and short time and staff reductions have been resorted to.

A scheme of short-time allowances was introduced in 1921, when the trade depression became acute. The intention was to help chiefly the married men with children as the company considered that the state benefit was not sufficient for his needs. Single men and girls were covered at lower rates.

During recent years the company has been faced with the problem of a temporary labor surplus, due to the depressed condition of the market and the introduction of improved methods in the Somerdale factories. Every endeavor was made to carry as much as possible of the surplus labor by working short time. In a number of cases workers have been retired on full pension five or six years before reaching the normal pension age. More recently, however, it was found necessary to dismiss a number of workers and a system of dismissal benefits was introduced in 1927 to cover these cases.

The number of workers employed by the firm at Bristol and Somerdale is slightly over five thousand, all of whom are covered by the short-time and dismissal allowances scheme.

Unemployment Fund.—There is no established fund to cover the cost of the plan, all benefits being paid directly by the company whether or not a profit appears on the balance sheet. The company reserves the right to withdraw or amend the scheme at any time.

Administration is in the hands of the employment offices and wages department of the company. Close co-operation is maintained with the local employment exchange for the purpose of simplifying the arrangements for the payment of state unemployment benefits to such of the company's workers as may become temporarily or permanently unemployed.

Benefits Payable.—*Short-time Benefits:* The aim of the scheme is to insure that, as far as possible, over any period of four weeks, the average weekly receipts of every worker shall be not less than 25s. in the case of a girl, 30s. in the case of a single man, and 40s., together with 5s. for each child up to the number of three and under the age of fourteen, in the case of a married man. Benefits payable to workers on short time are consequently calculated for a period of four weeks, that is, 176 normal working hours. From the total number of hours lost during this period is deducted in each case a certain number of "qualifying hours" on account of which no benefit is paid, as indicated below. Benefit is paid for the remaining number of hours lost at 50 per cent of ordinary rates of wages.

In the case of day workers, the number of hours deducted from the total time lost during the four-week period before benefit is payable is as follows:

Classification	Number of Hours Deducted from Time Lost
Single men and boys, aged—	
Under 19.....	40
19 and under 20.....	58
20 and under 21.....	80
21 and over.....	100
Married Men—	
No children.....	60
One child.....	44
Two children.....	27
Three children.....	10

The number of qualifying hours to be deducted in the case of shift workers, piece workers and piece shift workers, is increased in proportion to the higher rate of wages earned.

The scheme is applied in a similar way to women and girls. All female day workers, of whatever age, must lose forty hours during the four weeks before benefit is payable. Single men and girls with dependents may apply for special consideration.

Benefit is payable to married men at the rate of 13s. 3d. per week, 25 per cent of the day worker's weekly wage, during the qualifying period of six days required before state unemployment insurance benefit is payable.

It is a condition of the receipt of short-time allowance that the worker concerned must register at the local employment exchange.

Dismissal Allowances: Male workers dismissed owing to lack of work receive weekly benefits at the following rates:

Class of Workers	1st 13 weeks		2d 13 weeks	
	s	d	s	d
Men and boys, aged—				
18 and under 19.....	7	6	5	0
19 and under 20.....	10	0	7	6
20 and under 21.....	15	0	7	6
Men aged 21 and over—				
Single, without dependents.....	17	6	8	6
Married and single, with dependents.....	25	0	12	6

Men with dependents receive 7s. 6d. per week for a third period of 13 weeks. Women and girls receive 6s. per week, irrespective of age, for 26 weeks. The allowance stops when other work has been secured, but is paid for the first week in the new employment. Workers who are dis-

charged for inefficiency or misconduct, or who voluntarily leave the company, are not eligible for the dismissal allowance.¹⁷

Special Service Awards: When employees of long service leave the firm special service awards are granted at the following rates:

Service	Amount		
	£	s	d
10 to 14 years.....	7	10	0
15 to 19 years.....	10	0	0
20 to 24 years.....	12	10	0
25 years and over.....	15	0	0

Experience.—During the years 1921 to 1928 the company paid out a total sum of £18,845 13s. 10d. in short-time allowances. Dismissal benefits were started in 1927. By the end of 1928 the amount paid out had reached a total of £1,663 19s. 5d. Special service awards and marriage allowances were paid as follows during the three years 1926 to 1928:

Year	Special Service Awards			Marriage Allowances		
	£	s	d	£	s	d
1926.....	2,323	13	9	886	12	7
1927.....	1,405	16	10	1,186	15	4
1928.....	2,094	11	8	1,184	8	3

E. S. and A. Robinson, Ltd., Bristol

Manufacturers of Stationery, Boxes, Bags, etc.

The additional unemployment benefit scheme instituted by E. S. and A. Robinson, Ltd., has been in operation since June, 1925, and covers all workers employed by the company irrespective of age or length of service. The number of workers on October 1, 1928, was 3,088, 1,156 of whom were men and 1,932 women.

Working conditions in the company's factories are of a high standard, and various facilities are provided for workers. Trade union membership is optional, and it is stated that no discrimination is made in this respect.

Unemployment Fund.—Each year since 1925, the company has authorized an expenditure, not to exceed a certain sum for the provision of additional unemployment benefits for workers on short time. No contributions are paid by the workers. The scheme is subject to annual re-consideration.

Benefits Payable.—Benefit is payable for short time due to a shortage of work in normal times, but not when the shortage of work is due

¹⁷ All questions of dismissals and discipline are dealt with directly by the management. Provision is made, under the Interim Industrial Reconstruction Committee's agreement for the cocoa and chocolate trades of 1919, for joint consideration of all disputes by representatives of the trade unions and the management. Under this same agreement provision is made for the payment of a guaranteed minimum wage in case of stoppage of work due to hot weather, break-down of machinery, etc.

to industrial disputes, whether in the industry to which the company belongs or any other. Both piece workers and day workers are eligible for benefit, the rate of benefit being proportional, in the case of the former, to their estimated day-work rates of wages.

When the state of the work in hand renders it necessary for workers to leave the factory before completion of a full day's work, the full day's wages are made up from the unemployment benefit. When the period of short time is insufficient to render the worker eligible for state unemployment benefit or benefit from any other source, the company pays seven-eighths of the worker's normal wages. When the period of short time is sufficiently prolonged to entitle the worker to benefit from the state unemployment insurance fund or any other source, the company makes up the difference between the amount to which the worker is so entitled and seven-eighths of his wages.

When a worker severs his connection with the company, no dismissal bonus or additional benefit is paid. No worker over the age of nineteen years may be dismissed without the sanction of two directors, one of whom must be a managing director.

Experience.—The following amounts have been paid by the company in respect of the financial years ending February 28:

	£
1926.....	981 ^a
1927.....	1,298 ^b
1928.....	2,983
1929.....	1,063
1930.....	1,112

^a Scheme in operation from June, 1925.

^b No payments made between June and November, 1926 on account of the general strike.

Lever Brothers, Ltd., Port Sunlight, and Associated Companies

Soap Manufacturers

Lever Brothers, Ltd., operate extensive soap-manufacturing establishments at Port Sunlight and employ altogether about twenty thousand men. Conditions of work in the company's factories are excellent, and provision is made for vacations with pay, medical service, pensions, profit-sharing and various welfare activities. Great care is exercised in selecting workers and every endeavor is made by means of careful co-ordination of manufacturing and distribution, attention to budgeting and planning, and internal transfer of workers to insure the greatest possible stability of employment.

It has not been found possible to eliminate short time and complete unemployment altogether, and for the last five or six years provision has been made for additional unemployment benefits. Under the scheme in operation until the end of 1928, workers covered by the company's co-partnership scheme were entitled, in the event of complete unemployment, to such a sum, by way of supplement to the state unemployment

benefit, as would bring the total benefit up to half the standard weekly rate of wages. In addition, workers on short time were paid half wages.

Unemployment Fund.—The new scheme, which has been in operation since the beginning of 1929, is officially termed a “guarantee of employment” plan, but may best be grouped with additional benefit schemes for the purposes of this study.

No special fund has been established, the payments of unemployment benefit being included in ordinary payroll expenses. The company reserves the right to abandon the scheme at any time, and its decision in all matters of interpretation is final.

Benefits Payable.—Under the provisions of the scheme, a man of twenty-two years of age or over who has worked for the company four years cannot be docked for more than four and one-half hours' pay in any week, regardless of how much his time, or work, has been shortened, due to exigencies of business. Such payment is in addition to any wages earned for overtime, bonus additions, etc., but is subject to deduction of the amount of any benefits to which the worker is entitled under the unemployment insurance acts.

When, owing to a cause arising in the ordinary course of its business, the company is unable to provide work for a full week or more, the worker is paid for each week of unemployment up to a maximum of twelve weeks, at the rate of three-fourths of a week's wages minus pay for four and one-half hours. In the case of workers who have completed fifteen years' service, benefits are payable at the rate of a full week's wages less four and one-half hours. In each case the payments are subject to deduction of the amount of any state unemployment benefit to which the worker is entitled.

If at the end of the twelfth week of unemployment the company is still unable to provide employment, the worker is given one week's wages in lieu of notice and is dismissed from the company's service. A worker who is offered suitable employment either by the company or by another employer has no further right to additional unemployment benefit.

Experience.—No records are available to show what sums have been paid out under the scheme or to what extent there has been occasion to resort to its provisions. Similar schemes are in operation in sixteen different companies associated with Lever Brothers.

FUNDS PARTLY OR WHOLLY SUPPORTED BY WORKERS' CONTRIBUTIONS

Percy Jones (Twinlock), Ltd., Beckenham

Manufacturers of Loose-Leaf Books

In 1927, Percy Jones (Twinlock), Ltd., established a fund for supplementing the state unemployment insurance benefit, which was considered inadequate for skilled workers such as those employed by the company.

Working conditions in the firm's factory are of a high standard, and various welfare schemes are in operation. Some of the workers are members of trade unions, and it is stated that the company does not discriminate in any way against union members.

The number of workers in the company's employ is 140, of whom twenty are girls. Most of the men are skilled workers. All workers except apprentices are covered by the additional unemployment benefit scheme.

Unemployment Fund.—The rates of contribution to the unemployment fund are proportional to the worker's weekly earnings as follows:

Worker's weekly earnings.....	£4	£3	£2	£1
Worker's weekly contribution.....	1s.	9d.	6d.	3d.

At the end of each July the balance left in the fund is shared out, with the exception of 10 per cent which is left for emergencies. A large reserve is said to be unnecessary in view of the fact that short time is practically unknown in the firm's factory.

When a worker leaves or is dismissed, the amount of his contributions for the current year is returned to him and no unemployment benefit is paid.

Benefits Payable.—No worker may draw benefit until he has paid two months' contributions into the fund.

The rates of benefit based on earnings are as follows:

Worker's weekly earnings.....	£4	£3	£2	£1
Payable from worker's contributions.....	24s.	18s.	12s.	6s.
Payable by the company.....	12s.	9s.	6s.	3s.
Total weekly benefit.....	36s.	27s.	18s.	9s.

The period of benefit is governed only by the amount of money in the fund and payments are continued until the fund is exhausted.

The generous benefit scale is rendered possible by the low rate of unemployment. The company makes every effort to insure regularity of employment for its workers.

Needler's, Ltd., Hull

Chocolate and Candy Manufacturers

Needler's, Ltd., like other progressive manufacturers of chocolate and candy, have found it desirable to establish an additional unemployment benefit scheme to supplement the income of workers on short time. The value of the state unemployment benefit and the advantage for seasonal trades of remaining within the national scheme were fully recognized but the state benefits were considered inadequate.

The scheme, which was inaugurated in 1922, covered nearly 700 out of a total of 1,250 workers employed by the company in 1929. The number covered shows a decrease as compared with 1928 (Table 43). A member of the firm states, "The number of employees has lately diminished owing to different methods of manufacture and to bad trade."

BENEFIT PLANS OF FIRMS AND THEIR EMPLOYEES 429

Participation in the scheme is voluntary and is open to all workers over sixteen and one-half years of age, with the exception of employees engaged on construction work, who are not eligible until they have completed two and one-half years' service with the company, and workers who are promoted to the staff¹⁸ by reason of long service and are guaranteed continuous employment. About 250 of the company's workers are under sixteen and one-half years of age and are therefore ineligible.¹⁹

Table 43
UNEMPLOYMENT BENEFIT SCHEME, NEEDLER'S, LTD., 1925-1928

Classification	1925	1926	1927	1928
Membership				
Men ^a	63	69	75	82
Women and girls.....	649	701	744	765
Total	712	770	819	847
Number of Beneficiaries				
Men.....	34	50	51	51
Women and girls.....	570	601	634	583
Total	604	651	685	634
Number Drawing Extended Benefit				
Men.....	....	....	....	20
Women and girls.....	....	....	....	121
Total.....	....	....	....	141
Number Drawing Extra Extended Benefit				
Men.....	....	....	....	7
Women and girls.....	....	....	....	72
Total.....	....	....	....	79
Amount of Benefit Paid				
Ordinary.....	b	b	£ 1,690 19 3½	£ 2,058 8 10
Extended.....	b	b	159 11 0½	206 2 1
Total	b	b	1,850 10 4	2,264 10 11

^a The relatively small number of men members is stated to be due to the fact that the majority of the men (engineers, carpenters, painters, etc.) receive additional unemployment benefits through their trade unions.

^b Figures not available.

¹⁸ After twelve years' service in the case of women and twenty years in the case of men, workers are given the option of becoming members of the staff. See p. 439.

¹⁹ Under the Interim Industrial Reconstruction Committee's Agreement for the Cocoa and Chocolate Trades, provision is made for the payment of a guaranteed minimum wage in case of stoppage of work due to hot weather, breakdown of machinery, etc.

Unemployment Fund.—The company made an initial contribution of £1,000 to the fund in 1922 and agreed to contribute a sum of £500 annually for five years. It reserves the right to discontinue the scheme or one year's notice.

Workers' contributions deducted from their wages vary in amount according to the different rate of benefit to which employees are entitled, from 4½*d.* per week in the case of one group of girls and youths, to 2*s.* per week in the case of married men with dependents.

The administration of the scheme is in the hands of a committee of representatives of workers and of the management. The company provides the services of a financial secretary.

Benefits Payable.—A member of the fund who has paid in at least twenty-six contributions and is unemployed for more than two days, or the equivalent number of working hours, in a week beginning Monday and ending Saturday, is entitled to benefit at the following rates in proportion to his weekly contributions to the fund:

Class of Worker	Weekly Contribution		Benefits		
			Per Week		Duration
	<i>s</i>	<i>d</i>	<i>s</i>	<i>d</i>	(weeks)
Man with wife and child.....	2	0	40	11	5
Man with wife and child.....	1	6	30	8	5
Man with wife and child.....		9	15	4	5
Single man over 18 years.....	1	6	22	6	7
Girls and youths.....	1	0	12	6	7
Girls and youths.....		9	9	4½	7
Girls and youths.....		4½	4	8	7

These benefits, when added to the state unemployment benefits, in many cases almost equal the full time-rate wage. A high rate of benefit for a short period rather than a lower rate for a long period has been preferred by the married workers, many of whom, being highly skilled and able to find other work without difficulty, are not disposed to remain on reduced income for more than five weeks. The single workers, who at first came under the same arrangement, decided later to adopt the alternative method, and benefit rates and periods were changed accordingly.

When the member's right to benefit has expired he may be granted extended benefit from a special fund set aside for that purpose. Rules governing the management of the extended benefit fund are made from time to time by the committee with due consideration of the sum available.

A worker who leaves the service of the company is entitled to the refund of 75 per cent of the total of his contributions, less the amount of benefit received.

Experience.—The number of members and beneficiaries during the years 1925-1928 and the amounts paid out in benefit in 1927 and 1928 are shown in Table 43.

**Redpath, Brown and Co., Ltd., Saint Andrew Steel Works,
Edinburgh**

Steel Manufacturers

The plan introducing additional unemployment benefit in the Saint Andrew Steel Works was inaugurated in March, 1923, and provided for sickness benefit for employee members and medicine and medical attendance for dependents of members. The company's purpose in establishing the plan was "to remove as far as possible from the minds of the company's employees the fear of hardship resulting from unemployment or under-employment . . . to unite them to each other and to the company . . . and also establish an *esprit de corps* that will make for harmony and efficient working."

Membership in the scheme, which is known as the Saint Andrew Steel Works Club, is open to all employees who have been continuously in the service of the company for at least twelve months. Members over twenty-one years of age are eligible for all benefits, and juvenile members, to sickness benefit, medicine, and medical attendance. The total number of workers employed by the company in January, 1929, was 268 (210 men and 58 juveniles), of whom 181 were men over twenty-one years of age who had been in the company's employ for at least twelve months and were therefore eligible to receive unemployment benefit.

Unemployment Fund.—When the fund was first established the company carried to the credit of the club in its books a sum of £1,000. Interest on this amount at the rate of 5 per cent per annum is credited to the general fund together with the company's contribution of 4*d.* for each employee member of the club over twenty-one years of age. The company's contribution is paid into the unemployment account and the members' weekly contributions are allocated as follows:

Account	Adults	Juveniles
Unemployment.....	4 <i>d</i>	..
Sickness.....	4 <i>d</i>	2 <i>d</i>
Doctor.....	3 <i>d</i>	1 <i>d</i>
Medicines.....	1 <i>d</i>	1 <i>d</i>
Total.....	1<i>s</i>	4<i>d</i>

The company accepts no responsibility for the payment of benefits in excess of the sums contributed and reserves the right to withdraw from the scheme without notice "from the date when any industrial or

national unemployment insurance scheme, in the opinion of the company makes adequate provision for unemployment." It may also reduce or discontinue its contributions to the club, or entirely withdraw from the scheme on giving three months' notice, but the rules and regulations provide that any such notice does not relieve the company from contributing to the club up to the termination of the three months. In the event of the scheme's being discontinued, the original grant of £1,000 is returned to the company and the balance in the fund divided between employee members and the company.

Administration is in the hands of a committee consisting of three representatives of the company appointed by the board of directors and six representatives of the workers appointed by them from among their own number. The decisions of this committee in relation to all claims for additional benefits are final.

Eligibility.—General qualifications for the receipt of benefit include the following: the worker must prove that he is entitled to state unemployment insurance benefit or that, if he is a person falling within the "excepted employments" mentioned in the unemployment insurance acts, he would have been entitled to state benefit if he had not been so excepted, or that, in either case, he would have been entitled to it but for the fact that his period of benefit under the state scheme was or would have been exhausted. Moreover, if he has been required by the committee to attend an approved course of instruction he must show that he has done so. He must also have established connections with an employment exchange and have done his best to obtain suitable employment. Benefit is payable from the fund for the waiting period during which state unemployment benefit is not granted.

Benefits Payable.—*Short-time Benefits:* Members of the fund who have paid in thirteen weekly contributions are eligible for partial unemployment benefit. Such benefit is payable for short time when, owing to shortage of work due to depression of trade, a worker actually works and is paid for an average of less than 90 per cent of normal full time. This percentage is calculated over a period of not less than one week or more than five weeks. Partial unemployment benefit is payable at the same rate as full unemployment benefit (referred to below) for the time so lost during the five-week period in excess of 10 per cent of the period.

The qualifications for benefit are the same as those under the state scheme, with the exception that the committee responsible for the administration of the fund reserves the right to decide upon relief work or other similar employment as an alternative in case of slackness.

Dismissal Allowances: Full unemployment benefit is payable to a member of the fund who becomes unemployed from the date of the termination of his employment with the company for: (1) one week for each two months such person has been a member of the club immediately before his employment, up to a maximum of thirteen weeks for

employees who have been members of the club for 104 weeks; (2) an additional period equal to this original period but at only half of the original rate.

A member's right to such benefit is valid for a period of twelve months from the date of discharge, benefit being payable only during such time as he is actually unemployed in that period. In order to avail himself of this provision a member must continue the regular payment of his weekly contributions to the fund whether he has secured employment elsewhere or not.

The rates of benefit are as follows: 15s. per week for the first thirteen weeks and 7s. 6d. per week for the next thirteen weeks in the case of an adult, whether married or single; and 1s. per week for the first thirteen weeks and 6d. per week for the next thirteen weeks for each child under fourteen years of age.

In no case shall the amount payable to a member from the club, together with the state unemployment insurance benefit, exceed his average wage during five normal weeks immediately previous to the period of unemployment.

Experience.—The number of members who drew benefit and the total amounts drawn during the years 1924 to 1929 were as follows:

Year Ending March	Number of Beneficiaries Who Drew Benefit	Total Benefits		
		£	s	d
1924.....	31	201	17	3
1925.....	27	174	7	1
1926.....	40	275	5	10
1927.....	22	88	5	4
1928.....	2	27	5	0
1929.....	7	55	5	11
Total.....		822	6	5

During 1929 there were 115 workers who were paid £62 19s. 5d. for short time. This was the only year when "partial" unemployment benefits were paid.

With regard to the adequacy of the fund, the secretary of the Saint Andrew Steel Works Club stated in October, 1928, that, while it had been sufficient so far, owing to the low rate of unemployment experienced, it was to be feared that if great demands were made on the fund it might not be possible to pay the benefits provided for in the rules. The fund could not be maintained in such circumstances without substantial aid from the company.

Boots Pure Drug Company, Ltd., Nottingham*Manufacturers and Dispensers of Drugs, Etc.*

Boots Pure Drug Company, Ltd., has 830 shops located in various parts of Great Britain, employing approximately 15,000 people. The main factory at Nottingham employs about 5,000 workers. The company has organized many welfare activities, and general working conditions in its factory are good. Every attempt is made, by means of transfers, to prevent excessive use of overtime and the taking on of casual or temporary employees. The selection of workers is careful and discharge is safeguarded, every worker having the right of appeal.

In the trade depression of 1921 it was found necessary to lay off intermittently about one thousand workers from the Nottingham works.²⁰ A scheme of unemployment benefits was introduced to cover short time and waiting periods not provided for by the state scheme, and to supplement the state unemployment insurance benefits which were considered insufficient.

Unemployment Fund.—When the fund was established those who remained at work were asked to contribute one hour's pay per week for one month, and the firm undertook to contribute to the extent of 25 per cent of the fund so collected. An administrative committee was appointed, consisting of representatives of workers and management, with the secretary of the approved society, established by the company in 1912 under the health insurance acts, as administrator and chairman.

The one thousand workers who had been laid off were given supplementary benefit from the fund for the period of their unemployment. In each case the circumstances and responsibilities of the worker were taken into account as well as his various sources of income.

A considerable amount of money had been collected for the fund, but unemployment became so widespread that it was soon exhausted. A further appeal on the same principle was made in May, 1921, the company contributing an amount equal to 50 per cent of the sum collected; and again in November, 1921, the company on this occasion contributing at the rate of 100 per cent. For a time no further appeal was made, although unemployment was occasionally severe. The company came to the aid of the fund and maintained its solvency up to June, 1922. Further appeals were made in July, 1922, and July, 1923, and contributions were made to the fund by both company and workers.

The fund differs from others in that no attempt is made to build up a reserve, and complete reliance is placed on the response to occasional appeals for contributions.

Benefits Payable.—The rate of benefit originally provided for was the difference between an unemployed worker's income from all sources

²⁰ It is stated that there is no unemployment among workers in the company's retail shops.

and 75 per cent of his normal average wage. The present weekly rates of benefit are as follows:

Class of Worker	Partially Unemployed	Wholly Unemployed
	s d	s d
Single men.....	6 6	7 6
Single girls.....	5 0	6 0
Married men.....	6 6	7 6
For wife.....	4 0	5 0
For each child of 14 years or under.....	2 0	3 0

Where the payment of benefit at these rates would bring the unemployed worker's total income from all sources in excess of 75 per cent of his normal wage, the rates may be reduced accordingly.

Experience.—During the eighteen months ended June 30, 1922, over 25 per cent of the Nottingham factory staff received assistance under the scheme, and by July 17, 1923, nearly £4,000 had been paid out to 1,823 claimants. From 1923 on there was practically no unemployment among the company's workers and in January, 1929, there was a balance of £400 in the fund.

The plan is considered to have proved its usefulness. The administrators state that although there is no permanent fund, they feel that the good will of the workers in the organization is such that an adequate fund could be collected at any time when need arose merely by appealing to workers and management.

John Dickinson and Co., Ltd.

Paper Makers and Manufacturing Stationers

This company, which is one of the largest of its kind in the world, has four mills in Hertfordshire employing about 6,500 persons, of whom about 5,000 are craft workers and 1,500 staff workers and managers. The company manufactures a wide variety of products and has little difficulty with seasonal variations in demand.

Wage rates are high and various liberal policies are followed, including the provision of medical and dental service, pensions, full wages during sickness, vacations with pay, and assistance in home ownership. A stock-ownership scheme to which all workers are eligible supplements these policies. It is asserted that there is "a very definitely planned and carefully fostered spirit of fellowship between all grades of workers, and a keen sense of stewardship on the part of the management."

No trade unionists are employed by the firm. Before the general strike of 1926 the company had belonged to an employers' organization and workers had been encouraged to join a trade union. After the general

strike the company and the workers decided to discontinue their connection with both employers' organizations and trade unions and to organize the Union of the House of Dickinson, consisting of craft workers, staff, and directors. The union proceeded to inaugurate various policies, among them the additional unemployment benefit scheme.

This plan, which was established in 1927, covers all workers other than those employed with the company less than six months. As the labor turnover is negligible very few workers belong to the latter group. The close touch which is maintained with neighboring schools enables the company to exercise care in the selection of workers.

Administration of the Unemployment Scheme.—A general fund is maintained for the payment of sickness, unemployment and death benefits. Employees contribute from $1\frac{1}{2}d.$ to $6d.$ per week according to age and sex and the company contributes unspecified amounts. On November 10, 1928, the fund, less interest, amounted to £14,732, of which the company had contributed £6,493, or 44 per cent. It is estimated that $\frac{1}{2}d.$ per week per employee is sufficient to meet the cost of unemployment.

The administration of the scheme is in the hands of a committee of management, which is elected once every three years and consists of representatives of directors, managers, general operatives, foremen, engineers, printers and salesmen.

Benefits Payable.—Any worker who has been with the company for at least six months, and is unemployed for a period of one full week or longer, may receive additional unemployment benefits. The weekly rates of benefit are as follows:

Class of Worker	First 6 Weeks		Second 6 Weeks	
	<i>s</i>	<i>d</i>	<i>s</i>	<i>d</i>
Men aged 18 and over.....	20	0	10	0
Youths under 18.....	10	0	5	0
Women and girls aged 18 and over.....	10	0	5	0
Girls under 18.....	5	0	2	6

A worker may not draw full benefit for more than six weeks or half benefit for more than six weeks in any period of fifty-two weeks.

During total unemployment immediately following upon dismissal, a person may draw unemployment benefit for a maximum of twelve weeks. Every effort is made by the union to place dismissed workers in other employment. It is stated that dismissals are rare, that a strong sense of responsibility impels the company to explore every avenue of work rather than dismiss its workers.

Experience.—Up to November 10, 1928, additional unemployment benefits amounting to a total sum of £997 had been paid out of the fund.

EMPLOYMENT GUARANTEE PLANS

Imperial Chemical Industries, Ltd.

Imperial Chemical Industries, Ltd., operate 120 plants in England, Scotland and Wales, and employ approximately 46,000 workers, of whom about 6,000 are covered by a "staff" or guarantee of employment scheme.

The plan dates from June 1, 1928. It was introduced with the object of raising the status of manual workers and removing the fear of insecurity of income from workers who were of value to the organization by reason of skill and length of service.

All workers who have completed five years' continuous service with the organization, or any of its constituent firms, and who are twenty-six years of age or over, are eligible for promotion to the staff. Promotion to this grade is made at the discretion of the management of the works in which the worker is employed, and any worker on the staff may be removed from this grade after one month's notice given either by himself or the firm.

Staff grade workers employed on time work are paid a weekly wage (based on the normal working week of forty-seven hours), to which is added any production bonus or other special payment to which they are entitled. All other regular bonuses are merged in the staff wage. Staff grade workers employed on piece work or on any other system of payment by results are guaranteed for a full week's work a staff wage based on average weekly earnings during a period determined on as equitable.

All staff grade workers are paid their staff wage for any week during the whole or part of which employment is not available for them at their usual job; provided that they are not offered alternative work. If they are given such alternative employment they are regarded as temporarily transferred and the wage is reviewed by the management with due regard to the circumstances of the transfer.

If a staff grade piece worker, for whom a full week's work at his regular job cannot be found, is required to work as a time worker for the remainder of the week, his staff wage for that week is determined by the management. If, on the other hand, he is sent home, his earnings for the days he has worked, provided they are less than his normal staff wage, are made up to that amount.

All staff workers receive their staff wage (less state insurance benefit) for absence due to sickness up to a maximum of six months in any period of twelve months, provided they submit an approved certificate weekly during their absence. Workers of the staff grade receive a month's notice of suspension or termination of employment, and similarly are expected to give a month's notice if they wish to leave.

The management expresses great satisfaction with the scheme, stating that workers promoted to the staff grade consider themselves integral parts of the organization.

Morland and Impey, Ltd., Birmingham*Manufacturers of Loose-Leaf Books*

Morland and Impey, Ltd., have about 540 employees, of whom about 260 office and staff workers are paid normally on a salary basis. The remaining 280 factory employees are covered by an employment guarantee plan. The factory is a recognized "union shop," no discrimination being made against trade union members.

The employment guarantee scheme, which was adopted in July, 1924, and applies to all factory workers irrespective of age, sex or length of service, insures that average weekly wages shall not fall below the trade union rate for forty hours.

The calculation of the average rate of wages earned by each manual worker is made once in every three months and, if the average does not reach the standard minimum of forty hours' pay at the trade union rate, the company makes up the difference. Time lost by reason of lock-outs, strikes, illness, holidays, fire or flood is not considered as short time. Any family bonus payments or unemployment benefits which the worker may receive are taken into consideration in the calculation of his average earnings.

During the first half-year of its operation, nothing was paid out under the scheme. During the quarter ended October 31, 1925, short time was recorded to the extent of 1,368 hours and cost the firm £67 10s. 5d., this amount was shared among workers.

The scheme was suspended during the general strike from May 3, 1926, to March 17, 1927, when it was reinstated. From then until the end of 1928 no payments were made, as employment was regular and continuous.

John Mackintosh and Sons, Ltd., Halifax*Manufacturers of Toffee*

Since 1922, John Mackintosh and Sons, Ltd., have guaranteed a minimum weekly income of not less than half their normal rate of pay to all workers who have completed five years' service. Accordingly, this rate is payable during short time and holidays. Short time is usually worked during the last two weeks in December and the first three weeks in January.

The total number of workers employed by the company is approximately one thousand, of whom nine hundred have completed five years' service and are covered by the guaranteed income scheme.

No information is available with regard to amounts which have been paid out under the scheme.

Needler's Ltd., Hull ²¹

Manufacturers of Chocolate and Candy

Needler's, Ltd., guarantee continuous employment to workers promoted to the staff, in recognition of long service with the company.

Men who have served twelve years and women who have served twenty years are given the option of becoming members of the staff and securing a guarantee of continuous employment.

²¹ See pp. 428-431 for the contributory benefit plan of this company.

APPENDIX III

BREAKS IN CONTINUITY AFFECTING COMPARABILITY OF BRITISH UNEMPLOYMENT STATISTICS ¹

(1) The scheme was extended to the industrial population generally only in 1920, so that it is only since December in that year that the index is of general reference.

(2) On April 1, 1922, the Irish Free State took over insurance in its territory, thus reducing the numbers in the British scheme by 350,000 to 400,000.

(3) The treatment of short-time has varied. Until October 1922 persons working "unorganised short-time" were stated separately; from November, 1922, to May, 1923, only the number of persons totally unemployed was given; from June, 1923, to March, 1924, a figure was given which included totally unemployed and a proportion of organised short-time workers, but no separate figures for the latter; since then the number given has been that of persons unemployed on the day of the count, whether totally unemployed or temporarily stopped, though these two categories are also given separately.

(4) The basis of classification was changed at the reissue of books in July, 1923. Until then the classification had been occupational, into 63 groups; it was then placed upon an industrial basis, similar to that of the census industrial classification, and the number of groups increased to 100. Since then the figures have afforded a very accurate index of the growth and activity of different industries, but it is not possible to relate accurately the later figures to the figures before July, 1923.

¹ Quoted from Henry Clay, *The Post-War Unemployment Problem*, *op. cit.*, p. 82.

CHART TABLES

Table 44

PERCENTAGE OF WORKPEOPLE UNEMPLOYED,^a
GREAT BRITAIN AND NORTHERN IRELAND, 1851-1929

Members of Certain Trade Unions Unemployed														Percentage of Insured Workpeople Recorded as Unemployed	
Year	Percentage	Year	Percentage	Year	Percentage	Year ^b	Percentage	Year	Percentage	Year	Percentage	Year	Percentage	Year	Percentage
1851	3.9	1861	5.2	1871	1.6	1881	3.5	1891	3.5	1901	3.3	1911	3.0	1921	17.0 ^c
1852	6.0	1862	8.4	1872	.9	1882	2.3	1892	6.3	1902	4.0	1912	3.2	1922	14.3
1853	1.7	1863	6.0	1873	1.2	1883	2.6	1893	7.5	1903	4.7	1913	2.1	1923	11.7
1854	2.9	1864	2.7	1874	1.7	1884	8.1	1894	6.9	1904	6.0	1914	3.3	1924	10.3
1855	5.4	1865	2.1	1875	2.4	1885	9.3	1895	5.8	1905	5.0	1915	1.1	1925	11.3
1856	4.7	1866	3.3	1876	3.7	1886	10.2	1896	3.3	1906	3.6	1916	.4	1926	12.5 ^c
1857	6.0	1867	7.4	1877	4.7	1887	7.6	1897	3.3	1907	3.7	1917	.7	1927	9.7
1858	11.9	1868	7.9	1878	6.8	1888	4.9	1898	2.8	1908	7.8	1918	.8	1928	10.8
1859	3.8	1869	6.7	1879	11.4	1889	2.1	1899	2.0	1909	7.7	1919	2.4	1929	10.5
1860	1.9	1870	3.9	1880	5.5	1890	2.1	1900	2.5	1910	4.7	1920	2.4	..	..
..	..	..	..	..	..	..	..	..	..	..	..	1921	14.8 ^d	..	..

^a The classifications for the periods 1851-1880, 1881-1921, and 1922-1929 are not strictly comparable; see sources.

^b The percentages for some of the earlier years are partly computed from expenditure on unemployed benefit.

^c Exclusive of persons disqualified for benefit by reason of coal mining disputes.

^d Affected by general coal mining stoppage.

Source: 1851-1880, A. C. Pigou, *Industrial Fluctuations*, *op. cit.*, pp. 353-354.

1881-1921, Great Britain Ministry of Labour, *Nineteenth Abstract of Labour Statistics of the United Kingdom*, *op. cit.*, p. 78.

1922-1927, Great Britain Ministry of Labour, *Nineteenth Abstract of Labour Statistics of the United Kingdom*, *op. cit.*, pp. 44-47.

1928-1929, *Ministry of Labour Gazette*, Vol. 26, February, 1928—Vol. 37, January, 1930, (average of monthly percentages).

Table 45

PERCENTAGE OF INSURED PERSONS UNEMPLOYED, BY MONTHS, GREAT BRITAIN AND NORTHERN IRELAND,*
SEPTEMBER, 1912—SEPTEMBER, 1930

Month	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930
January.....	..	5.0	5.5	2.6	1.0	.6	.9	°	6.1	11.0	17.7	13.3	11.9	11.2	11.0	12.0	10.7	12.3	12.6
February.....	..	4.4	4.4	2.0	.8	.6	.9	°	4.4	12.9	17.1	12.4	10.6	11.3	10.4	10.9	10.4	12.2	13.1
March.....	..	3.5	3.6	1.4	.7	.6	1.0	°	3.6	15.0	16.0	11.7	9.8	11.1	9.8	9.8	9.5	10.1	14.0
April.....	..	2.8	3.3	1.1	.7	.6	1.0	°	2.8	19.9	15.9	11.5	9.7	10.9	9.1	9.4	9.5	9.9	14.6
May.....	..	2.7	3.2	.9	.6	.7	.9	°	2.7	23.0	14.6	11.2	9.4	10.9	14.3	8.7	9.8	9.9	16.3
June.....	..	2.8	3.5	.9	.5	.7	.8	°	2.6	21.9	13.7	11.3	9.3	11.9	14.6	8.8	10.7	9.6	15.6
July.....	..	3.1	3.6	1.0	.6	.7	.7	°	2.7	17.4	13.1	11.6	9.8	11.2	14.4	9.2	11.6	9.7	17.1
August.....	..	3.1	6.2	.9	.5	.7	.7	°	2.9	15.1	12.8	11.8	10.5	12.1	14.0	9.3	11.6	9.9	17.5
September.....	3.7	3.4	5.4	.9	.5	.7	.7	°	3.8	13.9	12.7	11.7	10.6	12.0	13.7	9.3	11.4	10.0	18.1
October.....	4.2	3.6	4.2	.8	.4 ^b	.8	.7	°	d	14.3	12.6	11.7	10.9	11.4	13.6	9.5	11.8	10.4	..
November.....	4.8	4.1	3.7	.9	.5	.8	.9	5.4	3.5 ^e	16.9	13.0	11.5	10.8	11.0	13.5	10.0	12.2	11.0	..
December.....	5.1	4.6	3.3	1.1	.6	.8	°	6.6	7.8 ^f	17.9	12.8	10.6	10.7	10.4	11.9	9.8	11.2	11.1	..

* From September, 1912, to November, 1921, the figures relate to the United Kingdom; from December, 1921, they relate to Great Britain and Northern Ireland

^b Unemployment Insurance Act of 1916 in operation.

^c No figures available; out-of-work donation scheme in force.

^d Coal dispute. No figures available.

^e Unemployment Insurance Act of 1920 in operation.

^f From December, 1920, the figures include a due proportion of persons working systematic short time in such a way as to qualify for Unemployment Benefit.

Sources: September, 1912—November, 1920, inclusive, Great Britain Ministry of Labour, *Eighteenth Abstract of Labour Statistics of the United Kingdom, op. cit.*, p. 50; December, 1920—December, 1927, inclusive, Great Britain Ministry of Labour, *Nineteenth Abstract of Labour Statistics of the United Kingdom, op. cit.*, pp. 46-47; January, 1928, and thereafter, *Ministry of Labour Gazette*, Vol. 36, 37, and 38.

Table 46

INDEX NUMBERS OF COST OF LIVING AND OF UNEMPLOYMENT INSURANCE
BENEFIT RATES FOR MEN, GREAT BRITAIN AND NORTHERN IRELAND,*
JULY, 1914—SEPTEMBER, 1930

July, 1914 = 100

Cost of Living									
Month	1914	1915	1916	1917	1918	1919	1920	1921	
January		110-115	135	165	185-190	220	225	265	
February		115	135	165-170	190	220	230	251	
March		115-120	135-140	170	190	215	230	241	
April		115-120	135-140	170-175	190-195	210	232	233	
May		120	140-145	175	195-200	205	241	228	
June		125	145	175-180	200	205	250	219	
July	100	125	145-150	180	200-205	205-210	252	219	
August	Under 110	125	145-150	180	210	215	255	222	
September	Under 110	125	150	180-185	210	215	261	220	
October	Under 110	130	150-155	175-180	215-220	220	264	210	
November	Under 110	130-135	160	185	220-225	225	276	203	
December	110	135	165	185	220	225	269	199	

Month	1922	1923	1924	1925	1926	1927	1928	1929	1930
January	192	178	177	180	175	175	168	167	166
February	188	177	179	179	173	172	166	165	164
March	186	176	178	179	172	171	164	166	161
April	182	174	173	175	168	165	164	162	157
May	181	170	171	173	167	164	164	161	155
June	180	169	169	172	168	163	165	160	154
July	184	169	170	173	170	166	165	161	155
August	181	171	171	173	170	164	165	163	157
September	179	173	172	174	172	165	165	164	157
October	178	175	176	176	174	167	166	165	..
November	180	175	180	176	179	169	167	167	..
December	180	177	181	177	179	169	168	167	..

Benefit Rates for Men

Year	Index Number	Year	Index Number
1914	100.0	1921	214.3
1919	157.1	1924	257.1
1920	214.3	1927	242.8
1921	285.7		

* United Kingdom prior to December, 1921.

Sources: Cost of Living: 1915-1927, Great Britain Ministry of Labour, *Nineteenth Abstract of Labour Statistics of the United Kingdom, op. cit.*, pp. 131-134; 1928-1930, *Ministry of Labour Gazette, Vol. 38, September, 1930, p. 350.*

Benefit Rates for Men: 1915-1927, Great Britain Ministry of Labour, *Nineteenth Abstract of Labour Statistics of the United Kingdom, op. cit.*, pp. 70-73.

Table 47

NUMBER OF PERSONS PER 10,000 OF ESTIMATED POPULATION
IN RECEIPT OF POOR LAW RELIEF LAST SATURDAY OF EACH MONTH*,
ENGLAND AND WALES, 1914, 1926, 1927, 1928, 1929

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Yearly Average
1914	177	176	176	172	170	169	167	176	173	172	172	172	172
1926	333	327	320	316	606	622	635	634	616	579	559	381	494
1927	340	331	319	311	300	300	294	296	294	298	303	316	309
1928	309	307	301	298	284	277	271	272	273	274	278	281	285
1929	288	306	282	271	267	262	259	261	261	263	270	270	272

* The figures include dependents, but exclude casuals, lunatics in asylums, registered hospitals and licensed houses, and persons receiving outdoor medical relief only.

Source: 1914, 1926, and 1927, Great Britain Ministry of Labour, *Nineteenth Abstract of Labour Statistics of the United Kingdom, op. cit.*, p. 205; 1928 and 1929, Great Britain Ministry of Health, *Unemployed Persons in Receipt of Domiciliary Poor-Law Relief in England and Wales during the Week Ending the 16th June, 1928*; *ibid.*, *Week Ending the 16th June, 1929*.

Table 48

AVERAGE MONTHLY NUMBER OF MEN ON POOR LAW RELIEF AND THE NUMBER RECORDED AS UNEMPLOYED, ENGLAND AND WALES,
APRIL 17, 1926, OCTOBER, 1926—DECEMBER, 1929

Period	Men on Outdoor Poor Law Relief				Unemployment Statistics			
	Total Number Ordinarily Engaged in Some Regular Occupation ^a		Number With Unemployment Books Lodged at Employment Exchanges		Men on Live Register at End of the Month		Men With Unemployment Books Lodged ^b	
	Number	Increase (+) or Decrease (-) from Previous Month	Number	Increase (+) or Decrease (-) from Previous Month	Number	Increase (+) or Decrease (-) from Previous Month	Number	Increase (+) or Decrease (-) from Previous Month
1926								
April 17	160,000 app.	....	136,191	....	629,243	....	679,204	....
October	412,374 °	....	119,545	....	989,965	....	1,043,436	....
November	389,513 °	- 22,861	132,770	+ 13,225	984,484	- 5,481	1,048,982	+ 5,546
December	284,292 °	- 105,221	135,710	+ 2,940	895,176	- 89,308	923,181	- 125,801
1927								
January	177,054	- 107,238	130,080	- 5,630	902,188	+ 7,012	954,619	+ 31,438
February	159,451	- 17,603	120,812	- 9,268	812,258	- 89,930	877,976	- 76,643
March	150,644	- 8,807	115,261	- 5,551	767,476	- 44,782	813,640	- 64,336
April	141,311	- 9,333	108,233	- 7,028	735,404	- 32,072	787,357	- 26,283
May	134,576	- 6,735	102,971	- 5,262	700,655	- 34,741	735,367	- 51,990
June	133,460	- 1,116	101,986	- 985	718,888	+ 18,233	748,555	+ 13,188
July	129,878	- 3,582	98,933	- 3,053	719,073	+ 185	771,711	+ 23,156
August	130,376	+ 498	99,275	+ 342	734,367	+ 15,294	783,405	+ 11,694
September	127,825	- 2,551	97,085	- 2,190	750,025	+ 15,658	798,500	+ 15,095
October	128,827	+ 1,002	97,680	+ 595	770,103	+ 20,078	821,843	+ 23,343
November	130,746	+ 1,919	99,062	+ 1,382	801,312	+ 31,209	852,003	+ 29,160
December	134,544	+ 3,798	101,797	+ 2,735	801,347	+ 35	851,814	- 189

1928												
January.....	138,503	+	3,959	104,497	+	2,700	826,177	+	24,830	877,779	+	25,985
February.....	132,282	-	6,221	99,060	-	5,437	805,172	-	21,005	862,777	-	15,002
March.....	128,446	-	3,836	95,380	-	3,880	735,253	-	69,919	787,475	-	75,302
April.....	125,420	-	3,046	92,215	-	3,165	742,584	+	7,331	783,741	-	3,734
May.....	113,980	-	11,440	82,204	-	10,011	780,778	+	38,194	813,166	+	29,425
June.....	107,235	-	6,745	76,437	-	5,767	848,311	+	67,533	886,715	+	73,549
July.....	100,289	-	6,946	70,566	-	5,871	901,404	+	53,093	943,655	+	56,940
August.....	100,123	-	166	69,645	-	921	903,541	+	2,137	938,189	-	5,466
September.....	98,534	-	1,589	67,354	-	2,291	886,423	-	17,118	916,257	-	21,932
October.....	99,724	+	1,190	67,852	+	498	939,912	+	53,489	969,201	+	52,944
November.....	100,815	+	1,091	67,785	-	67	973,427	+	33,515	1,000,658	+	31,457
December.....	103,497	+	2,682	69,141	+	1,356	878,473	-	94,954	903,043	-	97,615
1929												
January.....	108,909	+	5,412	72,464	+	3,323	970,990	+	92,517	992,340	+	89,297
February.....	111,574	+	2,665	73,289	+	825	968,605	-	2,385	999,179	+	6,839
March.....	109,745	-	1,829	69,613	-	3,676	782,532	-	186,073	807,919	-	191,260
April.....	97,477	-	12,268	60,239	-	9,374	764,901	-	17,631	792,535	-	15,384
May.....	92,933	-	4,544	56,425	-	3,814	775,258	+	10,357	797,851	+	5,316
June.....	91,347	-	1,586	55,143	-	1,282	764,414	-	10,844	784,984	-	12,867
July.....	86,736	-	4,611	52,756	-	2,387	761,822	-	2,592	786,026	+	1,042
August.....	89,115	+	2,379	53,549	+	793	765,452	+	3,630	791,675	+	5,649
September.....	86,598	-	2,517	51,906	-	1,643	779,863	+	14,411	801,369	+	9,694
October.....	87,451	+	853	52,252	+	346	821,833	+	41,970	841,306	+	39,937
November.....	89,481	+	2,030	52,728	+	476	867,273	+	45,440	885,200	+	43,894
December.....	91,069	+	1,588	52,506	-	222	881,932	+	14,659	896,014	+	10,874

^a These poor law figures include uninsured persons and also some persons "constructively" in receipt of relief, i.e., persons not in receipt of relief on their own behalf but who receive relief because of the sickness or maintenance, etc., of a member of their families.

^b These figures form the basis of the published percentages rates of unemployed.

^c Including considerable numbers of coal miners engaged in the disputes.

Source: Great Britain Ministry of Labour, *Memorandum on Certain Points Concerning the Statistics of Unemployment and of Poor Law Relief*, op. cit., p. 5; October, 1927, to December, 1929, figures supplied by the Statistics Division of the Ministry of Labour of Great Britain.

APPENDIX IV

SUMMARY OF UNEMPLOYMENT INSURANCE ACTS, 1920-1930¹

This Summary gives an outline of the provisions of the Unemployment Insurance Acts, 1920-1930 as now operative.

Many points of detail and various qualifying phrases are of necessity omitted; for the authoritative statement of the law reference should be made to the provisions contained in the Acts themselves and the Regulations made thereunder.

Persons Insured

1. The following persons *except those mentioned in paragraph 2 below* are required to be insured:

All persons between the ages of 16² and 65 who are employed under contract of service in Great Britain, including:

Apprentices in receipt of a money payment.

Master and members of the crew of any ship registered in Great Britain or of any other British ship of which the owner resides or has his principal place of business in Great Britain.

(*Note.*—Masters, seamen and apprentices, who are neither domiciled nor have a place of residence in Great Britain are excluded but their employers pay the employer's share of a contribution.)

2. The following persons are *not required to be insured*:

Persons employed in agriculture, horticulture and forestry.

Persons employed in private domestic service.

(*Note.*—Persons employed in domestic service in any trade or business carried on for gain are insurable.)

Established civil servants.

Persons to whose employers the Minister has granted a Certificate of Exception. Such certificates can only be granted to Government Departments, Public and Local Authorities, Railway Companies, Public Utility Companies (such as gas, water, etc., companies) and employers whose employees have superannuation rights under an Act of Parliament. The Certificate is limited to permanent employees in whose case the Minister thinks insurance against unemployment is unnecessary and the

¹ Entire summary copied verbatim from Great Britain Ministry of Labour, *Summary of Unemployment Insurance Acts, 1920-1930*, 1930, 20 pp. See also Table A, p. 471.

² The minimum age of entry into insurance will be lowered from the present age of 16 to the school-leaving age, when the school-leaving age is raised to at least 15. The date of operation of the lowering of the minimum age of entry into insurance is to be fixed by regulation and must be not earlier than the date on which the enactment raising the school-leaving age to at least 15 first comes into force and not later than the beginning of the next insurance year following such an enactment.

Certificate covers only permanent employees who have completed three years' permanent service.

Persons who are not manual workers and who are receiving remuneration at a rate exceeding £250 a year.

Female professional nurses and probationers.

Regular sailors, soldiers, and airmen. (But reservists, territorial, etc., are insurable during a period of training if they are normally insurable at other times.)

Members (other than some temporary members) of a police force to which the Police Act, 1919, applies.

Teachers in recognized or contributory service.

Persons employed as commission agents who are mainly dependent upon some other occupation or who are employed as commission agents by more than one employer and are not mainly dependent upon any one such employer.

Persons casually employed for private purposes. (Casual employment for the purposes of the employer's business is insurable and also casual employment for the purposes of a game or recreation where the employee is engaged or paid through a club; e.g. golf caddies engaged or paid through a club are insurable.)

Persons employed in certain part-time subsidiary employments specified in Special Orders made by the Minister.

Share fishermen wholly remunerated by share.

Persons employed by their husbands or their wives.

Persons employed by their parents and receiving no wages or other money payment.

Persons maintained by the employer and not receiving wages or other money payment.

Persons employed in work provided by a Local Authority under an arrangement made between that authority and a Poor Law Authority, if the Poor Law Authority contributes towards their remuneration and the employees have not previously been in receipt of unemployment benefit or the work on which they are employed by the authority is not full-time work.

Decision as to Insurability

3. The decision on questions of insurability lies with the Minister. Any person aggrieved by a decision of the Minister may appeal to the High Court (in Scotland to the Court of Session) and the Minister may, instead of himself deciding any question, refer the question to the High Court or the Court of Session.

Exemption

4. The following persons may apply for a Certificate of Exemption during the currency of which they are not liable to pay contributions and are not entitled to receive benefit:

(a) Persons in receipt of a pension or income of the annual value of at least £26 not dependent on their personal exertions.

(b) Persons ordinarily or mainly dependent for their livelihood on some other person.

(c) Persons ordinarily and mainly dependent for their livelihood on earnings in an uninsurable occupation.

(d) Persons who are employed in a seasonal occupation not usually extending over more than 18 weeks in a year and who are not ordinarily employed in any other insurable occupation.

5. The employers of persons holding Certificates of Exemption are required to pay the employer's share of the contribution; in addition the Exchequer pays a contribution equal to one-half of the employer's contribution.

Contributions

6. Contributions are payable by employers, employed persons and the Exchequer.

Present Weekly Rates of Contribution

The present rates of contribution are as follows:

Class of Employed Persons	Employer's Contribution	Employed Person's Contribution	Exchequer Contribution	Total Contribution
Men aged 21 and under 65	<i>d</i>	<i>d</i>	<i>d</i>	<i>d</i>
Young men aged 18 and under 21.....	8	7	7½	22½
Boys under 18.....	7	6	6½	19½
Women aged 21 and under 65.....	4	3½	3¾	11¼
Young women aged 18 and under 21.....	7	6	6½	19½
Girls under 18.....	6	5	5½	16½
	3½	3	3¼	9¾

In addition the Exchequer makes a contribution to the Fund as set out in paragraph 66.

Payment of Contributions

7. The employer of an insurable person is, in the first instance, liable to pay the joint contribution of himself and the employed person. This is in general to be done by affixing an unemployment insurance stamp to the unemployment book issued in the name of the employed person. An unemployment book usually has a currency of one insurance year, beginning early in July each year.

8. The employer is entitled to recover the employed person's contribution by deduction from his wages or any other remuneration, but only from wages or remuneration paid for the period to which the de-

ducted contributions apply. The employer cannot recover by deduction from any other payments due to the employed person, but he may recover by legal process in certain cases.

9. A weekly contribution is payable for each calendar week (Sunday midnight to the following Sunday midnight) during any part of which the person is employed. Only one contribution is payable in respect of each week, although the person may be employed insurably in the same week by more than one employer, in which case the contribution is generally payable by the first employer employing the person in that week.

10. It is the duty of any person on entering insurable employment to obtain an unemployment book if he has not already obtained one and to hand the book to his employer. It is the duty of the employer to obtain an unemployment book from the employed person at the commencement of the employment.

11. In general contributions must be paid before wages are paid. If the employment terminates, contributions must be paid up to date at once. When the unemployment book expires, it must be stamped up to date within six days after expiration.

12. Special arrangements may be made by employers with the Ministry of Labour under which the employer may make a deposit with the Ministry in order to enable him to stamp his employees' books at quarterly or half-yearly intervals instead of at each payment of wages.

13. Stamps affixed to unemployment books must be date-canceled by employers, who must not make any other writing or mark upon the book or stamp.

14. The employers of persons who hold Certificates of Exemption pay only the employer's contribution, by affixing a stamp to a special book issued to exempt persons.

15. Employers of persons aged 65 or over who are in employment of an insurable kind pay the employer's contributions only, whether or not the employee is in receipt of a State Old Age Pension.

Future Rates of Contribution

16. After the end of the "extended period" the *maximum* rates of contribution will be as shown in the following table. (The "extended

Class of Employed Persons	Employer's Contribution	Employed Person's Contribution	Exchequer Contribution	Total Contribution
	<i>d</i>	<i>d</i>	<i>d</i>	<i>d</i>
Men and young men aged 18 and under 65.....	6	6	6	18
Boys under 18.....	3	3	3	9
Women and young women aged 18 and under 65...	5	4	4½	13½
Girls under 18.....	2½	2	2¼	6¾

period" ends not later than the end of the insurance year during the course of which the debt of the Unemployment Fund has been wholly paid off and the Fund is, in the opinion of the Treasury, solvent.)

17. In certain circumstances the employer's contribution may be reduced before the end of the extended period so as to be at the same rate as the worker's contribution given in the Table in paragraph 6. The necessary conditions for this reduction are that the debt of the Fund plus accrued interest should have fallen to the amount at which it stood at the end of 1925 (£7,262,568) and that the reduced contributions are, in the opinion of the Minister of the Treasury, likely to be sufficient to prevent the debt rising above this figure.

Refund of Contributions Paid in Error

18. Contributions paid in error may be refunded to a person and to his employer, if the application for such refund is made within six years of the date of payment. Before any repayment is made to a claimant there is deducted an amount not exceeding the amount of benefit paid to the claimant since the date of the first contribution which was paid in error within the prescribed period of six years.

Temporary Employment Abroad

19. Regulations may provide that subject to certain conditions, contributions may be paid in respect of insured contributors who are sent abroad by an employer resident or having his principal place of business in the United Kingdom to execute for that employer work in employment which, if it were employment in the United Kingdom, would be insurable employment.

Discharged Members of H.M. Forces

20. Seamen serving in the Navy, marines, soldiers and airmen are entitled (subject to certain exceptions) to receive on discharge a credit of contributions which gives them the same benefit rights as if their period of service with H.M. Forces had been insurable employment. To meet the cost of this, payments are made to the Unemployment Fund by the Admiralty, the Army Council and the Air Council, and an Exchequer contribution in the usual proportion is added.

Juveniles Voluntarily Continuing Their Education

21. Under certain conditions contributions up to a maximum of 20 may be credited to juveniles below the age of 16 years, who having attained the minimum age for entering into insurance, are attending schools, courses of instruction or day continuation schools or classes recognized by the Board of Education or the Scottish Education Department as efficient, or Junior Instruction Centers or classes estab-

lished under the direction of the Ministry of Labour, provided that contributions so credited shall not be taken into account for the purposes of a claim for benefit made by a person who has attained the age of 18 years.

This provision will not come into operation until such time as the school leaving age is raised by law to at least 15 years.

Unemployment Benefit

22. Insured persons between the ages of 16^a and 65 who are unemployed and who fulfill the statutory conditions and are not disqualified are entitled to receive benefit.

Present Weekly Rates of Benefit

23. The present weekly rates of benefit are:

Class of Insured Person	Weekly Rate	
	s.	d.
Men aged 21 and under 65.....	17	0
Young men aged 18 and under 21.....	14	0
Boys aged 17 and under 18.....	9	0
Boys under 17.....	6	0
Women aged 21 and under 65.....	15	0
Young women aged 18 and under 21.....	12	0
Girls aged 17 and under 18.....	7	6
Girls under 17.....	5	0
Dependent's benefit:		
For an adult dependent.....	9	0
For a dependent child.....	2	0

Persons under 16 years of age and persons of 65 years of age and over are not entitled to receive benefit.

Young men and young women aged 18 and under 21, who receive additional benefit for a dependent, are entitled to receive the adult rates of 17s. 0d. and 15s. 0d. respectively, as well as the dependent's allowance.

24. Benefit is not payable for part of a day but only for whole days.

Benefit for Dependents

25. The dependents in respect of whom the above mentioned additional rate of 9s. a week may be paid are as follows:

A wife living with the claimant or being maintained wholly or mainly by him.

A female person residing with the claimant (male or female) and wholly or mainly maintained by the claimant, if that female person has the care of the dependent children of the claimant.

A female person not residing with the claimant (male or female) if she is employed by the claimant to assist in the care of the claimant's

^aThe minimum age of entry into insurance will be lowered from the present age of 16 to the school-leaving age when the school-leaving age is raised to at least 15.

dependent children at a rate of remuneration of not less than 9s. a week. The claimant must have so employed a female person before he became unemployed unless the necessity for it did not arise until after he became unemployed.

A dependent husband if he is prevented by physical or mental infirmity from supporting himself and is being maintained wholly or mainly by the claimant, his wife.

A dependent father or step-father, residing with the claimant and being maintained wholly or mainly by the claimant, if the father or step-father is unable by reason of physical or mental infirmity to support himself.

A widowed mother, a widowed step-mother, a mother who has not been married or a mother whose husband is permanently disabled and unable to work, if living with the claimant and being wholly or mainly maintained by him or her.

26. The additional benefit of 9s. 0d. per week can be received only in respect of one dependant at a time.

27. The additional benefit of 9s. 0d. per week is not payable in respect of a wife or female person who is in receipt of benefit or who is in regular wage earning employment, otherwise than as having or assisting in the care of the dependent children of the person entitled to benefit, or is engaged in any occupation ordinarily carried on for profit.

The expression "regular wage earning employment" does not include employment where the wage earned is less than the amount of dependants benefit payable in respect of the dependent in question; and the expression "occupation ordinarily carried on for profit" does not include the performance of work for payment which is less than the amount of dependants benefit payable in respect of the dependant in question or the provision of board and accommodation for not more than one lodger as a member of the family.

28. The additional benefit of 2s. 0d. a week is payable in respect of any child under the age of 14 who is maintained wholly or mainly by the claimant and any child aged 14 or 15 who is under full-time instruction in a day school, or who is unable by reason of infirmity to receive such full-time instruction in a day school, and is wholly or mainly maintained by the claimant. The 2s. 0d. may be claimed for a step-child, an adopted child and an illegitimate child, and also for a dependent younger brother, half-brother and step-brother and a dependent younger sister, half-sister and step-sister.

29. A claimant is not deemed to be wholly or mainly maintaining any other person whom he claims to be a dependant unless the claimant when unemployed contributes at least the amount of dependants, benefit to the other person's maintenance, and when in employment (unless the dependency did not arise until after the date on which the claimant became unemployed) contributed more than half of the actual cost of the other person's maintenance.

Waiting Period and Continuity Rule

30. There is a waiting period of six days for which no benefit is payable. Once a claimant has completed a waiting period, another waiting period is not required so long as the unemployment is "continuous." The rules under which two or more spells of unemployment can be regarded as one continuous spell so that no fresh waiting period is required are as follows:

Any three days of unemployment within six consecutive days are to be regarded as continuous.

Any two periods of three continuous days are to be regarded as continuous with one another if they are not separated by more than 10 weeks.

For the purpose of these rules Sundays are ignored.

Conditions for the Receipt of Benefit

31. The conditions for the receipt of benefit are as follows:

(1) That not less than 30 contributions have been paid in respect of the two years immediately preceding the date of the application for benefit.

A person who is during the two years in receipt of a disability pension for a disability contracted during the late War and who, by reason of his disability, fails to satisfy this condition need only prove the payment of 10 contributions instead of 30.

If a person is unfit for work by reason of sickness during the two years, or if he has during the two years been in unemployment which is excepted from the Unemployment Insurance scheme (see para. 2), the period of two years may be extended by the period of sickness or of employment in excepted work, but so that the total period shall not exceed four years.

If a claimant satisfies this condition at the date of his claim, he is regarded as satisfying it for the next three months and thereafter he must satisfy it at quarterly intervals.

In calculating the 30 contributions no account may be taken of any contributions paid for any period during which a person was not bona fide employed; nor may any account be taken of contributions paid in respect of a person while he is exempt from insurance.

Note.—See paragraph 32 below as to the special temporary rules under which this first statutory condition is relaxed for a period after the 19th April, 1928.

(2) That the insured person applies for benefit in the prescribed manner and proves that since the date of the application he has been continuously unemployed.

Application in the prescribed manner means, amongst other things, that the claimant makes a claim at an Employment Exchange or other Local Office of the Department, signs the appropriate documents giving all the information required and lodges his unemployment book. If good

cause is shown, a claim may be antedated to a date earlier than that on which it was actually made.

A claimant is not regarded as unemployed on any day on which he is following any remunerative or profitable occupation unless that occupation is one that could ordinarily have been followed by him in addition to his usual employment and outside the ordinary working hours of that employment and unless he does not receive more than 3s. 4d. a day. Again, a person is not regarded as unemployed, although his employment has terminated, during a period for which he continues to receive wages or compensation for the loss of employment substantially equivalent to wages;

(3) that the claimant is capable of work and available for work;

(4) [Repealed.]⁴

(5) that the claimant, if so required, has duly attended an approved course of instruction.

Transitional Conditions for the Receipt of Benefit

32. Up to 19th April, 1931, or the end of a benefit year beginning before that date (whichever is the later) a claimant who cannot satisfy the first Statutory Condition (the 30 contributions condition referred to in paragraph 31 (1) above) may in lieu thereof satisfy the following two conditions:

(1) That eight or more contributions have been paid in the two years before the date of the claim:

or

that 30 or more contributions have been paid at any time; and

(2) That he is normally employed in insurable employment and that he will normally seek to obtain his livelihood by means of insurable employment.

Men who have during the last two years been in receipt of a pension for a disability received in the late war are excused from condition (1) above.

Disqualifications for the Receipt of Benefit

33. The disqualifications for the receipt of benefit are:

(1) If it is proved by an officer of the Ministry of Labour:

(a) that the claimant has without good cause refused or failed to apply for, or refused to accept a suitable situation notified to him by an Employment Exchange (or other recognized agency or by or on behalf of an employer) as vacant or about to become vacant; or

(b) that the claimant has without good cause refused or failed to carry out any written directions given to him by an officer of

⁴The fourth statutory condition, now repealed, was that the claimant must prove that he is "genuinely seeking work, but unable to obtain suitable employment."

an Employment Exchange with a view to assisting him to find suitable employment (the directions being reasonable having regard both to the circumstances of the claimant and to the means of obtaining the employment in question usually adopted in the district in which the claimant resides); the claimant is disqualified.

The maximum period of disqualification is one of six weeks. The disqualification operates from such date as may be determined by the Court of Referees or the Umpire as the case may be.

(2) An insured contributor who has lost employment by reason of a stoppage of work which was due to a trade dispute at the factory, workshop or other premises at which he was employed, is disqualified for receiving unemployment benefit so long as the stoppage of work continues.

Separate departments on the same premises may be treated as separate premises for this purpose where separate branches of work which are commonly carried on as separate businesses in separate premises are carried on in separate departments on the same premises.

If the insured contributor obtains other employment during the stoppage of work, this disqualification may, in certain cases, be removed.

The disqualification on the ground of a trade dispute is not imposed if the insured contributor can prove both of the following:

(a) That he is not himself participating in or financing or directly interested in the trade dispute which caused the stoppage of work; *and*

(b) that the persons who are so participating in or financing or directly interested in the dispute do not include any members of his own grade or class who immediately before the stoppage were employed at the premises at which the stoppage is taking place.

(3) An insured contributor who loses his employment through misconduct or voluntarily leaves his employment without just cause is disqualified for receiving unemployment benefit for a period of six weeks, or such shorter period as may be determined, from the date when he so lost or left his employment.

(4) An insured contributor is disqualified for receiving unemployment benefit while he is an inmate of any prison or any workhouse or other institution supported wholly or partly out of public funds or while he is resident whether temporarily or permanently outside the United Kingdom. This disqualification does not apply in the case of any insured contributor who is an inmate of an institution used as a place of residence for workers if he proves that he was an inmate of the institution immediately before he became unemployed and that during the time when he was employed he paid the whole or a substantial part of the cost of his maintenance as such inmate.

(5) An insured contributor is disqualified for receiving unemployment benefit while he is in receipt of any sickness or disablement benefit under the National Health Insurance Acts or while he is in receipt of a blind person's pension under Section 1 of the Blind Persons Act, 1920.

(6) An insured contributor is disqualified for receiving benefit if, being under the age of 18 and having been unemployed for such period as may be prescribed, he fails without good cause to attend an approved course of instruction which he has been required in writing to attend.

34. For the purposes of the first disqualification above, employment is *not* deemed to be *suitable* if it is:

(1) employment in a situation vacant in consequence of a trade dispute; or

(2) employment in the claimant's usual occupation in the district where he was last ordinarily employed at a rate of wages lower or on conditions less favorable than those which he might reasonably have expected to obtain having regard to those which he habitually obtained in his usual occupation in that district or would have obtained had he continued to be so employed; or

(3) employment in the claimant's usual occupation in any other district at a rate of wages lower or on conditions less favorable than those generally observed in that district by agreement between associations of employers and employees, or failing any such agreement, than those generally recognized in the district by good employers.

After the lapse of a reasonable interval, employment is *not* deemed to be *unsuitable* by reason only that it is employment of a kind other than in the claimant's usual occupation (if it is employment at a rate of wages not lower than on conditions not less favorable than those generally observed by agreement between Associations of employers and of employees, or failing any such agreement, than those generally recognized by good employers).

Procedure for Deciding Claims

35. All claims for unemployment benefit, including dependants benefit, and all questions whether the statutory conditions are fulfilled, or whether a person is disqualified for receiving benefit or otherwise arising in connection with claims for benefit, are examined in the first instance by statutory officers, known as "Insurance Officers," who have authority to allow any claim when they think it ought to be allowed.

36. If the Insurance Officer is not satisfied that the claim ought to be allowed he must, so far as practicable, within fourteen days refer it for decision to a Court of Referees, except that if the Insurance Officer is of opinion that the claimant is disqualified under the Trade Dispute disqualification, he may himself disallow the claim. If he so disallows it, the claimant has a right to appeal to a Court of Referees within twenty-one days. The period of twenty-one days may be extended by the Minister for special reasons.

37. The Court of Referees, after considering the case, gives a decision, and if the decision of the Court is to allow the claim, benefit is in general payable immediately in accordance with the decision. The only exception to this is that, in cases arising under the Trade Dispute disqualification, benefit is not payable on a decision of the Court of Referees allowing the claim if an appeal to the Umpire is lodged by the Insurance Officer within twenty-one days.

38. An appeal from the decision of a Court of Referees may be made to the Umpire, an Officer appointed by the Crown, as follows:

- (1) by an Insurance Officer; or
- (2) by an Association of employed persons of which the claimant is a member; or
- (3) by the claimant himself if—

(a) leave to appeal has been granted by the Court of Referees (in any case in which it appears to the Court that, having regard to the importance of the principle involved or any other special circumstances leave to appeal ought to be given); or

(b) the decision of the Court of Referees is not unanimous.

If a decision disallowing a claim is not unanimous, notice in writing of the fact is to be given to the claimant within three days.

An appeal to the Umpire must be brought within six months of the date of the decision of the Court of Referees, unless for special reasons the Umpire allows a longer period in any particular case.

39. The decision of the Umpire is final.

40. An insurance officer, the Court of Referees or the Umpire may on new facts being brought to his or their knowledge revise a decision given in any case.

41. If benefit is refused on the ground that a claimant is not capable of and available for work, he may renew his application and have it reviewed at intervals of not less than six weeks.

Non-Suspension of Benefit

42. When a question arises on either of the following two points, and the claimant has been in receipt of or entitled to benefit for the previous pay-week, benefit continues to be payable unless and until a decision has been given by a Court of Referees against the claimant:

(1) Claims on which a question arises whether a claimant is disqualified under the disqualification referred to in paragraph 33 (1);

(2) Claims on which a question arises whether a claimant who is required to satisfy the transitional conditions satisfies the requirement that he must be normally in insurable employment and will normally seek to obtain his livelihood by means of insurable employment (para. 32 (2)).

Constitution of Courts of Referees

43. A Court of Referees consists of an impartial Chairman appointed by the Minister, one or more members chosen to represent employers and an equal number of members chosen to represent insured contributors. (The number of representative members is limited by the Court of Referees Regulations, 1930, to two, one representing employers and one representing insured contributors.) Panels of persons chosen to represent employers and insured contributors, respectively, are constituted by the Minister for each district.

44. In the absence of any member or members of the Court of Referees other than the Chairman, the case may, with the consent of the claimant or the person or Association concerned, be proceeded with, and if the number of the members of the Court is an even number, the Chairman has a casting vote.

Administration of Benefit by Local Education Authorities

45. Certain local education authorities have undertaken certain duties in connection with the payment of benefit for boys and girls under the age of 18 years. In the areas of those authorities boys and girls under the age of 18 years must claim their benefit at the Bureau of the Education Authority.

Arrangements with Associations for the Administration of State Benefit

46. The Minister may make an arrangement, for the administration of State benefit, with a society approved under the National Health Insurance Act, or a body ancillary thereto, or any other association of employed persons (but not with an industrial assurance company, or a collecting society, or a separate section of such company or society, or society organized by such company or society solely or jointly with other bodies). The society or association must be one whose rules provide for payments to its members, or any class of members, while they are unemployed.

47. The effect of such an arrangement is to enable unemployed members of the association who belong to a class entitled to out-of-work pay under the rules of the association to receive State benefit through the association, the association being repaid by the Department the amount which those members would have been entitled to receive as unemployment benefit if they had made a direct claim for it at an Employment Exchange.

48. Among the conditions which an association must satisfy before such an arrangement can be made or continued are the following:

(a) The association's rules must provide for payments to its unemployed members at minimum rates exceeding the amount of State benefit by the following amounts:

	Per week	
	<i>s.</i>	<i>d.</i>
In the case of men aged 21 or over.....	3	0
In the case of women aged 21 or over.....	2	6
In the case of young men and boys.....	1	6
In the case of young women and girls.....	1	3

(b) The aggregate amount payable in a year to each unemployed member, under the rules of the association, out of its private funds, must be at least:

	<i>s.</i>	<i>d.</i>
In the case of men aged 21 or over.....	75	0
In the case of women aged 21 or over.....	60	0
In the case of young men and boys.....	37	6
In the case of young women and girls.....	30	0

(c) The rates payable under the rules by the association out of its private funds must be payable in at least 10 weeks in a year.

(d) The association must have an effective system of ascertaining the wages and conditions prevailing in every employment in which its members are engaged and of obtaining from employers notification of vacancies for employment and giving notice of them to its unemployed members.

49. The Minister may pay to an association having an arrangement a contribution towards the administrative expenses of the association in connection with the arrangement.

Provision for Training

50. Grants may be made out of the Unemployment Fund towards the cost of approved courses of instruction for persons under the age of 21 years who are insured or are normally employed or likely to be employed in an insurable occupation.

Traveling Expenses

51. If a grant or an advance is made out of public funds to, or on behalf of, a person on account of the expenses of traveling to any place for the purpose of obtaining employment and that person satisfies the first statutory condition (see paragraph 31 (1) above) part of the grant or advance may be met out of the Unemployment Fund. If the person without reasonable excuse, either fails to enter on, or within seven days of entering thereon leaves, the employment found for him, the part of the advance met out of the Unemployment Fund may be recovered from him or deducted from benefit which may thereafter become payable to him.

Payments to Poor Law Authorities

52. If a Poor Law Authority has granted outdoor relief to or on account of a person not in receipt of benefit (or in receipt of less than the full amount of benefit to which he was entitled), in excess of the amount which would have been granted had he been in receipt of benefit (or of the full amount of benefit) at the time, the Minister may, if a claim by that person for benefit (or for the full amount of benefit) for any part of the period in question is subsequently allowed, pay to the Poor Law Authority out of the arrears of benefit due, an amount not exceeding such an amount as the Authority certify to have been so paid in excess.

53. In deciding whether out-door relief should be given, a Poor Law Authority must take account of the whole of any unemployment benefit received by the applicant.

Recovery of Excess Payments of Benefit

54. A person is liable to repay to the Unemployment Fund any sum received by him by way of benefit while the conditions for the receipt of benefit were not fulfilled or while he was disqualified for receiving benefit, if it was received by reason of the non-disclosure or misrepresentation by him of a material fact (whether the non-disclosure or misrepresentation was or was not fraudulent). Such benefit can be recovered by means of deductions from benefit subsequently becoming due to him, unless he can show that he received it in good faith and without knowledge that he was not entitled to it.

55. Benefit paid to a claimant in accordance with the decision of a Court of Referees in cases where an appeal to the Umpire is pending, and benefit paid in cases arising under paragraph 42, is not recoverable even if the ultimate decision is adverse to the claimant.

Abolition of the Power to Make Special Schemes

56. The Minister has no longer the power to make a Special Scheme under which an industry may contract out of the general provisions of the Act. The two existing Special Schemes, namely those for the insurance industry and the banking industry, remain in existence.

Supplementary Schemes

57. The Minister may approve a scheme submitted by a joint industrial council or an association of employers and employees for giving additional benefits to insured contributors in any industry whilst unemployed or partially unemployed.

Such a supplementary scheme must include provisions for the con-

stitution of a governing body and with respect to the supervision of its administration and accounts.

No part of the funds required for such a scheme is to be derived from the Exchequer. The Minister may participate in the administration if the cost of the participation is defrayed from the funds of the scheme.

Legal Proceedings

58. Any person who knowingly makes any false statement or false representation for the purpose of obtaining any benefit or payment under the Acts, either for himself or for any other person, or for the purpose of avoiding any payment to be made by himself, or enabling any other person to avoid any such payment, is liable on summary conviction to imprisonment for a term not exceeding three months with or without hard labor.

59. If any employer or employed person fails or neglects to pay any contributions which he is liable to pay or is guilty of any contravention of or non-compliance with any of the requirements of the Acts or Regulations in respect of which no special penalty is provided, or if any employer deducts or attempts to deduct from the wages of an employed person the whole or any part of the employer's contribution he is liable on summary conviction, for each offense, to a fine not exceeding £10.

60. An employer who has been convicted of the offense of failing or neglecting to pay any contribution is liable to pay to the Unemployment Fund a sum equal to the amount which he has so failed or neglected to pay, and on such a conviction, if notice of the intention to do so has been served with the summons or warrant, evidence may be given of the failure or neglect of the employer to pay contributions in respect of the same person during the two years preceding the date of the offense, and on proof of such failure or neglect the employer may be ordered to pay to the Unemployment Fund a sum equal to the total of all the contributions which he is so proved to have failed or neglected to pay. Any sum so ordered to be repaid is recoverable as a penalty.

61. If the employer is a company and fails to pay to the Unemployment Fund any sum which it has been so ordered to pay, the directors of the company are liable to pay the arrears if they knew, or could reasonably be expected to have known, of the failure or neglect to pay the contributions in question.

62. Any person who buys, sells or offers for sale, takes or gives in exchange, pawns or takes in pawn any unemployment book or used unemployment insurance stamps is liable on summary conviction to a fine not exceeding £20 or to imprisonment for a term not exceeding three months or to both such fine and imprisonment.

63. The Minister may recover any sums due to the unemployment fund by means of civil proceedings.

64. If a person has lost any unemployment benefit to which he would

be entitled by reason of the failure or neglect of his employer to pay contributions, or to comply with the requirements of the Regulations, that person is entitled to recover summarily from the employer as a civil debt the amount of the benefit so lost. Proceedings may be brought for this purpose at any time within one year after the date on which the employed person would have been entitled to receive the benefit.

65. Unpaid contributions for the preceding year are entitled to priority in cases of winding-up of companies or of bankruptcy.

Financial Provisions

66. There is established under the control and management of the Minister, a fund called the Unemployment Fund into which are paid all contributions, and out of which are paid all unemployment benefit and any other payments payable out of that fund. In addition to the Exchequer contributions set out in paragraphs 5, 6 and 20, the Exchequer also contributes the amount of benefit paid in respect of persons claiming under the transitional conditions (para. 32) whose benefit years began after the 31st March, 1929, together with the cost of administering such benefit.

67. The accounts of the unemployment fund are examined by the Comptroller and Auditor-General and are, with his report, laid before Parliament.

68. The Treasury may advance sums required for the purpose of discharging the liabilities of the unemployment fund, provided that the total amount of advances outstanding at any time before the 31st December, 1930, does not exceed £40,000,000, and thereafter during the "extended period" no further advance may be made unless and until the advances outstanding amount to less than £30,000,000. Thereafter the limit of £30,000,000 may not be exceeded. After the "extended period" (for which see paragraph 16) the limit of the borrowing powers is reduced to £19,500,000. Interest on such advances is paid out of the Unemployment Fund and sums advanced are repaid from time to time.

69. For the purposes of the Act an Umpire, and one or more Deputy-Umpires, may be appointed by His Majesty and insurance officers are appointed by the Minister. The Minister also appoints such other officers, inspectors and servants as are required for the purposes of the Acts, and there is paid out of monies provided by Parliament the salaries and remuneration of these officers and also any other expenses incurred by the Minister in carrying the Acts into effect.

70. A payment is made from the Fund as an appropriation in aid of the monies provided by Parliament for the cost of administering the Unemployment Insurance Scheme. This payment may not exceed one-eighth of the income of the Unemployment Fund (excluding receipts in respect of "transitional" benefit) together with the cost of administering "transitional" benefit.

**Periodical Investigation into the Condition of the
Unemployment Fund**

71. At least once in every five years, and oftener if he thinks fit the Minister must have an investigation made, in such manner as the Treasury may approve, into the financial condition of the Unemployment Fund, and the Minister must cause a report of such investigation to be laid before Parliament.

TABLE A

MAIN PROVISIONS REGARDING CONTRIBUTIONS AND BENEFITS UNDER THE SUCCESSIVE UNL

5

CONTRIBUTIONS														
Act ^a	Period ^a	M. = Men W. = Women YM. = Young Men YW. = Young Women B. = Boys G. = Girls (3)	Weekly Rates in Pence				Proportion of Exchequer to Employers and Employed Persons (8)	Exempt Persons: Exchequer Weekly Rates in Pence Employer as in Col. 5 (9)	Period ^a	Weekly Rates of Benefit	Waiting Period (Days)	Limitations ^a	Statutory Conditions	
			Total	Employers	Employed Persons	Exchequer								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
1911	7.15.1912 to 11.7.1920	M. and W. B. and G.	6 $\frac{2}{3}$ 2 $\frac{2}{3}$	2 $\frac{1}{2}$ 1	2 $\frac{1}{2}$ 1	1 $\frac{2}{3}$ 2 $\frac{2}{3}$	1 $\frac{1}{3}$ 1 $\frac{1}{3}$	No exempt persons prior to Act of 1920	1.8.1913 to 12.24.1919	s. d. 7 0 3 6	6	One week's benefit for 5 weeks' contributions. Maximum 15 weeks in any 12 months.	(1) Employed for 26 weeks in insured trade in the preceding 5 years. (2) Applies in prescribed manner and proves continuous unemployment. (3) Capable of work but unable to obtain suitable employment. (4) Not exhausted right to benefit.	
1914	.....	.....	No change							No change	6	As in Act of 1911, but from 8.10.1914, maximum of 15 weeks in an insurance year.	(1) Proves payment of not less than 10 contributions. (2), (3) and (4) as in Act of 1911.
1919	.....	M. and W. B. and G.	No change						12.25.1919 to 11.7.1920	11 0 5 6	6	Ditto	Ditto
1920	11.8.1920 to 7.3.1921	M. W. B. G.	10 8 $\frac{1}{8}$ 5 $\frac{1}{8}$ 4 $\frac{1}{2}$	4 3 $\frac{1}{2}$ 2 2	4 3 2 1 $\frac{1}{2}$	2 1 $\frac{2}{3}$ 1 $\frac{1}{3}$ 1	1 $\frac{1}{4}$ 1 $\frac{1}{4}$ 1 $\frac{1}{4}$ 1 $\frac{1}{4}$	1 5 $\frac{1}{8}$ 3 $\frac{1}{8}$ 1 $\frac{1}{2}$	11.8.1920 to 3.2.1921	15 0 12 0 7 6 6 0	3	One week's benefit for 6 contributions. Maximum of 15 weeks in an insurance year.	(1) Payment of not less than 12 contributions. (2) Applies in prescribed manner and proves continuous unemployment. (3) Capable of and available for work but unable to obtain suitable employment. (4) Not exhausted right to benefit. (5) Attends course of instruction if required by insurance officer.	
1921	7.4.1921 (not operative)	M. W. B. G.	18 $\frac{3}{4}$ 11 $\frac{1}{4}$ 6 $\frac{7}{8}$ 5 $\frac{7}{8}$	6 5 3 2 $\frac{1}{2}$	5 4 2 $\frac{1}{2}$ 2	2 $\frac{3}{4}$ 2 $\frac{1}{4}$ 1 $\frac{2}{3}$ 1 $\frac{1}{3}$	1 $\frac{1}{4}$ 1 $\frac{1}{4}$ 1 $\frac{1}{4}$ 1 $\frac{1}{4}$	1 $\frac{1}{2}$ 1 $\frac{1}{4}$ 1 $\frac{1}{4}$ 1 $\frac{1}{4}$	3.3.1921 to 0.29.1921	20 0 16 0 10 0 8 0	3	One week's benefit for 6 contributions. Maximum 26 weeks in an insurance year. Special provisions for two "special periods" with maxima of 16 weeks in each.	Ditto	
1921 (No. 2)	7.4.1921 to 4.5.1922	M. W. B. G.	18 $\frac{3}{4}$ 16 $\frac{1}{4}$ 9 $\frac{3}{8}$ 8 $\frac{3}{8}$	8 7 4 3 $\frac{1}{2}$	7 6 3 $\frac{1}{2}$ 3	3 $\frac{3}{4}$ 3 $\frac{1}{4}$ 1 $\frac{7}{8}$ 1 $\frac{5}{8}$	1 $\frac{1}{4}$ 1 $\frac{1}{4}$ 1 $\frac{1}{4}$ 1 $\frac{1}{4}$	2 1 $\frac{1}{4}$ 1 $\frac{1}{4}$ 1 $\frac{1}{4}$	6.30.1921 to 4.5.1922	15 0 12 0 7 6 6 0	6	As before, but maximum in special periods increased to 22 weeks.	Ditto	
1921 (Dependents)	11.7.1921 to 4.5.1922	M. W. B. & G.	7 4	2 1	2 1	3 2	3 $\frac{1}{2}$ Equal	.....	11.10.1921 to 4.5.1922	Dependents (Adults) 5 0 (Children) 1 0		Payable as an addition to unemployment benefit.	Ditto
1922	4.6.1922 to 1.3.1926	M. W. B. G.	25 $\frac{3}{4}$ 20 $\frac{1}{4}$ 13 $\frac{3}{8}$ 12 $\frac{1}{8}$	10 8 5 4 $\frac{1}{2}$	9 7 4 $\frac{1}{2}$ 4	6 $\frac{3}{4}$ 5 $\frac{1}{4}$ 3 $\frac{7}{8}$ 3 $\frac{5}{8}$	.355 .35 .408 .426	2 1 $\frac{3}{4}$ 1 1 $\frac{1}{8}$	4.6.1922 to 8.13.1924	15 0 12 0 7 6 6 0	6	One week's benefit for 6 contributions. Maxima:— 26 weeks in insurance year but special provisions for two further special periods subject to the following maxima:— 15 weeks in 3rd Special Period ^a (with "gaps" of 5 weeks after each 5 weeks' benefit); 22 weeks in 4th Special Period. ^a	Ditto
1922 (No. 2)	(7.20.1922)	.....	No change							No change	6	As before, but maximum for 3rd Special Period ^a increased to 22 weeks and "gaps" reduced to 1 week.	Ditto
1923 (4.12.1923)	After end of deficiency period	M. W. B. G.	15 11 $\frac{1}{4}$ 7 $\frac{1}{2}$ 5 $\frac{7}{8}$	6 5 3 2 $\frac{1}{2}$	5 4 3 2	3 2 $\frac{1}{4}$ 1 $\frac{1}{2}$ 1 $\frac{1}{8}$	1 $\frac{1}{4}$ 1 $\frac{1}{4}$ 1 $\frac{1}{4}$ 1 $\frac{1}{4}$	1 $\frac{1}{2}$ 1 $\frac{1}{4}$ 1 $\frac{1}{4}$ 1 $\frac{1}{4}$	.....	No change	6	One week's benefit for 6 contributions. Maximum for 4th Special Period ^a increased to 44 weeks with "gap" of 2 weeks after 22 weeks' benefit. Maximum of 26 weeks' covenanted or uncovenanted benefit during first "Benefit year" 10.18.1923 to 10.15.1924 with "gap" of 3 weeks after 12 weeks' uncovenanted benefit.	Ditto
1924 (2.21.1924)	.....	.....	No change							No change	6	Abolished the "gap" of 3 weeks imposed by the Act of 1923.	Ditto
1924 (No. 3)	.....	.....	No change							No change	6	Increased the maximum period of uncovenanted benefit for first benefit year to 41 weeks.	Ditto
1924 (No. 2)	After end of deficiency period	M. W. B. G.	18 -3 $\frac{1}{2}$ 9 6 $\frac{3}{4}$	6 5 3 2 $\frac{1}{2}$	6 4 3 2	6 4 $\frac{1}{2}$ 3 2 $\frac{1}{4}$	1 $\frac{1}{2}$ 1 1 1 $\frac{1}{2}$	3 2 $\frac{1}{2}$ 1 $\frac{1}{2}$ 1 $\frac{1}{4}$	8.14.1924 to 4.18.1928	18 0 15 0 7 6 6 0	3 (As from 8.1.1924)	Until 6.30.1926— 1 week's benefit for 6 contributions, unless less than 20 contributions have been paid since beginning of the insurance year next before the benefit year. Maximum of 26 weeks in an "individual benefit year" (S. 1 (5)), but on exhaustion of contributions or on reaching maximum of 26 weeks and subject to fulfilment of special conditions, applicant entitled to extended benefit for remainder of individual benefit year.	(1) Payment of not less than 30 contributions since the beginning of the first of the two insurance years immediately preceding the benefit year. (2) As before, (3) Capable of and available for work, (4) Genuinely seeking work but unable to obtain suitable employment. (5) As before. The first condition can be waived at Minister's discretion until 10.1.1925.	
1925	1.4.1926 to 4.4.1926 4.5.1926 to 1.1.1928 1.2.1928 to end of extended period After end of extended period.	M. W. B. G. M. W. B. G. M. W. B. G. M. W. B. G.	21 $\frac{3}{4}$ 18 $\frac{1}{4}$ 11 $\frac{3}{8}$ 10 $\frac{1}{8}$ 23 19 12 $\frac{1}{8}$ 10 $\frac{3}{8}$ 22 18 $\frac{1}{2}$ 11 $\frac{3}{8}$ 10 $\frac{3}{8}$ 17 $\frac{1}{2}$ 12 $\frac{1}{2}$ 8 $\frac{1}{2}$ 6 $\frac{1}{2}$	8 7 4 3 $\frac{1}{2}$ 8 7 4 3 $\frac{1}{2}$ 8 7 4 3 $\frac{1}{2}$ 6 5 3 2 $\frac{1}{2}$	7 6 3 $\frac{1}{2}$ 3 7 6 3 $\frac{1}{2}$ 3 7 6 3 $\frac{1}{2}$ 3 4 3 2	6 $\frac{3}{4}$ ^b 5 $\frac{1}{4}$ ^b 3 $\frac{7}{8}$ ^b 3 $\frac{5}{8}$ ^b 8 ^b 6 ^b 4 $\frac{3}{8}$ ^b 4 $\frac{3}{8}$ ^b 7 ^b 5 $\frac{1}{2}$ ^b 4 $\frac{3}{8}$ ^b 3 $\frac{7}{8}$ ^b 5 $\frac{1}{2}$ ^b 4 $\frac{1}{2}$ ^b 3 $\frac{7}{8}$ ^b 6 ^b 4 ^b 3 ^b 2 ^b	.45 .404 .517 .558 .533 .462 .617 .673 .467 .423 .55 .596 3 $\frac{1}{7}$ 3 $\frac{1}{7}$ 3 $\frac{1}{7}$ 3 $\frac{1}{7}$	2 ^b 1 $\frac{3}{4}$ ^b 1 ^b 7 $\frac{1}{8}$ ^b 2 $\frac{1}{2}$ ^b 2 $\frac{1}{4}$ ^b 1 $\frac{1}{4}$ ^b 1 $\frac{1}{4}$ ^b 2 ^b 1 $\frac{3}{4}$ ^b 1 ^b 7 $\frac{1}{8}$ ^b 2 $\frac{1}{2}$ ^b 2 $\frac{1}{4}$ ^b 1 $\frac{1}{4}$ ^b 1 $\frac{1}{4}$ ^b	.....	6 (As from 10.1.1925)	Abolished as from 8.20.1925 the statutory right to extended benefit conferred by No. 2 Act of 1924, and restored the Minister's discretionary power to grant such benefit.	Waiver of first statutory condition at Minister's discretion extended to 6.30.1927.	
1926 (Economy Act)	4.5.1926 to 4.1.1929	M. W. B. G.	21 17 $\frac{1}{2}$ 10 $\frac{1}{2}$ 8 $\frac{3}{4}$	8 7 4 3 $\frac{1}{2}$	7 6 3 $\frac{1}{2}$ 3	6 4 $\frac{1}{2}$ 3 2 $\frac{1}{4}$	.4 3.46 4 3.46	2 $\frac{1}{2}$ 2 $\frac{1}{4}$ 1 $\frac{1}{4}$ 1 $\frac{1}{8}$	.....	No change	Ditto	No change	No change
1926 (7.1.1926)	.....	.....	No change							No change	Ditto	Provided for the continued payment of benefit up to 31.12.1927.	Waiver of first statutory condition at Minister's discretion extended to 12.31.1927.
		M. (21-64) W. (21-64)	Ditto						4.19.1928	17 0 15 0	Ditto	Provided for the continued payment of benefit as under previous acts up to 4.18.1928 on old conditions. Thereafter—	As before up to 4.18.1928. Thereafter—	
1927	7.2.1928 to 4.1.1929	YM. (age 18) " (19) " (20) YW. (age 18) " (19) " (20)	18 $\frac{1}{4}$ 14 $\frac{3}{4}$	7 6	6 5	5 $\frac{1}{4}$ 3 $\frac{3}{4}$	.404 .341	2 $\frac{1}{4}$ 2	7.2.1928	10 0 ^d 12 0 ^d 14 0 ^d 8 0 ^d 10 0 ^d 12 0 ^d		No limit subject to fulfilment of conditions at beginning of each "benefit quarter."	(1) That not less than 30 contributions have been paid in the two years preceding the date of claim; subject to relaxation in the case of disabled ex-service men and persons incapacitated by sickness, &c. (s. 5 (4) and (5).) (2) Applies in prescribed manner and proves continuous unemployment. (3) Capable of and available for work. (4) Genuinely seeking work but unable to obtain suitable employment. (5) Attends course of instruction if required by insurance officer.
		B. } G. }	No change						4.19.1928	6 0 5 0	Dependents (Adults) 7 0 (Children) 2 0		(4) Genuinely seeking work but unable to obtain suitable employment.	
1929	4.1.1929 to end of extended period	M. W. YM. YW. B. G.	22 $\frac{1}{2}$ 19 $\frac{1}{2}$ 19 $\frac{1}{2}$ 16 $\frac{1}{2}$ 11 $\frac{1}{4}$ 9 $\frac{3}{4}$	8 7 7 6 4 3 $\frac{1}{2}$	7 6 6 5 3 $\frac{1}{2}$ 3	7 $\frac{1}{2}$ 6 $\frac{1}{2}$ 6 $\frac{1}{2}$ 5 $\frac{1}{2}$ 3 $\frac{3}{4}$ 3 $\frac{1}{4}$	.5 .5 .5 .5 .5 .5	4 3 $\frac{1}{2}$ 3 2 2 1 $\frac{1}{4}$	.....	No change	Ditto	No change	No change
1930	M. W. YM. (18-20) YW. (18-20) B. age 17 G. age 17 B under 17 G under 17	No change							3.13.1930	No change 14 0 12 0 9 0 7 6 6 0 5 0	Dependents (Adults) 9 0 (Children) 2 0	No change	Condition (4) — "Genuinely seeking work but unable to obtain suitable employment" abolished.

NOTES. 1. Present rates of contributions and benefit are shown in boxes.

2. Future rates are shown in block type.

3. Past rates which were in operation for the periods indicated are shown in ordinary type.

4. Inoperative Rates which have been repealed are shown in italics.

5. See Chapter III for disqualifications and for conditions affecting uncovenanted and extended benefit and for the transitional conditions.

^a Special Periods: First — March 3, 1921 to November 2, 1921; Second — November 3, 1921 to July 2, 1922, afterwards shortened to April 5, 1922; Third — April 6, 1922 to November 1, 1922; Fourth — November 2, 1922 to July 1, 1923, afterwards extended to November 17, 1923. Dates given in this column are in the order of month, day, and year (7.15.1912 is July 15, 1912).
^b With proviso that if at the end of the 1st quarter, 1926, or at the end of any subsequent quarter in any year, the average of the Treasury advances outstanding on the last day of each week in the quarter plus accrued interest exceeds the amount of the "1925 debt", the Exchequer shall pay a further weekly contribution in respect of that quarter of 1d. for a man, 1/2d. for other employed persons. (S. 4 (1) (e).)
^c The employer's contribution may by regulation be reduced by 1d. for a man or woman (young man or young woman — 4th Schedule, Act of 1927) and 1/2d. for other persons if the amount of the outstanding Treasury advances plus accrued interest falls below the "1925 debt" and it is not likely to exceed it in the succeeding Insurance year. (S. 4 (1) (d), Act of 1925.)
^d In the case of young men and young women receiving dependents' benefit, adult rates are payable.

Source: Supplied by the Statistics Division of the Ministry of Labour of Great Britain.

APPENDIX V

ORGANIZATION OF THE MINISTRY OF LABOUR

The Ministry of Labour was established in 1917 to replace the Labour Department of the Board of Trade, in order to systematize and develop the administration of employment exchanges, unemployment insurance, etc. The officials and departments are:

Minister of Labour

Permanent Secretary of Ministry of Labour

The headquarters of the Ministry is divided into six main departments as follows:

- (1) *Unemployment Insurance Department* responsible for the administration of the unemployment insurance acts, 1920-1930
- (2) *General Department*
 - (a) Trade Boards Acts, 1909 and 1918
 - (b) International Labor Organization
 - (c) Labor statistics
 - (d) Industrial relations
 - (e) Conciliation Act, 1896
 - (f) Industrial Courts Act, 1919
 - (g) Joint industrial councils (Whitley Councils)
- (3) *Employment and Training Department*
 - (a) General problems affecting industrial employment
 - (b) Local employment committees
 - (c) Labour Exchange Act, 1909
 - (d) Industrial Transference within Great Britain
 - (e) Training and transfer instructional centers
 - (f) Overseas settlement (Empire Settlement Act, 1922)
 - (g) Aliens Order, 1920
 - (h) Civil liabilities
 - (i) King's Roll
 - (j) Juvenile employment including national advisory councils, juvenile advisory committees, and relations with education authorities
 - (k) Unemployment Grants Committee [Development (Loan Guarantee and Grants) Act, 1929]
- (4) *Services and Establishments Department*
 - (a) Appointment, maintenance and control of staff and premises including exchanges
 - (b) General services, including printing, stationery and stores
 - (c) Inspection
 - (d) Departmental Whitley Council and staff associations

(5) *Finance Department*

Finance and accounts

(6) *Solicitor's Department* dealing with legal questions.

ORGANIZATION OF CERTAIN OFFICIAL BODIES

**Committee on Education and Industry—England and Wales
(The Malcolm Committee)**

The object of the Committee on Education and Industry appointed on July 28, 1924, was, "To inquire into and advise upon the public system of education in England and Wales in relation to the requirements of trade and industry, with particular reference to the adequacy of the arrangements for enabling young persons to enter into and retain suitable employment."

The committee issued two reports.¹

The membership of the committee follows:

D. O. Malcolm, Esq., (*Chairman*)

Sir Max J. Bonn, K. B. E.

W. Byng Kenrick, Esq.

Hon. Mary Pickford *

Arthur Shaw, Esq., J. P.

Christopher H. Turnor, Esq.

D. Milne Watson, Esq., M. A., L. L. B., D. L.

H. B. Wallis, Esq.

W. H. Lowe Watson, Esq., D. S. O., D. C. M.

(*Joint Secretaries*)

* Appointed in the place of Miss Violet Markham, C. H. (Mrs. Carruthers) who resigned on January 1, 1926, owing to pressure of other work.

**Consultative Committee on the Education of the Adolescent
(The Hadow Committee)**

The Consultative Committee on the Education of the Adolescent was requested to report on this subject in February, 1924, and reported in 1926.² The terms of reference were:

(i) To consider and report upon the organization, objective and curriculum of courses of study suitable for children who will remain in full-time attendance at schools, other than Secondary Schools, up to the age of 15, regard being had on the one hand to the requirements of a good general education and the desirability of providing a reasonable variety of curriculum, so far as is practicable, for children of varying tastes and abilities, and on the

¹ Great Britain Ministry of Labour—Committee on Education and Industry (England and Wales) [D. O. Malcolm, Chairman] *Report, First Part, 1926, 115 pp., Second Part, 1928, 79 pp.*

² Great Britain Board of Education—Consultative Committee on the Education of the Adolescent (W. H. Hadow, Chairman), *Report, 1926, 329 pp.*

other to the probable occupations of the pupils in commerce, industry and agriculture.

(ii) Incidentally thereto, to advise as to the arrangements which should be made (a) for testing the attainments of the pupils at the end of their course; (b) for facilitating in suitable cases the transfer of individual pupils to Secondary Schools at an age above the normal age of admission.

The membership of the committee follows:

Sir W. H. Hadow, C. B. E. (*Chairman*)
 Mr. P. W. H. Abbott
 Mr. S. O. Andrew
 Dr. Ernest Barker
 Miss E. R. Conway, C. B. E.
 Rev. Dr. D. H. S. Cranage
 The Rt. Hon. Lord Gorell, C. B. E., M. C.
 Miss Lynda Grier
 Mr. Ivor H. Gwynne, J. P.
 Miss Freda Hawtrey
 Sir Percy R. Jackson
 Dr. A. Mansbridge
 Mr. A. J. Mundella
 Miss E. M. Tanner
 Mr. R. H. Tawney
 Mr. S. Taylor
 Mr. W. W. Vaughan, M. V. O.
 Mr. W. C. Watkins, J. P.
 Mr. W. H. Webbe, C. B. E.
 Mr. J. A. White, M. B. E.
 Mr. R. F. Young (*Secretary*)

The late Dr. J. G. Adami, C. B. E., was also a member of the committee.

Committee on Industry and Trade (The Balfour Committee)

The Committee on Industry and Trade, usually known as the Balfour Committee was appointed by J. Ramsay MacDonald, the Prime Minister, on July 28, 1924. The object of the committee was "to inquire into the conditions and prospects of British industry and commerce, with special reference to the export trade."

In the memorandum accompanying the terms of reference the scope of the work of the committee was laid down on the following general lines which were not intended to be an exhaustive definition of the inquiry:

The first question to which the attention of the Committee should be directed is the present position of British overseas trade and the prospect of British participation in the markets of the

world being such as to ensure sufficient and continuous employment and a satisfactory standard of living in this country. The examination of tendencies and developments in the markets of the world and also in the chief competing countries will be involved, together with an inquiry into the growth of competition with British goods in these markets, the likelihood of its continuance, and its probable consequences.

The second question is the ability of British industry to meet competition under the conditions thus determined and to adapt itself to changes in the nature of overseas demand. This involves an inquiry into British productive capacity and organization, including the supply and efficiency of capital, labour and management, the present and future adequacy of raw materials and possible improvements in their utilization, and the part played by the United Kingdom in new developments of industry, particularly those which are the outcome of scientific research.

Matters to which attention might be directed are the present extent of large-scale production, its possibilities and limitations; the efficiency of plant and equipment; power supply and transport as factors in cost of production; marketing organization at home and abroad; and the current methods of industrial and commercial finance. It will be necessary, in addition, to take account of the effect of State regulative action upon costs and output.

The third question is that of the relations between those engaged in production. This will involve inquiry into methods of industrial remuneration, the main causes of unrest and disputes, and the methods of avoidance or settlement of disputes, as, for example, co-partnership, co-operation, Wages Boards and voluntary arbitration, State regulation of wages, and compulsory arbitration and compulsory enforcement and extension of agreements.

The committee has published seven reports: ²

- Survey of Overseas Markets (1925)
- Survey of Industrial Relations (1926)
- Factors in Industrial and Commercial Efficiency (1927)
- Further Factors in Industrial and Commercial Efficiency (1928)
- Survey of Metal Industries (1928)
- Survey of Textile Industries (1928)
- Final Report of the Committee on Industry and Trade (1929)

The committee was composed of the following members:

Sir Arthur Balfour, K.B.E., J.P. (*Chairman*)

Vice-President International Chamber of Commerce; Chairman of British National Committee, I.C.C.; has served on numerous governmental and industrial committees.

Mr. John Baker, F.F.I., F.S.S., M.P.,

Trade unionist; Asst. Secretary, Iron and Steel Trades Confederation; Asst. Secretary British Iron, Steel and kindred trades Association; has served on various governmental advisory committees.

² These reports may be obtained from H. M. Stationery Office, London, at prices ranging from 3s.6d. to 6s.

- Sir William Beveridge, K.C.B.,⁴
Economist; Director, London School of Economics and Political Science; was Director of Labour Exchanges, 1909-1916; has served in numerous government departments. Author of "Unemployment: A Problem of Industry," "Insurance for All," etc.
- Mr. Henry Boothman, J.P.,
General Secretary, Amalgamated Operative Cotton Spinners; Member of the General Council of the Trades Union Congress.
- Mr. J. T. Brownlie, C.B.E.,
President, Amalgamated Engineering Union; member of various governmental committees during the War.
- Mr. W. T. Charter, one of the Directors of the Co-operative Wholesale Society, Ltd.
- Mr. C. T. Cramp,
General Secretary, National Union of Railwaymen; member of General Council, Trades Union Congress.
- Mr. Hugh Dalton, D.Sc., M.P.,⁴
Economist; Under Secretary for Foreign Affairs, 1929 Labour Government.
- Sir Harry Goschen, K.B.E., J.P.,
Director of various banking and insurance companies.
- Mrs. M. A. Hamilton, M.P.,
Journalist; British Government Delegate to 1929 Assembly of the League of Nations.
- Mr. F. A. Hargreaves,
Sir Norman Hill, Bt.,
Shipowner; Chairman, Board of Trade Advisory Committee on Merchant Shipping; Chairman, Governing Body of Seamen's Pension Fund; and of various shipowners' associations, etc.; British Government Delegate at International Economic Conference.
- Sir John S. Hindley,
Coal owner; Commercial Adviser, Mines Department.
- Mr. David Landale,
Director, insurance, investment, banking and other companies.
- Sir W. Clare Lees, O.B.E., J.P.,
Vice President of the Council of the Federation of British Industries; Vice President of the Association of British Chambers of Commerce; Director of assurance, bleacher, packing and other companies.
- Mr. P. J. Pybus, C.B.E., M.I.E.E., M.P.,⁴
Member of Unemployment Grants Committee and of Advisory Com-

⁴ These members subsequently found it necessary to resign, and the following additional members were appointed:

Sir William Ashley, Ph.D., M.A., M.Com.,

Formerly President, Economic Section British Association; member of various national economic committees; author of "Introduction to English Economic History and Theory," etc. (died 1927).

Sir W. Peter Rylands,

Member of the Council of the F.B.I.; Chairman, Ebbw Vale Steel, Iron and Coal Co., Ltd., etc.

mittee, Department of Overseas Trade; Director of assurance, electric, publishing and other companies.

Mr. Arthur Shaw, J.P.,

General Secretary, National Union of Textile Workers; Member of the General Council, Trades Union Congress.

Sir Allan Smith, K.B.E.,

Chairman of the Management Board of Engineering and Allied Employers' National Federation.

Sir Hubert Llewellyn Smith, G.C.B.,

Formerly Permanent Secretary to Board of Trade; later, Chief Economic Adviser to British Government; British Government Representative on numerous international conferences and commissions has served on various national economic and educational committees and is now directing an enquiry into "Life and Labour in London."

Unemployment Insurance Committee (The Blanesburgh Committee)

The Unemployment Insurance Committee was appointed on November 10, 1925, by Sir Arthur Steel-Maitland, Bt., Minister of Labour. The terms of reference were:

To consider, in the light of experience gained in the working of the Unemployment Insurance Scheme, what changes in the Scheme, if any, ought to be made.

The committee presented its report on January 27, 1927.*

The committee was composed of the following members:

The Rt. Hon. Lord Blanesburgh, G.B.E.,

A Lord of Appeal in Ordinary; Principal British Government Delegate on Reparations Commission, Paris.

The Rt. Hon. Margaret Bondfield, P.C.,

Minister of Labour in 1929 Labour Government; Principal woman officer, National Union of General and Municipal Workers.

Sir James Curtis, K.B.E., J.P.,

Solicitor; Member of Central Valuation Committee and of Consultative Council, Ministry of Health, &c.

Professor H. W. Carless Davis, C.B.E.,

Deputy Chairman War Trade Intelligence Department.

Mr. J. Hamilton, J.P.,

Managing Director Yorkshire Insurance Company; Chairman York Labour Exchange; Fellow Chartered Insurance Institute.

Sir Hugo Hirst, Bt.,

Chairman and Managing Director of the General Electric Company, Ltd.

* Great Britain Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report, 1927*, Vol. 1, 96 pp.; Vol. 2, 249 pp.

- Mr. Frank Hodges, J.P.,
Member of the Industrial Court and of the Central Electricity Board; formerly Secretary Miners' International Federation and General Secretary Miners' Federation of Great Britain.
- Mr. A. E. Holmes,
Secretary, Printing and Kindred Trades Federation.
- Mr. Laurence Holt, J.P.,
Shipowner; Chairman, Local Employment Committee, Liverpool; and of Dock Labour Joint Committee, Liverpool.
- Sir James Lithgow, Bt., M.C., T.D., D.L., J.P.
Shipbuilder; Member, Central Electricity Board, &c.
- Sir William McLintock, K.B.E., C.V.O.,
Chartered Accountant; Member, Royal Committee on Income Tax; Member, Board of Referees; Company Law Amendment and unemployment insurance committees, &c.
- Viscountess Milner,
Widow of Viscount Milner, K.G., P.C., G.C.B., G.C.M.G.
- Sir Glynn Hamilton West,
Member of Munitions Council; Director-General of shell and gun manufacture during the War.

**Conference on Industrial Reorganization and Industrial Relations
(The Melchett-Turner Conference, or the Melchett-
T. U. C. Conference)**

On November 23, 1927, a letter signed by Lord Melchett (then Sir Alfred Mond) and an independent group of twenty other industrialists was received by the general council of the Trades Union Congress inviting the general council to meet with them in a conference to discuss questions relating to the entire field of industrial reorganization and industrial relations. The invitation was accepted, and on January 12, 1928, the conference met, with Lord Melchett in the chair. Subsequent meetings were held under the chairmanship, alternately, of Mr. Ben Turner and Lord Melchett. Mr. Ben Turner was later replaced by Mr. Ben Tillett, when Mr. Tillett became president of the general council.

Each side nominated nine members to form a joint subcommittee for carrying on the discussions in detail. The following statement of the objects of the conference was drawn up:

The object of the Conference to discuss the entire field of industrial reorganisation and industrial relations is to assist in the solution of the greatest problem confronting the country at the present time, namely, the restoration of industrial prosperity and with it the progressive improvement in the standard of living of the population. It is, however, understood that the parties do not intend to interfere with the functions of the existing joint machinery of employers and Trade Unions nor with the right to withdraw or dispense with labour. It is also recognised that the

present position of industry is not necessarily final, but that it is only a phase in its evolutionary development.

It is realised that industrial reconstruction can best be undertaken in conjunction with, and with the co-operation of, those entitled and empowered to speak for organised Labour. Every effort will, therefore, be made to further the co-operation of all those who participate in production and to secure the objective that all those who participate in production should also participate in the prosperity of industry. It is agreed that the most effective co-operation in industry can be obtained by deliberation and negotiation with the accredited representatives of affiliated Trade Unions. . . .

An Interim Joint Report was adopted by the full joint conference on July 4, 1928. This report contained statements and resolutions on the following subjects: trade union recognition; victimization; national industrial council; the prevention of disputes; rationalization; the gold reserve and its relations with industry.

On March 12, 1929, an Interim Joint Report on Unemployment was adopted.

As an outcome of these meetings, a conference took place, on April 29, 1929, between the National Confederation of Employers' Organizations, the Federation of British Industries, and the General Council of the Trades Union Congress. In view of the continuation of negotiations between these three organizations the following resolution was adopted, on June 27, 1929, by the Joint Committee of the Melchett-T. U. C. Conference:

This meeting of the Joint Committee of the Conference on Industrial Reorganisation and Industrial Relations welcomes the discussions that have been initiated between the Trades Union Congress General, the National Confederation of Employers' Organizations, and the Federation of British Industries, and in anticipation of their further progress agrees that the Conference should remain in existence, but that the meetings of the Joint Sub-Committee be adjourned pending a further report on the above-mentioned discussions.

The Melchett-Turner Conference has now evolved into a joint committee of representatives of the Trades Union Congress, the National Confederation of Employers' Organizations and the Federation of British Industries which will discuss any matter within its province of common interest to British industry, with the restriction that these discussions will not "invade the provinces or trespass upon the functions of the individual constituents of the National organizations."

The following were members of the independent group of industrialists who signed the letter to the T.U.C.:

The Rt. Hon. Lord Melchett, P.C.,

Vice President of the Council of the F.B.I., Chairman, Imperial Chemical Industries, Ltd., &c.

- Ed Aberconway, P.C.,
Vice President, F.B.I.; director of steel, shipbuilding and colliery companies.
- SHerbert Austin, K.B.E.,
Chairman, Austin Motor Company, &c.
- ABernhard Baron,
Director, Palestine Electric Corporation, Ltd., &c. (Died 1929)
- AHenry Bond,
Coal owner.
- IRt. Hon. Lord Colwyn, P.C., D.L.,
Vice President of the Council, F.B.I.; Indiarubber and cotton manufacturer; director of collieries and railways.
- ADavid Davies,
Coal owner.
- SArthur Dorman, Bt., K.B.E.,
Ironmaster and colliery owner.
- SRobert Hadfield, Bt.,
Vice President of F.B.I., and of the British Electric and Allied Manufacturers Association, Inc.
- SHugo Hirst, Bt.,
Chairman and Managing Director of the General Electric Company, Ltd.
- DA. E. Humphries,
- AKenneth Lee,
Chairman, British Cotton Industry Research Association; Cotton manufacturer.
- TMarquis of Londonderry, K.G., P.C., M.V.O.,
Chairman of colliery and dock companies.
- MM. Mannaberg,
Vice President Iron and Steel Institute.
- SEdward Manville,
Vice President of the Council of the F.B.I.; Director of oil, insurance, automobile, and other companies.
- SFrederick Mills, Bt.,
Member of the Council of the F.B.I., Chairman, Ebbw Vale Steel, Iron and Coal Co. Ltd., &c.
- SJD. Milne Watson,
Vice President of the Council of the F.B.I., Governor and Managing Director of the Gas, Light and Coke Co.
- SJW. Peter Rylands,
Member of the Council of the F.B.I.; Director of iron and steel, banking and insurance companies, &c.
- SJosiah C. Stamp, G.B.E.,
Chairman of the London, Midland and Scottish Rly.; Director of the Bank of England; British Govt. Representative on Reparations Committee (Dawes) on German Currency and Finance, and on the Young Committee.

- The Rt. Hon. Lord Weir, P.C.,
Member of the Council of the F.B.I.; Hon. President of the National Confederation of Employers' Associations; Director of the sugar, chemical and other companies.
- The Hon. F. Vernon Willey, Bt., C.M.G., C.B.E., M.V.O., M.P.
Member of the Council of the F.B.I. and of the Central Executive Board; Wool merchant; Director of banking, sugar and other companies.
- The Rt. Hon. Lord Ashfield, P.C.,
Director of numerous railway and other companies. Formerly President of the Board of Trade.
- Mr. S. Courtauld,
Chairman, Courtaulds, Ltd., Rayon manufacturers
- Mr. G. C. Vyle,
Director of numerous scale companies, &c.

The Morris Committee

The Committee was appointed by Miss Margaret Bondfield, Minister of Labour, in July, 1929, and instructed to report on procedure and evidence for the determination of claims for unemployment insurance benefit. The terms of reference were:

To consider and report upon the constitution and procedure of the statutory authorities performing the functions of insurance officers and courts of referees under the Unemployment Insurance Act, 1927, and the nature of the evidence to be required as to the fulfilment of the conditions or the absence of the disqualifications for the receipt of unemployment benefit under the Acts.

The committee presented its report on October 24, 1929.*
The committee was composed of the following members:

- Sir Harold Morris, K.C., (*Chairman*)
President of the Industrial Court; Chairman, National Wages Board for Railways
- Councillor Mrs. A. Adams,
- Mr. John A. Gregorson,
General Secretary, Iron and Steel Trades Employers' Association
- Mr. A. Hayday, M.P.,
Vice President, National Union of General and Municipal Workers; Member, General Council, Trades Union Congress.
- Mr. J. F. G. Price, C.B.,
Principal Assistant Secretary, Ministry of Labour.
- Professor F. Tillyard, M.A., M.Com.,
Chairman of numerous trade boards; formerly chairman of courts of referees for Birmingham.

* Great Britain Ministry of Labour—Committee on Procedure and Evidence: Determination of Claims for Unemployment Insurance Benefit (Harold Morris, *Chairman*, Report, 1929, (Cmd. 2415) 80 pp.; *Minutes of Evidence*, 1929, 301 pp.

The Liberal Industrial Inquiry

The Liberal Industrial Inquiry was undertaken on the initiative of the Committee of the Liberal Summer School. The committee felt that "there was need for fresh investigation of the economic and social problems by which the nation is now faced, and for the formulation of a policy to deal with them, starting from the Liberal standpoint and aiming at the application of Liberal ideas."

Among those who collaborated in making the Inquiry were leading members of the Liberal Party, together with business men, trade unionists and others. The final report was issued by the Executive Committee in January, 1928.⁷

The executive committee was composed of the following members:

- Mr. W. T. Layton, C.H., (*Chairman*)
Editor of the "Economist"; Director of the National Mutual Assurance Society; formerly Director of Economic and Financial Section of the League of Nations.
- Mr. E. D. Simon, M.P. (*Vice Chairman*)
Director of colliery and other companies; formerly Lord Mayor of Manchester; author of "The Smokeless City", "A City Council from Within", etc.
- Rt. Hon. D. Lloyd George, O.M., M.P.,
Prime Minister and First Lord of the Treasury, 1916-1922; and other cabinet offices.
- Mr. E. H. Gilpin,
Director of the "Nation" Ltd., and of other companies.
- Mr. H. D. Henderson,
Editor of the "Nation and Athenæum"; formerly University Lecturer in Economics at Cambridge.
- Mr. Philip Kerr, C.H.;
Secretary of Rhodes Trust; formerly editor of the "Round Table".
- Mr. J. M. Keynes, C.B.,
Editor of the "Economic Journal"; Secretary, Royal Economic Society; Chairman, the "Nation" Ltd.; author of "The Economic Consequences of the Peace", "A Tract on Monetary Reform", etc., etc.
- Rt. Hon. C. F. G. Masterman,
formerly Financial Secretary to the Treasury; Chairman National Insurance Commission, etc. Died 1927.
- Mr. Ramsay Muir,
formerly Professor of Modern History, University of Manchester; author of "History of the British Commonwealth", etc., etc.
- Major H. L. Nathan, M.P.,
Solicitor; director of duplicator company; honorary secretary of the London Liberal Candidates Association.

⁷ Liberal Industrial Inquiry, *Britain's Industrial Future*, London: Ernest Benn, Ltd., 1928, 503 pp.

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Vice President, National Union of General and Municipal Workers;
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 Prime Minister and First Lord of the Treasury, 1916-1922; and other cabinet offices.
- Mr. E. H. Gilpin,
 Director of the "Nation" Ltd., and of other companies.
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 Editor of the "Nation and Athenæum"; formerly University Lecturer in Economics at Cambridge.
- Mr. Philip Kerr, C.H.;
 Secretary of Rhodes Trust; formerly editor of the "Round Table".
- Mr. J. M. Keynes, C.B.,
 Editor of the "Economic Journal"; Secretary, Royal Economic Society; Chairman, the "Nation" Ltd.; author of "The Economic Consequences of the Peace", "A Tract on Monetary Reform", etc., etc.
- Rt. Hon. C. F. G. Masterman,
 formerly Financial Secretary to the Treasury; Chairman National Insurance Commission, etc. Died 1927.
- Mr. Ramsay Muir,
 formerly Professor of Modern History, University of Manchester; author of "History of the British Commonwealth", etc., etc.
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 Solicitor; director of duplicator company; honorary secretary of the London Liberal Candidates Association.

⁷ Liberal Industrial Inquiry, *Britain's Industrial Future*, London: Ernest Benn, Ltd., 1928, 503 pp.

- Mr. B. S. Rowntree,
Chocolate manufacturer; author of "Poverty, a Study of Town Life", etc., etc.
- Rt. Hon. Sir Herbert Samuel, G.C.B., G.B.E., M.P.
Chairman of the Liberal Party Organization; formerly Secretary of State for Home Affairs and other Cabinet Offices; Chairman, Royal Commission on Coal Industry, 1925; High Commissioner, Palestine, 1920-25.
- Rt. Hon. Sir John Simon, K.C.V.O., K.C., M.P.,
Chairman, Indian Statutory Commission; formerly Attorney General; Secretary of State for Home Affairs, etc., etc.

In addition to the members of the executive committee, the following served on one or more of the special committees:

- | | |
|-----------------------------|----------------------------------------------|
| Mrs. Corbett Ashby, | Rt. Hon. C. A. McCurdy, K.C. |
| Hon. R. H. Brand, C.M.G., | Mr. Arnold D. McNair, LL.D. |
| Mr. Ernest Brown, M.P. | Rt. Hon. T. J. Macnamara LL.D. |
| Mr. Lawrence Cadbury | Mr. Frank Murrell |
| Mr. S. Russell Cooke | Mr. C. G. Renold |
| Mr. E. O. Fordham, J.P. | Mr. D. H. Robertson |
| Mr. G. M. Garro-Jones, M.P. | Sir Archibald Sinclair, Bt., C.M.G.,
M.P. |
| Mr. Philip Guedalla | Sir Josiah Stamp, G.B.E. |
| Professor L. T. Hobhouse, | Mr. W. Stonestreet |
| Mr. Stuart Hodgson | Miss L. W. Taylor |
| Mrs. E. M. Hubback | Major L. F. Urwick |
| Mr. W. A. Jowitt, K.C. | Mr. William Wareing |
| Mrs. Layton | |

Royal Commission on Unemployment Insurance

The Royal Commission on Unemployment Insurance was appointed in November, 1930, "To inquire into the provisions and working of the Unemployment Insurance Scheme, and to make recommendations with regard to: (1) its future scope, the provisions which it should contain and the means by which it may be made solvent and self-supporting; and, (2) the arrangements which should be made outside the scheme for the unemployed who are capable of and available for work."

The members of the commission are:

His Honour Judge Holman Gregory, K.C. (*Chairman*)

Additional judge of Mayor's and City of London Court, and Commissioner at Central Criminal Court; Recorder of Bristol 1926-29; Recorder of Bath 1916-26; Member for Parliament for South Derbyshire 1918-22; was Chairman in 1919-20 of Departmental Committee to enquire into the system of workmen's compensation, and has been Chairman of various other Government Committees and Courts of Inquiry.

Councillor W. Asbury

Member of the Sheffield City Council since 1924 (Chairman of the Public Health Committee since 1926 and Chairman of the Public Assistance Committee since 1st April, 1930).

Mr. Henry Clay, M.A., M.Com.

Professor of Political Economy and Social Economics, University of Manchester, 1922-30; Member of the South African Economic and Wages Commission, 1925; author of "Economics for the General Reader" and "The Post-War Unemployment Problem."

Dr. H. J. W. Hetherington, M.A., LL.D.

Vice Chancellor of Liverpool University; Chairman of Dressmaking and Women's Light Clothing Trade Board and of Rope, Twine and Net Trade Board.

Mr. E. C. P. Lascelles, C.B.E.

Barrister at Law; Deputy Umpire under the Unemployment Insurance Acts; Chairman of one of the Metropolitan Courts of Referees; Chairman or Appointed Member of a number of Trade Boards.

Mrs. C. D. Rackham, J.P., N.A.

Member of Cambridgeshire County Council; Temporary Inspector of Factories, Home Office, 1915-19.

Mr. H. M. Trouncer, M.A., F.I.A.

President of the Institute of Actuaries; Manager of the London Life Association.

Mr. H. C. Emerson (*Secretary*)**Mr. H. R. Hodge (*Assistant Secretary*)**

APPENDIX VI

AGRICULTURAL POPULATION

During the forty years, 1881 to 1921, the proportion of Great Britain's population engaged in agriculture fell from over 12 per cent to about 7 per cent, while the total population increased by 13 millions or about 43 per cent. It has been estimated from the population censuses that the number of people engaged in agriculture in England and Wales was 1,230,000 in 1911 and 1,124,000 in 1921. The corresponding figures for Great Britain are 1,429,000 and 1,307,000 respectively. The shrinkage in cultivated area in Great Britain is shown in the following tabulation:

CULTIVATED AREA, GREAT BRITAIN, 1913-1929*

	Acres		Acres
1913.....	31,927,301	1922.....	30,751,292
1914.....	31,900,185	1923.....	30,667,699
1915.....	31,834,497	1924.....	30,592,087
1916.....	31,849,590	1925.....	30,460,683
1917.....	31,857,804	1926.....	30,369,281
1918.....	31,748,613	1927.....	30,271,551
1919.....	31,499,428	1928.....	30,170,714
1920.....	31,246,057	1929.....	30,090,667
1921.....	30,873,675		

* 1913-1927, Great Britain Ministry of Labour, *Statistical Abstract for the United Kingdom, op. cit.*, pp. 218-219; 1928-1929, Statistics Division of the Ministry of Labour of Great Britain.

There was an accompanying shrinkage in the numbers of workers employed in Great Britain on agricultural holdings of more than one acre during the years 1925 to 1928, as shown below: ¹

June, 1925.....	925,400
June, 1926.....	920,994
June, 1927.....	893,724
June, 1928.....	890,200

TRAINING AND INSTRUCTIONAL CENTERS ²

"The Minister of Labour gave the following information in reply to a question in the House of Commons, on 11th December [1929]:

"The existing schemes administered or financially assisted by the Ministry of Labour provide for training fit men at Government training centres for employment in this country and in the Dominions; reconditioning of fit men at transfer instructional centres for employment in

¹ Figures obtained from the Statistics Division of the Ministry of Labour of Great Britain.

² "Training and Instructional Centers," *Ministry of Labour Gazette* Vol. 37, December, 1929, p. 488.

this country; training of women and girls for domestic employment in this country, and overseas; and certain instruction for unemployed boys and girls. Particulars are given in the following table:'

Centres	Nature of Instruction	Method of Selection
Men		
<p>(i) For Employment in this Country (Great Britain)</p> <p>8 Government Training Centres, non-residential, with a total capacity for 3,300 men.</p> <p>5 Transfer Instructional Centres, with total capacity for 1,200 men.</p> <p>(ii) For Employment Overseas</p> <p>3 Permanent Farm Training Centres, with total capacity for 620 men; and quasi-permanent Centres on the Forestry Commission Estates, available as required.</p>	<p>Men are trained as handymen in various occupations for a minimum period of 6 months.</p> <p>Men are reconditioned by courses of labouring out of doors, with some elementary indoor instruction, for a maximum period of 12 weeks.</p> <p>Men are trained in farm work for a minimum period of 12 weeks.</p>	<p>By selection panels set up by the Ministry, from voluntary applicants between the ages of 18 and 32. Recruitment is mainly from the depressed areas.</p> <p>By selection panels set up by the Ministry, from voluntary applicants between the ages of 18 and 32. Recruitment is almost entirely from the depressed areas.</p> <p>By a representative of the appropriate Dominion Authority, from voluntary applicants between the ages of 19 and 35 for Canada, and 19 and 25 for Australia.</p>
Women		
<p>(i) Home Training Centres.</p> <p>41 Day Home Training Centres, providing 1300 training places, for domestic employment in this country, conducted by the Central Committee on Women's Training and Employment, the expenses being met by a grant from the Ministry. A residential Centre at Leamington Spa is about to be opened.*</p> <p>(ii) Residential Centres.</p> <p>4 Residential Centres, with 150 training places, for domestic employment overseas, conducted by voluntary organizations with financial assistance from the Ministry of Labour.</p>	<p>Women and girls are trained in domestic subjects for a period of 13 weeks (with extension up to 17 weeks in the case of younger girls in the depressed areas), the normal attendance being 30 hours a week. The period of training in the proposed residential Centre will be from 8 to 10 weeks.</p> <p>At these Centres, courses are given in the rudiments of general housework for a period of from 8 to 12 weeks.</p>	<p>Women are selected by the Women's Sub-Committee of the local Employment Committee; girls are selected by the Juvenile Advisory Committee of the Local Employment Exchange. Women and girls between the ages of 16 and 35 are eligible. Girls of slightly over 15 from depressed areas are also admitted.</p> <p>By a representative of the appropriate Dominion Authority. Women between the ages of 18 and 35 are eligible.</p>

Centres	Nature of Instruction	Method of Selection
Boys and Girls (under 18 years of age)		
87 Junior Instructional Centres (61 for boys and 26 for girls) administered by Education Authorities with the aid of grants from the Ministry.	These Centres do not train for specific occupations, but provide instruction, largely of a practical nature, with a view to preventing demoralisation during periods of unemployment, and facilitating the absorption of the boys and girls into employment.	All arrangements are in the hands of the Local Education Authorities. All unemployed boys and girls in the area about each Centre are eligible to attend. All juvenile claimants to benefit are required to attend as a condition for its receipt.

* "One residential Centre at Market Harborough, for domestic employment in Australia, is also conducted by the Central Committee on Women's Training and Employment. It is administered by the Oversea Settlement Department of the Dominions Office, and the cost is shared jointly by the British and Australian Governments."

"The total annual cost to the Exchequer of the above schemes administered or financially assisted by the Ministry of Labour is about £752,000."

OPINIONS OF OFFICIAL COMMITTEES ON UNEMPLOYMENT INSURANCE

There are many publicly expressed opinions of authoritative bodies, who, by virtue of their extensive investigations and impartiality are entitled to an audience. The *Blanesburgh Committee*, appointed by the government to examine the workings of the unemployment insurance scheme, and basing its verdict on evidence presented by representatives of employers' organizations, trade unions, national and local government bodies, charitable organizations and others, reported that it regarded an unemployment insurance scheme as a permanent feature of the British code of legislation.¹ This committee found that, in spite of the general disapproval on the part of the uninsured, the many responsible groups and individuals who were consulted during the investigation were agreed that the risk of unemployment should be insured. To quote the report:

Nobody has suggested to us that the principle of unemployment insurance should be abandoned. It has been recognized by all who have appeared before us, and we ourselves share the view, that an unemployment insurance scheme must now be regarded as a permanent feature of our code of social legislation.²

¹ Great Britain, Ministry of Labour—Unemployment Insurance Committee (Lord Blanesburgh, Chairman), *Report*, Vol. 1, p. 28.

² *Ibid.*

Other bodies have made similar statements. A report was submitted by the National Confederation of Employers' Organizations in January, 1924, to the Minister of Labour. It was prepared in consultation with all the employers' organizations in the country and may be regarded as opinion subscribed to by employers in general. It contains the following comment:

Whatever be the defects of the emergency measures, the experiment of compulsory Unemployment Insurance, as initiated in 1911, cannot be adjudged a failure in itself. On the contrary, experience since 1911 has proved that it is practicable in normal times to make provision, by way of insurance, for assisting the bona fide workman over periods of temporary and unavoidable unemployment.³

The report continues:

The magnitude of the experiment undertaken under the 1920 Act must not be overlooked. Great Britain is the only country in the world that has attempted legislation of this kind on a broad and comprehensive basis. It is only when the provisions of the 1920 Act are at work again, free of emergency measures, that experience will be gained upon which full development can be determined in the light of permanent conditions. Hence the paramount importance of putting its provisions to the test on a sound basis at the earliest moment.⁴

One of the representatives of the above mentioned association of employers stated before the Blanesburgh Committee in March, 1926, deploring the post-war cataclysm of trade: "Given time and proper administration, . . . we are convinced that we can build up something which will be an example to the whole world."⁵

Another responsible body representative of industrial opinion, in this case of both employers and trade unions, was the *Melchett-Turner group*.⁶ In March, they said, in their Interim Joint Report on Unemployment, "The Unemployment Insurance Scheme (together with assistance from the Poor Law and Trade Union funds) does not pretend to do more than mitigate the hardships due to involuntary unemployment, and there can be no question but that it has been of considerable value in ameliorative directions."

The Liberal Industrial Inquiry published a report in 1928 under the title *Britain's Industrial Future* which represents the opinion of some of Great Britain's most important industrial owners and managers as well as of other groups. This report, while recognizing the necessity for making every effort to remove the causes of unemployment and also the weaknesses of the present scheme, says, "It was fortunate that this

³ *Ibid.*, Vol. 2, p. 86.

⁴ *Ibid.*, p. 89.

⁵ *Ibid.*, p. 79.

⁶ Conference on Industrial Reorganization and Industrial Relations (Lord Melchett and Ben Turner, Joint Chairmen), *Interim Joint Report on Unemployment, 1929*, 16 pp.

country, after the War, had in existence the machinery of Unemployment Insurance; it has, without question, enabled us to pass through these seven lean years without the health of the mass of the working population being impaired or the standard of living lowered.”⁷

Another recent verdict by a responsible body was that given by the *Balfour Committee*, which expressed the opinion that both from the point of view of general social welfare and from that of industrial and commercial efficiency, establishing of unemployment insurance in Great Britain had been amply justified, adding that they would find it difficult to imagine how the country would have fared “had not the insurance machinery been available in its time of need.” Indeed, as they say, it is a subject of constant comment that “so deep and prolonged a trade depression has produced so little actual suffering in comparison with the experience of far slighter and more transient periods of depression before the war,” a condition which they attribute in large part to the Unemployment Insurance scheme.⁸

This committee says, “The primary effect is to improve materially the well-being of the industrial population in ways in which such improvement could not have been achieved by individual effort except at enormously greater cost. The sense of security and the relief from suffering thus obtained, is a national and personal asset of the highest value which is often neglected in making comparisons of British wages and conditions of labour with those obtaining in other countries.”⁹ Again they say, that they regard “the establishment of a practically universal system of compulsory insurance against unemployment as one of the greatest advances in social amelioration made during the past generation.”¹⁰

⁷ Liberal Industrial Inquiry, *Britain's Industrial Future*, op. cit., p. 275.

⁸ Great Britain Board of Trade—Committee on Industry and Trade (Arthur Balfour, Chairman), op. cit., pp. 183-184.

⁹ *Ibid.*, p. 258.

¹⁰ *Ibid.*, p. 181.

APPENDIX VII

ADDENDA

Insured Persons—Great Britain and Northern Ireland¹

June	Number in Employment ²	
1927.....	10,620,000	
1929.....	10,797,000	
1930.....	10,357,000	
	Feb. 24, 1930	Feb. 23, 1931
	Number Unemployed	
Males.....	1,209,163	2,016,998
Females.....	373,939	680,424
Total.....	1,583,102	2,697,422
	Percentage Unemployed	
Males.....	13.8	22.6
Females.....	11.2	19.6
Total.....	12.9	21.7

Number on Employment Exchange Registers, February 23, 1931³

Number of Insured Persons, Great Britain	
Proved payment of at least 30 contributions during the preceding two years.....	1,954,253
Other insured persons.....	473,786
Total.....	2,428,039

Great Britain and Northern Ireland

Classification	Persons Normally in Regular Employment ^a		Casuals ^a	Total ^a	Increase from Feb. 24, 1930
	Wholly Unemployed	Temporarily Stopped			
Men.....	1,413,585	409,212	116,053	1,938,850	779,184
Boys.....	59,402	12,527	317	72,246	31,602
Women.....	427,987	189,953	2,248	620,188	282,313
Girls.....	50,175	12,331	21	62,527	18,487
Total.....	1,951,149	624,023	118,639	2,693,811	1,111,586
Increase from Feb. 24, 1930.....	832,257	252,171	27,158	1,111,586	

^a Does not include insured persons whose books are in the two months' file.

¹ *Ministry of Labour Gazette*, Vol. 38, March, 1930, pp. 84, 101; Vol. 39, February, March, 1931, pp. 49, 85, 105.

² Great Britain only—February 24, 1930—10,016,700; February 23, 1931—9,224,900

³ *Ministry of Labour Gazette*, Vol. 38, March, 1930, p. 99; Vol. 39, March, 1931, pp. 85, 103, 108, 109

Vacancies Notified and Filled—Great Britain and Northern Ireland

Great Britain and Northern Ireland		
Classification	Four Weeks Ended—	
	Feb. 24, 1930	Feb. 23, 1931
Total number notified by employers.....	136,593	162,045
Number filled:		
Men.....	72,717	90,545
Women.....	26,997	32,868
Juveniles.....	23,438	22,649
Total number filled.....	123,152	146,062

Claims to Unemployment Benefit Disallowed by Courts of Referees—Great Britain, January 13, 1931, to February 9, 1931

Failure or refusal to apply for or accept suitable employment or to carry out written directions.....	3,700
Not unemployed.....	3,246
Employment lost through misconduct.....	3,786
Employment left voluntarily without just cause.....	5,994
Other reasons.....	20,084
Total disallowed.....	36,810

Changes in Wage Rates During February, 1931⁴

Decreases—£47,800 affecting about 570,000 workpeople.

Increases—£ 2,050 affecting about 64,000 workpeople.

Average Level of Retail Prices⁵

On February 28, 1931, the average level of retail prices of the commodities taken into account in the statistics compiled by the Ministry of Labour (including food, rent, clothing, fuel and light, and miscellaneous items) was approximately 50 per cent above the level of July, 1914, as compared with 61 per cent a year ago. For food alone the corresponding percentages were 34 and 50.

British Unemployment Benefits in 1931 May Total £135,000,000⁶

In a treasury memorandum presented to the Royal Commission on Unemployment Insurance it was stated that the cost of unemployment

⁴ *Ministry of Labour Gazette*, Vol. 39, March, 1931, p. 85.

⁵ *Ibid.*

⁶ Taken verbatim from United States Department of Commerce, *Commerce Reports*, March 23, 1931, p. 784.

insurance to the Exchequer had increased from £11,750,000 in the financial year ended March 31, 1929, to nearly £37,000,000 for the current financial year. The estimate for the coming year, beginning April 1, 1931, is given as £50,000,000 to £55,000,000 on the basis of existing conditions. In addition to this direct cost to the Exchequer, it is estimated that the unemployment fund will have to borrow an additional £50,000,000 from the treasury, and that assessments on employers and employees will aggregate probably £30,000,000. This makes an estimated maximum total of £135,000,000 (\$656,977,500) as the probable cost of unemployment benefit during the coming year.

COST OF UNEMPLOYMENT TO THE BRITISH EXCHEQUER

[In thousands of pounds sterling]

Fiscal Year from April 1 to March 31	Ordinary Contribution	Transitional Benefit ^a	Total
1928.....	11,750	.....	11,750
1929.....	15,430	3,980	19,410
1930 (estimate).....	14,970	22,000	36,970
1931 (estimate).....	15,000	(^b)	(^c)

^a Benefit paid to claimants not possessing the normal qualification of 30 insurance contributions to the unemployment fund within the last 2 years.

^b From £35,000,000 to £40,000,000 or more.

^c From £50,000,000 to £55,000,000 or more.

It is expected that the unemployment fund will be from £72,000,000 to £75,000,000 in debt to the treasury before the current financial year ends on March 31, and that an additional £40,000,000 to £50,000,000 will have to be borrowed in the following year. The fund is thus hopelessly insolvent under present conditions, and is now increasing its debt at the rate of nearly £1,000,000 per week. At this rate the amount borrowed from the treasury during the year will about equal the amount provided in the national budget for the debt-sinking fund.

The following table shows the amounts borrowed by the unemployment fund from the treasury in the past few years:

DEBT OF BRITISH UNEMPLOYMENT FUND TO THE BRITISH TREASURY

[In thousands of pounds sterling]

Fiscal Year (April 1-March 31)	Debt at Beginning of Period	Net Borrowing During Year
1928.....	24,530	11,430
1929.....	35,960	2,990
1930.....	38,950	^a 33,000-36,000
1931 (estimated).....	72,000-75,000	40,000-50,000

^a Estimated.

In giving evidence before the commission, a high treasury official stated that the unemployment insurance charge on the national budget in 1925 represented less than 12 per cent of the total expenditure on social services; in the current year, however, it would be almost 24 per cent of the total, and if the treasury loans to the unemployment fund were included it would be 37 per cent.

Unemployment Insurance Act, 1931⁷

The Unemployment Insurance Act, 1931, received the Royal Assent on March 3. Section 1 of the Act raises to £90,000,000 the limit on the amount of the advances by the Treasury to the unemployment fund which may be outstanding during the "deficiency period." The "deficiency period" is defined, in section 16 of the Unemployment Insurance (No. 2) Act, 1921, as the period between the passing of that act and the date when the Treasury certify that the unemployment fund is solvent. Such certificate may not be given while any advances to the fund are outstanding.

In the absence of fresh legislation, insured persons at present drawing benefit under the "transitional" provisions would have begun to fall out of benefit at various dates beginning on April 19, 1931. The present act maintains the right of such persons to claim benefit, by extending the transitional period for another six months.

Juvenile Instruction⁸

The National Advisory Council for Juvenile Employment (England and Wales) reported in February, 1931, that during 1930 there had been 43 new junior instruction centers and classes established in England and Wales, and that the proportion of juvenile claimants for unemployment benefit who attended these courses had more than doubled.

Public Works

With the exception of a difference of opinion on the method of financing national public works projects the Labour and Liberal parties are in practical agreement as to the importance of accelerating and extending public works. Whereas the Liberals advocate the raising of a large national reconstruction loan for this purpose, the Labour Government claims any schemes for public works must be approved in advance, which would mean that the money would not be obtainable until the project was definitely outlined. At present, therefore, the Labour and Liberal governments are drawing together on the principle of public works as a means of reducing unemployment.

⁷ "Unemployment Insurance Act," *Ministry of Labour Gazette* March, 1931, Vol. 29, p. 91.

⁸ *Ibid.*, February, 1931, p. 49.

On February 19, 1931, a resolution proposed by the Liberal Party was carried in the House of Commons "to formulate and present to Parliament an extensive policy for utilising the labour of the workless in useful and essential schemes of national development," such as regional planning, improved transport, land settlement, docks and harbours, electricity and telegraphs, the cost to be met by public and national loans, but not to involve a large coverall loan.⁹

Mobility¹⁰

Recently severe restrictions have been placed upon the entrance of British immigrants into Canada. The new policy was laid down by the Immigration Regulations in August, 1930, and although it has been in operation only a little over six months the effect has been marked. From August to December, 1930, immigration fell about 50 per cent.

The immigration regulations of 1922-1930, framed to encourage settlement of immigrants in Canada, especially British immigrants, will not be renewed. The new regulations reduce the eight classes of immigrants formerly permitted to enter Canada to four. The only persons now eligible for entrance are "agriculturists of sufficient means," the wife or child (under 18 years) of a Canadian resident, and British or United States citizens if they have money. It is supposed that an immigrant would require "sufficient means" of at least \$2,000 to begin farming. Formerly "bona-fide farm labourers entering Canada to follow that occupation and with reasonable assurance of employment" were permitted to enter Canada but this class of immigration will in future be excluded. Female domestic servants, formerly allowed to enter if they had reasonable assurance of employment are also forbidden by the new regulations to enter the dominion.

This seemingly harsh "closed door" policy is occasioned by the severe unemployment Canada herself is facing, together with the return of tens of thousands of native-born Canadians who had emigrated to the United States and are now unable to find work there.

Recent Recommendations of Employers

Clay's contention that industry, without government intervention, gives little promise of taking constructive and large-scale measures toward the solution of economic problems is borne out by the recently published statements of the Federation of British Industries and the National Confederation of Employers' Organizations. Their suggested remedies for the present desperate state of British industry are lower wages, rigorously curtailed social services, a reduced standard of living,

⁹ "Unemployment Insurance Finance," *Manchester Guardian Weekly*, Vol. 24, February 20, 1931, p. 146.

¹⁰ "Canada's 'Closed Door,'" *Manchester Guardian Weekly*, Vol. 24, March 20, 1931, p. 230.

ESTIMATED DISTRIBUTION BY INDUSTRIES OF TOTAL EMPLOYMENT AND UNEMPLOYMENT AND OF £1,000 EACH OF CONTRIBUTIONS AND BENEFITS, GREAT BRITAIN AND NORTHERN IRELAND

502

Industry	Numbers Insured, July, 1929 (000)	Unemployed Percentage		Share of Total		Share of Every £ 1,000			
		1929	Mean 1924-29, Omitting 1926	Employment (000)	Unemployment (000)	Raised in Contributions	Spent in Benefit	Raised in Contributions	Spent in Benefit
(1)	(2)	(3)	(4)	(5)	(6)	(7) £	(8) £	(9) £	(10) £
Commerce, banking, insurance and finance	228.59	2.7	3.4	222.42	6.17	21	5	20	6
Professional services	121.73	3.2	3.2	117.84	3.89	11	3	11	3
Tramway and omnibus service	154.74	3.2	3.3	149.79	4.95	14	4	14	4
Printing, publishing and bookbinding	261.13	4.4	4.8	249.63	11.50	23	9	23	10
Laundries, dyeing and dry cleaning	135.03	4.4	4.9	129.09	5.94	12	5	12	5
Dressmaking and millinery	103.40	4.9	5.8	98.33	5.07	9	4	9	5
Railway service	133.39	5.8	5.9	130.36	8.03	12	6	12	6
Gas, water and electricity supply industries	162.03	6.0	5.8	152.31	9.72	14	8	14	7
Furniture making, upholstering, etc.	120.34	6.2	6.1	112.88	7.46	11	6	11	6
Hosiery	105.78	6.2	6.8	99.22	6.56	9	5	9	6
Distributive trades	1,679.09	6.3	6.1	1,573.29	105.80	145	83	146	79
Chemicals	105.89	6.5	7.4	99.01	6.88	9	5	9	6
Drink industries	103.53	6.8	6.5	101.15	7.38	9	6	9	5
National government	113.84	6.8	7.1	110.76	8.08	10	6	10	7
Construction and repair of motor vehicles, cycles and aircraft	245.41	7.1	7.6	227.98	17.43	21	14	21	15
Bread, biscuits, cakes, etc.	144.77	7.3	7.9	134.20	10.57	13	8	12	9
Tailoring	199.35	8.2	8.6	182.99	16.36	17	13	17	13
Metal industries not separately specified	191.37	8.3	9.5	175.43	15.89	16	12	16	14
Hotel, boarding house and club services	333.70	9.2	9.8	303.00	30.70	28	24	28	26
General engineering, engineers' iron and steel founding	589.75	9.7	11.6	539.85	59.90	49	45	48	53
Local government	274.05	9.8	8.5	247.19	26.86	23	21	23	18
Road transport not separately specified	182.57	12.2	13.0	160.29	22.28	15	18	15	18
Boots, shoes, slippers and clogs	135.25	13.2	10.8	117.40	17.85	11	14	11	11

APPENDIX VII

Industry	Numbers Insured, July, 1929 (000)	Unemployed Percentage		Share of Total		Share of Every £ 1,000			
		1929	Mean 1924-29, Omitting 1926	Employment (000)	Unemployment (000)	Raised in Contributions	Spent in Benefit	Raised in Contributions	Spent in Benefit
		(1)	(2)	(3)	(4)	(5)	(6)	(7) £	(8) £
Cotton.....	554.79	13.2	11.2	481.54	73.25	45	58	46	49
Building.....	825.98	13.3	11.3	716.08	109.90	66	87	68	73
Woolen and worsted.....	239.03	13.8	11.2	206.03	33.00	19	26	20	21
Coal mining.....	1,074.71	16.0	15.5	902.71	172.00	83	135	84	130
Textile bleaching, printing and dyeing, etc.....	116.23	17.4	14.0	96.01	20.22	9	16	9	13
Shipping service.....	141.42	17.8	18.1	116.25	25.17	11	20	11	20
Steel melting and iron puddling furnaces, iron and steel rolling mills and forges.....	178.72	19.8	21.0	143.34	35.38	13	28	13	29
Public works contracting, etc.....	164.43	22.7	19.3	127.10	37.33	12	29	12	25
Shipbuilding and ship repairing.....	204.60	24.3	27.8	154.80	49.70	14	39	14	44
Dock, harbour, river and canal service.....	171.22	30.8	28.2	118.49	52.73	11	42	11	38
Other industries.....	2,586.24	9.6	11.2	2,337.19	249.05	216	196	212	226
Total.....	12,094.00	10.5	10.6	10,824.00	1,270.00	1,000	1,000	1,000	1,000

Sources: W. H. Beveridge, *Unemployment: A Problem of Industry (1909 and 1930)*, new ed., *op. cit.*, Table XXXIV, p. 285.

high protection by a complete permanent tariff and lower taxation on industrialists. The *Manchester Guardian* asks whether it is possible that the Federation of British Industries "has come under the influence of a group of industrial defeatists who have lost all hope of ever competing abroad without subsidies and whose minds are too inelastic to see any alternatives to squeezing their employees and getting a monopoly for themselves?"¹¹

Beveridge on Industrial Distribution of Unemployment Contributions and Benefits

Sir William Beveridge says, "It is impossible, indeed, to determine directly how much each industry is paying in, and how much it is drawing out of the unemployment fund. No accounts of income and expenditure by separate industries are kept. For practical purposes, however, it is sufficiently near the mark to assume that the contribution of each industry is in proportion to its employment, and the amount of benefit drawn is in proportion to its unemployment; in so far as this assumption errs, it must err, as a rule, by understating the inequality of experience between different industries. On this assumption the table given opposite has been constructed.

"The table shows separately each of the 33 industries of the Ministry of Labour classification having more than 100,000 workpeople in July, 1929, arranged in the order of their unemployment percentages for that year; these percentages are given in column three, and the mean percentages over the five years 1924-9 without 1926¹² in column four. The fifth and sixth columns show how much on the basis of its numbers and percentages, in 1929, each industry contributed to the total employment and unemployment respectively of that year. The seventh and eighth columns show, on the assumptions named above, what would be the share in 1929 of each industry in £1,000 of employers' and workmen's contributions and £1,000 of benefits respectively. The last two columns give corresponding shares on the basis of the unemployment of five years 1924-9 (omitting 1926), as applied to the numbers insured in 1929. The benefits of course are paid for in part by the Exchequer contribution; the simplest way of bringing this into account is to regard the Exchequer as providing two-sevenths of the weekly rate of benefit (by its weekly payment of 6d. for the employers and workman's 1s.3d.), and the table therefore as being concerned with the way in which the other five-sevenths are provided.

"Remarkable differences between the experiences of the different industries are at once apparent. Looking first at the figures for 1929, we see at the top of the table industries paying in three or four times as much as they draw out, and at the bottom of the table other industries drawing out three or four times as much as they pay in. The top eight

¹¹ "Comment and Criticism," *Manchester Guardian Weekly*, Vol. 24, March 13, 1931, pp. 202-203.

¹² 1926 was the year of the general strike and the protracted coal dispute.

industries with 1,305,000 workpeople draw out between them practically the same amount as dock, harbour, river and canal service with 171,000 workpeople, while they pay in ten times as much; for every £11 paid in by the last industry towards the cost of its unemployment in 1929, £31 was found by other industries directly, to say nothing of £17 found by the taxpayer. Between the extremes is every possible gradation of experience.

"The scheme should not be judged by the experience of a single year, which might be abnormal. The last two columns, however, giving averages for five years, show substantially the same picture, with the two extremes toned down very slightly. The most important differences between the five year averages and those for 1929 alone, are that in the latter year general engineering, and to a less extent shipbuilding and repairing, unspecified metal industries, and chemicals are better, while building, public works, boots and shoes, dock and harbour service, and most of the textile trades are worse. The improving trades show recovery from excessive war expansion. The declining trades were nearly all trades restricted during the war; presumably they drew in during the temporary boom of 1920 more labour than they needed permanently. These changes, though interesting in other connections, do not affect the main lesson of the table. Over the five years 1924-9, as in the single year 1929, the risk of unemployment in different industries is startlingly unequal—in some industries eight or nine times as much as in others. The employers' and workmen's contributions for insurance amount to little more than a device for taking money from one industry and giving it to another—that is to say, they are a mode of taxation.

"There is thus no relation between the contributions and receipts of particular industries."¹⁵

¹⁵ W. H. Beveridge, *Unemployment: A Problem of Industry (1909 and 1930)*, new ed., *op. cit.*, pp. 284-287.

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INDEX

INDEX

A

- ABANDONED PROVISIONS, UNEMPLOYMENT INSURANCE SCHEME**, table, 471
- ABLE BODIED** (See "Poor Relief, Able Bodied" and "Unemployment, Able Bodied")
- ACCRINGTON, Unemp't in**, 28
- ACTS** (See "Laws")
- ACTUARIAL DATA** (See also "Financial Experience, Unemployment, Insurance Scheme, Actuarial Aspects" and "Unemployment, Statistics")
- Lack of, commented on, 41
- ACTUARY** (See "Government Actuary")
- ADDITIONAL BENEFITS, UNEMPLOYMENT INSURANCE SCHEME** (See "Approved Societies, Additional Benefits by" and "Trade Unions, Unemployment Benefits")
- ADMINISTRATION, UNEMPLOYMENT INSURANCE SCHEME**, 104-133 (See also "Out-of-work Donation, Administration of")
- 1930 act, provisions under, 57-58
- Appeals, 117-121, 454, 463-464
- 1911 act, 43
- 1920 act, 47
- 1930 act, 58, 59, 108
- benefits paid while pending, 58
- cost of, estimated, 58
- excepted workers given right to appeal against dismissal, 64-65
- procedure, 58, 108
- trade dispute related to, 58
- Approved Societies, by, 76-78, 395-402
- 1920 act authorized, 70, 76
- coverage by firms administering, 78
- cost of, allowance made for, 77
- emp't exchanges co-operate in, 77
- growth slow, reasons for, 78
- industrial relations factor, 78
- mobility, interference with, 78
- names, societies administering, 77
- number, societies administering, 78
- opposition to, 78
- placement work, co-operation in, 78
- procedure, 77
- summary of, 79
- Associations, by, 68-76, 465-466
- membership in assns. administering, 69, 73
- number of assns. administering, 69, 73
- placement service required for, 70
- ADMINISTRATION (Continued)**
- Boards of assessors, 109
- Books lodged with emp't exchange, 124
- Chief insurance officer, 1930 act outlined duties of, 58
- claims disallowed by, table, 118, tabulations, 119, 120
- Cost of (See "Financial Experience, Unemployment Insurance Scheme, Administrative Costs")
- Courts of referees, 107-109, 463-464
- 1911 act created, 43
- 1927 act, ordered to review certain special cases, 56
- 1930 act outlined duties of, 58, 107-109
- Blanesburgh Committee recommended review of claims by, 53
- claims disallowed by, 498, table, 118
- personnel of, 107-108, 465
- Determination of claims procedure inquired into, 57, 114-115
- Dissatisfaction in labor circles concerning, 57
- Divisions for, geographical, 40, 104
- Emp't exchanges, 104-111, 362, 364, 365
- benefits paid by, annual, table, 76
- claims at, procedure for making, 106-107
- emergency relief, medium for dispensing, 48
- suitable emp't to be decided by, 112-113
- unemp't, means of testing, 48
- Extended benefit, 48, 108
- Local insurance officers, 1911 act gave power of first decision to, 43
- 1930 act, duties unchanged by, 58
- Minister of Labour, discretionary powers of, 48-49, 50, 53, footnote, 311
- Personnel required for, 340
- Rota committees, 1921 act appointed to decide eligibility for extended benefit, 48, 108
- 1927 act abolished, 56, 108
- abolition of urged, 109
- poor relief defeated function of, 264
- Stamps, contributions paid by, 107
- Summary, 132-133, 362-366
- Trade unions, by, 68-76, 363
- 1911 act authorized, 43-44, 68-69
- 1927 act, 71

- ADMINISTRATION, Trade unions (Cont.)**
 additional benefits, requirement for ignored, 71
 benefits paid by, annual, 74, tables, 76, 102
 Blanesburgh Committee's views on, 71
 controversies with state because of, 73
 cost of, allowances to cover, 70-71, table, 102
 coverage by unions administering, 69, 73
 emp't exchanges co-operate in, 71
 Geddes Committee report on, 71
 number of unions administering, 69, 73
 opinions concerning, 73-74
 placement service required for, 70
 short time, benefits for, compulsory, 72
 summary of, 78-79
 termination of, 72
 unemp't, procedure for proving, 71, 72
 vacant books, signed during unemp't, 71, 72
- Umpire,**
 claims disallowed by, table, 118
 final decision, power of,
 1911 act, 43, 58
 1930 act, 58
 short-time claims authorized by, 163
 Unemp't Insurance Department has charge of, 104
- Age,**
 Benefit rates based on, 55, tabulation, 55
 Claimants to benefit, distribution by, 185-190
 men, table, 185
 total, table, 188
 women, table, 188
 Contributions,
 number by, table, 191
 rates based on, 56, tabulation, 56
 Coverage by, 197
 Duration of benefit by, table, 191, tabulation, 192
 Emp't by, 190-192, table, 191
 Insured workers, distribution by,
 sample, table, 185
 men, table, 185, tabulations, 190, 197
 total, table, 188
 women, table, 188
 Minimum age of entry for benefit, 283, 286
 Mobility affected by, 208-209
 Persons 65 and over in industry, number of, 314
 Problem of the older worker, 196-197
 Retirement,
 Labour Party urged 65 for, 313-314
 Thomas, J. H., fixed by, 286
- AGE (Continued)**
 School-leaving, 286, 296, 314-315
 Training for middle-aged men, 290
 Unemp't,
 duration by, 192-193, 196, chart, 195, table, 194, tabulations, 192, 196
 related to, 185-197
 summary, 200
- AGRICULTURE, 344-346, 489**
 Emigrants in, 244-245, tabulation, 245
 Grants made to colonies for development of, 313
 Migration of workers to cities, 19
 Mobility, related to, 226
 National Union of Agricultural Workers, 345
 Transference, obstacles to, 234-235
 Unemp't in, statistics lacking, 344
 Unemp't insurance for, 344-346
 mobility affected by lack of, 226
 obstacles to, 346
 summary, 359
 Wages, early attempts to fix, 27
 Workers in,
 decrease of, 18-19
 number of, 344, 489
- AGRICULTURE, MINISTRY OF, Unemp't insurance scheme considered by, 346**
- ALBERTA, Immigrants, 240**
- ALLEN, W. E. D., Genuinely seeking work, experience with men reported as not, 114**
- ALLIED ASSOCIATION OF BLEACHERS, DYERS, PRINTERS AND FINISHERS (See "Trade Unions")**
- AMALGAMATED ENGINEERING UNION (See "Trade Unions")**
- AMALGAMATION,**
 Industries, of (See "Rationalization")
 Mines, bill to enforce in, 15
- AMALGAMATED SOCIETY OF CARPENTERS (See "Trade Unions")**
- AMALGAMATED SOCIETY OF ENGINEERS (See "Trade Unions")**
- AMALGAMATED SOCIETY OF ENGINEERS, MACHINISTS, SMITHS, MILL-WRIGHTS AND PATTERNMAKERS (See "Trade Unions")**
- AMALGAMATED SOCIETY OF WOODWORKERS (See "Trade Unions")**
- ANDERSON, JOHN, Chairman, civil service committee, 104**
- APPEALS (See "Administration, Unemployment Insurance Scheme, Appeals")**
- APPROVED SOCIETIES, 76-79, 395-402**
 Additional benefits by, 77-78
 duration of, 77
 eligibility for, 77
 "Lesser" scheme, known as, 77
 scale of, 77
 Associated Optical Provident Society, unemp't insurance administered by, 77, 400

- APPROVED SOCIETIES (Continued)**
 British Xylonite Company Ltd.,
 unemp't insurance administered by,
 77, 396
 Contributions to funds of,
 employees, by, 77
 refunds of, 77
 Debenham, Ltd.,
 unemp't insurance administered by,
 77, 396-398
 Eccles Spinning and Manufacturing
 Company,
 unemp't insurance administered by,
 77, 399-400
 Gas Light and Coke Company,
 unemp't insurance administered by,
 77
 Health insurance administered by, 68,
 76
 National Federation of Employees'
 Approved Societies,
 administration fund, contribution to,
 77
 insurance by industry approved by,
 352
 Lesser, president, 77
 unemp't insurance administered in
 co-operation with firms by, 77
 Reasons given by employers for, 78
 South Metropolitan Gas Company,
 social services of, 343
 unemp't insurance administered by,
 77, 400-402
 Taylor, J. T. and J., Ltd.,
 unemp't insurance administered by,
 77, 398
 Unemp't insurance administered by
 (See "Administration, Unemploy-
 ment Insurance Scheme, Approved
 Societies")
- ARMISTICE**, Out-of-work donation, pre-
 cipitated by, 44-45
- ARTIFICIAL SILK** (See "Silk and Artificial
 Silk Industry")
- ASSOCIATED OPTICAL PROVIDENT SOCIETY**
 (See "Approved Societies")
- ASSOCIATION OF BRITISH CHAMBERS OF
 COMMERCE**,
 Contributions, equal, favored by, 351
 Insurance by industry, opposed to, 352
- ASSOCIATION OF POOR LAW UNIONS OF
 ENGLAND AND WALES**,
 Poor relief, state-aided expansion ad-
 vocated by, 268, 349
 Unemp't insurance for domestic ser-
 vants, opinion concerning, 227
- ASSOCIATION OF WOMEN CLERKS AND SEC-
 RETARIES** (See "Trade Unions")
- ASSOCIATIONS**,
 Subsidized voluntary insurance by, 69-
 70 (See also "Trade Unions, Un-
 employment Benefits by, Sub-
 sidized Voluntary Insurance")
 1911 act authorized, 43-44
- ASSOCIATIONS**, Subsidized voluntary in-
 surance by (Continued)
 applications for, 70
 number assns. admitted to, 70
 Unemp't insurance administered by
 (See "Administration, Unemploy-
 ment Insurance Scheme, Associa-
 tions")
- AUSTRALIA**,
 Emigration to, assisted, 235-236
 decrease in, 237
 domestic servants trained for, 305
 number of persons, tabulation, 237
 Oversea Settlement Dept. aid in
 training for, 293
 statistics of, 238-239
 suspended, 236, 294
 training for, 293-295, 305
- B**
- BAKERY PRODUCTS** (See "Bread, Etc., In-
 dustry")
- BALANCING POINT, UNEMPLOYMENT IN-
 SURANCE SCHEME**, 150
 Definition of, footnote, 150
- BALDWIN, STANLEY**,
 Emigration, views on, 235
 Empire trade unity advocated by,
 315
 Obstacles to Empire free trade out-
 lined by, 316-317
- BALDWIN GOVERNMENT** (See "Conserva-
 tive Government")
- BALFOUR, ARTHUR**, Rationalization, ex-
 pressed need for, 322
- BALFOUR COMMITTEE** (See "Committee
 on Industry and Trade")
- BANK OF ENGLAND**,
 Credit regulation should be duty of,
 20
 Monetary policy, co-operation with
 government, 20
 Norman, Montagu, governor, 324
 Rationalization supported by, 324
- BANKERS' INDUSTRIAL DEVELOPMENT
 COMPANY, LTD.**, Formation of, 324-
 325
- BANKING INDUSTRY** (See "Special
 Schemes of Unemployment Insur-
 ance, Banking Industry")
- BARNES, JULIUS**, Unemp't, fear of de-
 plored by, 20
- BEAVERBROOK, LORD**,
 Rejoined Conservatives, 317
 Supports Empire free trade, 316
- BEDWELTY**, Guardians removed by Min-
 ister of Health, 260
- BELGIUM**,
 Currency in,
 inflation, effect of, 20
 purchasing power of, disparity in,
 16

- BENEFICIARIES** (See "Claims for Benefit, Unemployment Insurance Scheme, Authorized")
- BENEFITS, UNEMPLOYMENT INSURANCE SCHEME,**
- Administration of (See "Administration, Unemployment Insurance Scheme")
- Claims for (See "Claims for Benefit, Unemployment Insurance Scheme")
- Conditions for receiving (See "Eligibility, Unemployment Insurance Scheme")
- Contributions, related to, 182-183
- 1911 act, 42
- 1920 act, 47
- 1921, provisions extended, 48
- 1924 (No. 2) act, new provision, 49-50
- 1927 act abolished, 53
- Cost of (See "Financial Experience, Unemployment Insurance Scheme, Cost of Scheme, Benefits")
- Covenanted (See "Benefits, Unemployment Insurance Scheme, Standard")
- Dependents, 458-459
- 1921 (No. 3) act provided, 49
- 1930 act changed rates of, 60
- Duration of,
- 1911 act, 42
- 1920 act, unchanged by, 46-47
- 1921 act increased, 48
- 1921 (No. 2) act extended, 48
- 1924 (No. 2) act limited, 50
- age, effect on, 192, tabulation, 192
- average, 184-185
- courts of referees review certain cases, 56
- gaps in, 49, 258-259
- increases in, 49
- maximum number of weeks granted, 49
- statistics, 174-176, 182-183, tables, 176, 180
- Eligibility for (See "Eligibility, Unemployment Insurance Scheme")
- Excluded from, classes, 49
- Extended (See also "Benefits, Unemployment Insurance Scheme, Transitional Provisions")
- 1921, first granted, 48, 108
- 1927 act abolished, 53, 108
- abolition of, urged, 52
- administration of, 48, 108
- amended by 12 acts, 51
- Blanesburgh Committee recommendations concerning, 52
- claims for, related to standard, 51, table, 142
- Clay's views on, 351
- Coalition Gov't started, 48
- BENEFITS, Extended (Continued)**
- Confederation of Employers' Organizations' views on, 52
- controversial issue, 52, 350
- debt to Treasury increased by, 149
- definition of, 51
- eligibility for, 48
- employers' organizations on, 268
- Ministry of Labour's discretionary power concerning, 48-49, 50
- older workers, irregular claims made by, 196
- origin of, 108
- special periods for, 48, 49
- Trades Union Congress views on, 52
- transitional provisions, new form of, 51
- First paid, 41
- Fluctuations between industries, table, 184
- Industries, distribution by, 504
- Rates of,
- 1911 act, 42, 46
- 1920 act increased, 46
- 1921 act increased, 48
- 1921 (No. 2) act reduced, 49
- 1924, increased in, 49
- 1927 act, 55-56, tabulation, 55
- 1930 act increased, 59-60, tabulation, 60
- age factor in, 55
- Blanesburgh Committee on, 55
- changes in, 145, table, 146
- Clay's views on, 145
- cost of living, related to, 145
- index numbers, table, 446
- sex factor in,
- 1920 act, 46
- 1921 act, 48
- 1921 (No. 2) act, 49
- 1927 act, 55
- 1930 act, 60
- summarized, table, 146, 458-460, table, 471, tabulation, 458
- Received (See "Claims for Benefit, Unemployment Insurance Scheme, Authorized")
- Refunds of, 467
- Scale of (See "Benefits, Unemployment Insurance Scheme, Rates of")
- Standard,
- 1927 act made universal, 53
- claims for (See also "Claims for Benefit, Unemployment Insurance Scheme")
- related to extended benefit, 51, 142, table, 142
- cost of (See "Financial Experience, Unemployment Insurance Scheme")
- definition of, 51
- disqualifications for (See "Eligibility, Unemployment Insurance Scheme, Disqualifications for Benefit")

- BENEFITS, Standard (Continued)**
 eligibility for (See "Eligibility, Unemployment Insurance Scheme")
 rates of (See "Benefits, Unemployment Insurance Scheme, Rates of")
 Transitional provisions for, 461 (See also "Benefits, Unemployment Insurance Scheme, Extended")
 cost of, 499
 estimated, 59, 60, 150, 153
 eligibility for, 57
 Exchequer bears cost of, 60, 351
 extension of period for, 51
 new form of extended benefit, 51
 unemp't fund deficit due to, 153
Uncovenanted (See "Benefits, Unemployment Insurance Scheme, Extended")
 Wages, related to, 278
- BERLIN, Unemp't, high rate of, 317**
- BERMONDSEY UNION, Out-relief, increase in, 259**
- BEVERIDGE, WILLIAM A.,**
 Central Unemployed Body, member of, 41, 327
 Differentiation between employers and industries advocated by, 359
 Director of labor exchanges, 93
 Economics in Britain discussed by, 14
 Insurance by industry discussed by, 357, 504-505, table, 502-503
 Population control, views on, 13
 Unemployed Workmen Act criticised by, 327
 Unemp't,
 discussion of causes of, 320
 insurance vs. prevention, 310
 related to population by, 320
 variation in different industries, shown by, 358
 Unemp't insurance scheme,
 co-ordination of, discussion, 341-342
 originator of, 41
 praised by, footnote, 350
 voluntary plans not supplanted by, 93
- BIRMINGHAM,**
 Diversification of industries in, 233
 Training center in, 291, 292
- BIRTH CONTROL** (See "Population, Control of")
- BIRTH RATE,**
 Low rates affect supply of juvenile labor, 287
 Reduction in, 14
 Sweden, 14
- BLANESBURGH COMMITTEE** (See "Unemployment Insurance Committee")
- BLACKPOOL, Transfer instructional center in, 292**
- BLAINA, Unemp't in, percentage of, 210**
- BLIND-ALLEY OCCUPATIONS** (See also "Juveniles, Blind-alley Occupations")
- BLIND-ALLEY OCCUPATIONS (Continued)**
 Reduction in, urged, 39
 Unemp't cause, 295
- BOARD OF TRADE** (See "Trade, Board of")
- BOARDS OF ASSESSORS** (See "Administration, Unemployment Insurance Scheme, Boards of Assessors")
- BOARDS OF GUARDIANS** (See "Poor Relief, Administration of, Guardians, Boards of")
- BOLTON AND DISTRICT OPERATIVE SPINNERS' PROVINCIAL ASSOCIATION** (See "Trade Unions")
- BONDFIELD, MARGARET,**
 Committee to inquire concerning claims, appointed by, 57
 Minister of Labour, 57, 311
 Placement work of emp't exchanges, development advocated by, 127
- BONUS, DISMISSAL** (See "Discharges, Bonus")
- BOOKBINDING** (See "Printing Industry")
- BOOT AND SHOE INDUSTRY, tables, 143, 171, 213, 214**
- BOOTS PURE DRUG COMPANY, LTD.** (See "Company Plans for Unemployment Insurance")
- BORROWING POWER** (See "Financial Experience, Unemployment Insurance Scheme, Borrowing Power of Fund")
- BOWLEY, A. L.,**
 Earnings, estimated average, by, footnote, 318
 Index number of wages, 317-318
 Wage rates, discussion of, 318
- BRADFORD DYERS' ASSOCIATION, LTD.** (See "Company Plans for Unemployment Insurance")
- BRANDON, Oversea training center in, 291, 293**
- BREAD, ETC., INDUSTRY, tables, 184, 214, 220**
- BRICK INDUSTRY,**
 Insured workers, tables, 171, 220
 Trade union membership in, table, 95
 Transference to and from coal mining, table, 219
 Unemp't insurance accounts, table, 214
 Unemp't, rate of, table, 220
- BRISTOL, Training centers in, 292, 303**
- BRITISH ENGINEERS' ASSOCIATION,**
 Co-operation in industry, pessimistic about, 22
- BRITISH INDUSTRIAL TRANSFERENCE BOARD** (See "Industrial Transference Board")
- BRITISH LEGION FUND, 136**
- BRITISH XYLONITE COMPANY, LTD.** (See "Approved Societies")
- BROOKINGS INSTITUTION, Study of unemp't, 322**
- BUILDING INDUSTRY,**
 Age, rate of unemp't by, 189
 Claims for benefit in, table, 143

- BUILDING INDUSTRY** (*Continued*)
 Emigrants, number from, tabulation, 245
 Emp't in,
 fluctuations, table, 224
 increase in, 7
 seasonal, 170
 Insured workers in,
 estimate of, table, 141
 increase and decrease of, table, 220
 number of, table, 217
 Subsidies to, 7
 Trade union membership in, table, 96
 Transference to and from coal mining, table, 219
 Unemp't in, table, 171
 1930, 212
 insured workers, number of, table, 213
 percentage of all unemployed, table, 211
 rate of, 189, table, 220
 Unemp't insurance accounts, tables, 184, 214
 Vacancies filled by emp't exchanges, 121
- BURNLEY**, Unemp't and suffering in, 28
- BUSINESS CYCLES**,
 Migration affected by, 246
 Unemp't during,
 average, 151
 rate of, 5
- C**
- CADBURY BROTHERS, LTD.** (See "Company Plans for Unemployment Insurance")
- CANADA**,
 Alberta, 240
 Emigration, assisted, 235, 240
 decrease in, 237
 domestic servants trained for, 305
 number of persons, tabulation, 237
 Oversea Settlement Dept. aid in training for, 293
 suspended, 294
 training for, 293-295, 305
 Immigration,
 1930 figures, 240
 increase in, 239
 mechanization of industry, effect of, 240
 over production in agriculture obstacle to, footnote, 241
 rate of, 240
 restricted, 239-241, 501
 Ontario, 239
- CANAL SERVICE** (See "Transport Industries, Water")
- CANNAN, EDWIN**,
 Emp't, suitable, views on, 202
 Rationalization not unemp't cure, opinion of, 323
 Wage reduction, opposed by, 318
- CARADOG-JONES, D.**, Thrift habits of British workers examined by, 275
- CARDBOARD AND PAPER PRODUCTS**, table, 224
- CARDIFF**, Training centers at, 303, 305
- CARR-SAUNDERS, A. M.**,
 Social services, survey of, footnote, 317
 Thrift habits of British workers examined by, 275
- CARSTAIRS**, Overseas training center at, 291, 293
- CASUAL LABOR** (See "Employment, Casual")
- CEMENT INDUSTRY**, table, 224
- CENTRAL COMMITTEE FOR WOMEN'S TRAINING AND EMPLOYMENT**,
 Establishment of, 304
 Prince of Wales' Fund grant to, 304
 Program extended, 306
 Women, number trained and transferred by, 231
 Overseas training center administered by, 305
 Work of, 304
- CENTRAL UNEMPLOYED BODY FOR LONDON**,
 Beveridge, member of, 41, 327
 Relief works provided by, 326
- CHAMBERLAIN, JOSEPH**,
 Board of Trade censured policy of, 326
 Free trade political issue since days of, 315
 President, local government board, 326
 Relief work for unemployed sponsored by, 32
- CHARITY** (See also "Poor Relief")
 Deserving poor, left to care of, 28
 Lord Mayor's Fund aided, 36, footnote, 36
 Mansion House funds for, 36
 Unemp't relief scheme to abolish taint of, 41
- CHARITY ORGANIZATION SOCIETY**,
 Public opinion on charity changed by, 36-37
 State unemp't insurance opposed by, 40
 Unemployed investigated by, 273
- CHEMICAL INDUSTRY**,
 Insured workers in,
 estimate of, table, 141
 increase and decrease of, table, 220
 number unemployed, 213
 percentage unemployed, table, 171
 Transference to and from coal mining, table, 219
 Unemp't rate of, 189-190, table, 220
 Unemp't insurance accounts, tables, 184, 214
- CHESTER-LE-STREET**, Guardians ousted by Minister of Health, 260
- CHIEF INSURANCE OFFICER** (See "Administration, Unemployment Insurance Scheme, Chief Insurance Officer")

- CHURCHILL, WINSTON,**
 Abuse of unemp't insurance discussed by, 275, 279, 280
 Actuarial data, lack of commented on, by, 41
 Board of Trade, President, 40-41
 Outlined state scheme, 41
 Placement work of exchanges discussed by, 127
- CLAIMANTS TO BENEFIT, UNEMPLOYMENT INSURANCE SCHEME,**
 Benefits drawn, duration by age, tabulation, 192
 Classified by,
 age, 185-188, chart, 195, tables, 185, 188, 194
 duration of unemp't, chart, 195, table, 194
 sex, chart, 195, tables, 188, 194
 Number of, 145
 Poor relief recipients become, 268
 Proportion of all insured unknown, 181-182
 Investigations of, 174-181, 185, 193, 264, 276
- CLAIMS FOR BENEFIT, UNEMPLOYMENT INSURANCE SCHEME,**
 Authorized,
 classified by,
 age, table, 191
 industries and sex, table, 143
 percentage, 251
 standard and extended benefit, percentage of, table, 142
 thirty contribution rule, percentage not conforming to, 142
 Classified by industries and sex, table, 143
 Committee on Procedure and Evidence for the Determination of, 57, 58, 114-115
 Disallowed, 117-121, 498, table, 118
 basis of (See "Eligibility, Unemployment Insurance Scheme, Disqualifications")
 fluctuations in, 148
 misconduct, 498, tabulation, 120
 not genuinely seeking work, 498, tabulation, 119
 percentage, 251, 276
 voluntary leaving, 498, tabulation, 120
 women, disproportionate number of, 120
 Extended benefit exceeded standard, 51
 Fraudulent, 276
 Increased by eligibility requirements, 150-151
 Number of, table, 118
 Prosecutions regarding, 276, tabulation, 276
 Review of advisable, 121
- CLAY, HENRY,**
 Benefit rates, reduction urged by, 145
 Exports,
 cost of abnormal unemp't related to, 156, 351
 decline in, indirect effect of, 215
 importance emphasized, 16
 Gov't intervention in industry, views on, 221
 Rationalization, advocated by, 17, 321, 322
 Redistribution of labor discussed by, 234
 Securities Management Trust, research officer for, 324
 Social services cost, opinion concerning, 156
 Unemp't related to,
 heavy industries, 209
 mobility, 216, 221
 post-war period, 5-6
 wage levels, 13, 221, footnote, 317
 Unemp't insurance scheme, views on burden of, 155-156
 Wages,
 discussion of sectional handling of, 318-319
 reduction of, 203
- CLAYDON, Oversea training center in, 291, 293**
- CLOTHING INDUSTRY,**
 Claims for benefit in, table, 143
 Emp't fluctuations, table, 224
 Insured workers in,
 estimate of, table, 141
 increase and decrease of, table, 220
 number of, table, 217
 Percentage of all unemployed in, table, 211
 Trade union membership in, table, 95
 Transference to and from coal mining, table, 219
 Unemp't, rate of, table, 220
- COAL INDUSTRY,**
 Aged workers, number in, tabulation, 197
 Amalgamation in, bill for compulsory, 17
 Benefits, duration of, table, 176
 Coal Mines Bill (1930), 17
 Disputes in,
 effects of, 8, 9, 149, 212
 poor relief during,
 dependents received, 262
 increased, 258, 260
 time lost through, footnote, 23
 Emp't in, 9-11, chart, 161
 Insured workers in,
 estimate of, table, 141
 increase and decrease of, table, 220
 number of, table, 217, tabulation, 218
 proportion receiving benefit, 183-184, table, 214

- COAL INDUSTRY, Insured workers in**
(Continued)
 unemployed, 11, tables, 171, 213
 Legislation, 17
 Miners,
 claims by, table, 143
 decrease in number of, 219
 surplus of, 230
 Modernization of industry retarded by,
 15
 Report on the investigation in the
 coal fields of South Wales and
 Monmouth, 175
 Stoppage (See "Coal Industry, Dis-
 putes in")
 Transference to and from, table, 219
 Unemp't in, 160, 170, 209, 210, 221-
 222
 duration of, 177, 178
 fluctuations, 216, tabulation, 218
 insured workers, table, 213
 percentage of all unemployed, table,
 211
 rate of, table, 220
 statistics on, 175-176, 184-185, table,
 176, tabulation, 189
 Unemp't insurance accounts, tables,
 184, 214
- COAL STOPPAGE** (See "Coal Industry, Dis-
 putes in")
- COALITION GOVERNMENT, Extended benef-
 it granted by, 48**
- COCOA AND CHOCOLATE INDUSTRIES, Un-
 emp't insurance accounts, table,
 215**
- COHEN, J. L.,**
 Employers' contributions discussed by,
 155
 Insurance by industry disapproved by,
 357
- COLE, G. D. H.,**
 Co-operation in industry opposed by,
 22-23
 Public works, reserve army for, 335
 Unemp't prevention, labor corps for,
 312
- COLONIAL DEVELOPMENT ADVISORY COM-
 MITTEE,**
 Amount for public works sanctioned
 by, 330
 Emp't provided under, extent of, 336
 Report of, footnote, 329
- COMMERCE** (See also "Export Trade"
 and "Imports")
 Dependence of Britain on, 14
 Expansion of, needed, 310
 Promotion of, in United Kingdom,
 313
- COMMERCIAL OCCUPATIONS, tables, 96,
 141, 171, tabulation, 245**
- COMMERCIAL INSURANCE COMPANIES,**
 Administrative costs of, 155
- COMMERCIAL INSURANCE INDUSTRY** (See
 "Special Schemes of Unemploy-
 ment Insurance, Commercial In-
 surance Industry")
- COMMITTEE APPOINTED TO ENQUIRE INTO
 THE PRESENT CONDITIONS AS TO
 THE SUPPLY OF FEMALE DOMESTIC
 SERVANTS, Report, 227, 275, 346-347**
- COMMITTEE OF ENQUIRY INTO THE
 WORK OF THE EMPLOYMENT EX-
 CHANGES,**
 Object of, 129
 Report of, 126, 352
- COMMITTEE ON EDUCATION AND INDUSTRY,**
 Age of eligibility to unemp't insur-
 ance considered by, 285-286
 Duties of, 285, 301, 474
 Juveniles,
 placements through emp't exchanges,
 estimate of, 123
 supply and demand for labor, esti-
 mate of, 295
 training centers for, report on, 301
 Malcolm, D. O., chairman, footnote,
 285, 301
 Report of, 295, 297
 School-leaving age, raising of, advo-
 cated by, 314
- COMMITTEE ON FINANCE AND INDUSTRY,**
 Duties of, 21, 324
 Macmillan, H. P., chairman, 21, 324
- COMMITTEE ON INDUSTRY AND TRADE,**
 Balfour, Arthur, chairman, footnote,
 17
 Casual labor problem, views on, 168
 Compulsory reporting of vacancies not
 approved by, 130
 Cost of labor and production, dis-
 cussed by, 318
 Emigration, effect of unemp't insur-
 ance on, 201
 Emp't conditions considered by, 16
 Emp't exchanges, importance of
 stressed by, 126, 130-131
 Exports, maintenance of urged by, 16
 Immigration, restriction of deplored,
 245-246
 Migration, effect of unemp't insurance
 on, 201
 Mobility of labor, views on, 201, 208
 Organization of, 475-476
 Public works, recommendations con-
 cerning, 333
 Rationalization, views on, 166
 Retail distributing costs, data by, 7
 Sales organization, modernization
 needed, 18
 Short-time work discussed by, 165
 Social services, burden on industry,
 155
 Statistics of unemp't, views on, 125
 Unemp't insurance, universal scheme
 preferred by, 226
 Unemp't prevention discussed by, 312
 Wages, note on increase of, footnote,
 317

- COMMITTEE ON NATIONAL EXPENDITURE**,
Trade union administration of unemp't benefit, report on, 71
Unemp't insurance by industries, extension of suggested by, 353
- COMMITTEE ON PROCEDURE AND EVIDENCE FOR THE DETERMINATION OF CLAIMS FOR UNEMPLOYMENT INSURANCE BENEFIT**, 482
Courts of referees, recommendations concerning, 111
Emp't exchanges, careful interviewing advocated by, 127
Insurance officers, number reported by, 106
Morris, Harold, chairman, 58, 106
Personal circumstances, local investigation of advocated by, 109
Appointment of, reasons for, 114-115
Recommendations of, 57, 58
Suitable emp't, suggestions concerning, 112-113
Witnesses testifying before, 115
- COMMITTEE ON SCHEMES OF ASSISTANCE OF NECESSITIOUS AREAS**,
Report of, 349
- COMMON POOR FUND**, Out-relief, increase in when chargeable to, 259
- COMMUNICATION INDUSTRY**, tabulation, 245
- COMPANY PLANS FOR UNEMPLOYMENT INSURANCE**, 87-92, 405-435 (See also "Approved Societies")
Administration, 88-89
Benefits, 89-92
Boots Pure Drug Company, Ltd., 88, 89, 91, 434-436
Bradford Dyers' Association, Ltd., 87, 88, 408
contracting out proposal, 353, 355-356
short-time work, policy concerning, 163
unemp't benefit considered inadequate by, 251
Cadbury Brothers, Ltd., 88, 89, 90, 414-422
discharge bonus, 90
Coverage, 89, 92
Dependents, benefits for, 91
Dickinson, John and Co., Ltd., 89, 92, 435-436
Discharge bonus, 89-90, 91
Discontinuation, arrangements for, 87-88
Eligibility under, 89
Employees' contribution, supported by, 427-436
Employment guaranteed, 87-88, 437-439
Fry, J. S. and Sons, Ltd., 87, 88, 89, 91, 422-425
Funds supported by employers, 409-427
- COMPANY PLANS FOR UNEMPLOYMENT INSURANCE (Continued)**
Imperial Chemical Industries, Ltd., 87, 89, 437
Joint trade union and employers, 405-408
Jones, Percy (Twinlock), Ltd., 88, 89, 91, 427-428
Lever Brothers, Ltd., 87, 88, 89, 90, 426-427
Mackintosh, John, and Sons, Ltd., 87, 89, 438
Match Industry, 405-408
Morland and Impey, Ltd., 87, 89, 438
wage, guaranteed minimum by, 89
Needler's, Ltd., 87, 88, 89, 91, 428-431, 439
Redpath, Brown and Company, Ltd., 88, 89, 90, 91, 431-433
Robinson, E. S. and A., Ltd., 87, 88, 89, 91, 425-426
Rowntree and Company, 88, 89, 90, 91, 409-414
Short-time work, 90-91
Source of funds, 87-88
Trade unions, co-operation with, 87, 89, 91-92
Statistics of, 92
- COMPETITION IN INDUSTRY**,
Britain's position in, 20-21
Cotton industry, 12
Industries suffering from, 15
Inflation, effects of, 20
Opinions concerning, 156
Price levels, effect of changes in, 20-21
World, 13-14
- COMPETITIVE POWER**,
Exchange rates, effect of, 19-20
Hours and wages, effect of continental, on, 318
Rationalization means for recovering, 321
Social services cost handicap to, 22
- COMPULSORY UNEMPLOYMENT INSURANCE** (See also "Provisions, Unemployment Insurance Scheme")
Introduced, 42-43
- CONCLUSIONS**, Author's, 384-391
- CONDITIONS FOR RECEIVING BENEFIT** (See "Eligibility, Unemployment Insurance Scheme")
- CONFECTIONARY INDUSTRIES**, table, 215
- CONFEDERATION OF EMPLOYERS' ORGANIZATIONS**, Duration of benefit, views on, 52
- CONFERENCE ON INDUSTRIAL REORGANIZATION AND INDUSTRIAL RELATIONS**,
Advancement of school-leaving age advocated by, 286, 314
Aged people, number in industry estimated by, 197
Emigrants, retention in insurance of, discussed by, 242

- CONFERENCE ON INDUSTRIAL REORGANIZATION AND INDUSTRIAL RELATIONS (*Continued*)
- Foreign markets, extension of advocated by, 312-313
 - Melchett-Turner Conference, called, 22
 - Organization of, 479-482
 - Policy of, 22
 - Public works, recommendations concerning, 332
 - Rationalization in relation to unemp't, discussed by, 322
 - Unemp't insurance scheme, unification advocated by, 342
- CONSERVATISM OF EMPLOYERS, 17
- CONSERVATIVE GOVERNMENT,
- Derating scheme of, 156, 221
 - Expenditures for public works under, 329
 - Industrial Transference Board, appointed by, 230
 - Poor relief, efforts to reduce rate of, by, 262
 - Unemp't,
 - measured by, 327
 - prevention measures opposed by, 313
- CONSERVATIVE PARTY,
- Lloyd George's plan for public works attacked by, 331-332
 - School-leaving age, raising of, advocated by, 314
 - Transference, attitude toward, 231
 - Unemp't cure offered by, 313
- CONSTRUCTION INDUSTRY, tables, 141, 143, 171, 219
- CONSULTATIVE COMMITTEE ON THE EDUCATION OF THE ADOLESCENT, 474-475
- Hadow, W. H., chairman, 314
 - School-leaving age, raising of, advocated by, 314
- CONTINUITY OF UNEMPLOYMENT (See "Unemployment, Continuous")
- CONTRACTED OUT (See "Special Schemes for Unemployment Insurance")
- CONTRIBUTIONS, UNEMPLOYMENT INSURANCE SCHEME (See also "Financial Experience, Unemployment Insurance Scheme, Income of Fund, Contributions")
- Actuarial estimation of, 139
 - Age, effect of, on number of, 190-191, table, 191
 - Exception, relation to, 46
 - Exemption, relation to, 46
 - Flat rate of, discussed by Blanesburgh Committee, 139, 352
 - Government's share increased, 156, 352
 - Increase, tendency to, 137
 - Blanesburgh Committee opposed to, 139
 - Industries, distribution by, 504
 - Lansbury, opposed to principle of, 348
- CONTRIBUTIONS (*Continued*)
- Proposed changes,
 - opinions concerning, 347-348, 353
 - summary, 359-360
 - Proportionate distribution, 3
 - opinions concerning, 349, 351-352
 - Payment of, methods in, 107
 - Rates of,
 - 1911 act, 43
 - 1920 act, unchanged by, 47
 - 1921 act, increased, 49
 - 1921 (No. 2) act, increased, 49
 - 1927 act, variations in, 56
 - 1930 act, unchanged by, 59
 - age factor in, 56, 351
 - Blanesburgh Committee favored moderate, 139
 - difficulties in establishing, 151-152
 - sex factor in, 56, 351
 - summarized, 455-458, table, 471, tabulations, 455, 456
 - Benefits, related to, 47-48, 182-183
 - 1911 act, 42
 - 1920 act, 47
 - 1921 act, provisions extended, 48
 - 1924 (No. 2) act, new provision in, 49-50
 - 1927 act, abolished by, 53
 - Refunds of,
 - employees, to, 457
 - 1911 act, 43
 - 1920 act, retained, 47
 - 1924 (No. 2) act, withdrew, 47
 - employers, to,
 - 1911 act, 43
 - 1920, abandoned in, 43
 - Special schemes lose state contribution, 47
 - Stamps used in payment of, 107
 - Thirty-rule (See "Eligibility, Unemployment Insurance Scheme, Thirty-Contributions Rule")
 - Webbs opposed to principle of, 349
- CONTRIBUTORY PENSIONS ACT (See "Laws, Pensions")
- CO-OPERATION OF EMPLOYERS AND WORKERS (See "Industrial Relations")
- COOK, A. J., Short time not favored by, 166
- COST OF LIVING,
- Benefit rates, relation to, 145
 - Government urged reduction of, 320
 - Index numbers, chart, 144, table, 446
 - Rise in, percentage of, 317-318
- COST OF PRODUCTION (See "Production, Cost of")
- COST OF UNEMPLOYMENT INSURANCE (See "Financial Experience, Unemployment Insurance Scheme, Cost of Scheme")
- COTTON INDUSTRY,
- Benefits, proportion insured receiving, 183
 - Claims for benefit in, table, 143

- COTTON INDUSTRY** (*Continued*)
 Depression in, 12, 322
 Famine in, 326
 Japan, 323
 Lancashire,
 Balfour urged fewer mills in, 322
 dispute, 23
 exporting merchants, number of, 323
 mills, number of, 323
 relief works in, 326, 327
 Samuel, Herbert, views of, 323
 Short-time emp't, 220, table, 164
 Transfers in, 219-220
 Unemp't in, 12, 162
 insured workers, tables, 171, 213
 rate of, by age groups, 189
 seasonal, 170
 survey by I. L. O., 159-160
 women, 12-13, 116
 Unemp't insurance accounts, table, 184
- COURT OF INQUIRY CONCERNING THE MATTERS IN DISPUTE REGARDING WAGES IN THE NORTHERN WOOL TEXTILE INDUSTRY**, Evidence before, 321
- COURTS OF REFEREES** (See "Administration, Unemployment Insurance Scheme, Courts of Referees")
- COVENANTED BENEFIT** (See "Benefits, Unemployment Insurance Scheme, Standard")
- COVERAGE, UNEMPLOYMENT INSURANCE SCHEME**, 365-366, 453-454 (See also "Poor Relief, Coverage")
 1911 act, 42, 76
 1916 act, 44
 1920 act extended, 46, 76
 Age, by, table, 188
 Agriculture, proposed expansion to include, 344-346
 Annual, tables, 6, 76, 85, 147
 Approved societies, number insured in, 78
 Artificial silk industry, increase in, 223
 Cost influenced by, 137
 Domestic service, proposed expansion to include, 346-347
 Extension of discussed, 44
 Increase in, 7
 Industries, by, tables, 141, 217
 Number insured, 3, 42, 44, 46, tables, 76, 141, 147, 188, 217, tabulation, 85
 Older workers, number of, 197
 Post-war, 137
 Special schemes, number under, 81, 84, table, 85
 Trade unions, members insured in, 69, 73
- CREDIT**,
 Export credits scheme, 311, 312, 313
 Extension of,
 factor in unemp't cure, 312
- CREDIT, Extension of** (*Continued*)
 Labour and Liberal parties urged, 312
 Keynes urged central body for control of, 325
- CRITICISMS** (See "Opinions on Unemployment Insurance Scheme")
- CURRENCY** (See "Monetary Policy")
- CUSTOMS AND EXCISE DEPARTMENT**,
 Old age pensions administered by, 340
- D**
- DAVIDSON, RONALD C.**,
 Contributory insurance preferred at present by, 349
 Employers' abuse of scheme charged by, 358
 King's National Roll, suggested by, 196-197
 Mobility of labor increased by emp't exchanges, opinion of, 206
 Public works, discussion of, 326, 335
- DEATH RATE**, 14
- DEBENHAM, LTD.** (See "Approved Societies")
- DECASUALIZATION**, Necessary reform, 228
- DEFINITION OF UNEMPLOYMENT, UNEMPLOYMENT INSURANCE SCHEME**, 55
 Mobility affected by, 227-228
 Short time, effects of, 227-228
 Waiting period, 460
 1911 act, 42
 1920 act reduced, 46
 1921 (No. 2) act increased, 49
 continuity rule in relation to, 55
 percentage persons in, 251
 trade unions, 72
- DEFLATION** (See "Monetary Policy, Deflation")
- DEMORALIZATION**, 272-282 (See also "Juveniles, Demoralization")
 Depression cause of, 272
 Investigation concerning, 272
 Juvenile training centers prevent, 299
 Lansbury on, 272
 Thomas, J. H., on, 272-273
 Webbs' comment on, 273
 Worse among less capable, 278
 Summary, 281-282
 Training urged as preventive, 289
- DEPENDENTS**,
 Additional classes eligible,
 1927 act, 56
 1930 act, 60
 Benefits to,
 1921 (No. 3) act provided, 49
 1930 act, rates changed, 60
 Classes of persons considered as,
 changed, 50-51
 Out-relief for, table, 256, tabulation, 258
 Poor relief, rate of for, 262

- DE-RATING (See "Taxation, De-rating Scheme")
- DETERRENT MEASURES (See "Poor Relief, Deterrent Measures")
- DEVELOPMENT (PUBLIC UTILITY) ADVISORY COMMITTEE, Public works grant sanctioned by, 330
- DICKINSON, JOHN, AND CO., LTD. (See "Company Plans for Unemployment Insurance")
- DISALLOWANCES (See "Claims for Benefit, Unemployment Insurance Scheme, Disallowed")
- DISCHARGES,
Blanesburgh Committee on machinery for review of, 121, 312
Bonus, 89-90, 91
excepted workers, 64-65
Hart, Schaffner and Marx, permanently laid off employees, footnote, 226
Women, married, 314
- DISCIPLINE, Disqualified for benefit through misconduct, 42
- DISMISSAL BONUS (See "Discharges, Bonus")
- DISPLACEMENTS (See "Unemployment, Temporary")
- DISPUTES (See "Strikes")
- DISQUALIFICATION FOR BENEFIT (See "Eligibility, Unemployment Insurance Scheme, Disqualification for Benefit")
- DISTRESS COMMITTEES (See "Unemployment, Distress Committees")
- DISTRIBUTIVE TRADES,
Claims for benefit in, table, 143
Emp't fluctuations in, table, 224
Insured workers,
estimate of, table, 141
increase and decrease in, table, 220
number of table, 217
Retail, 7
Unemployment in,
1930, 212
insured workers, number of, table, 213
percentage of, tables, 171, 211
rate of, table, 220
Unemp't insurance accounts, tables, 184, 215
- DISTRICT OF POPLAR (See "Poplar")
- DIVISIONS (See "Administration, Unemployment Insurance Scheme, Divisions for")
- DOCK WORKERS (See "Transport Industry, Dock Workers")
- DOLES,
Insurance scheme not to be dole, Blanesburgh urged, 53
Out-of-work donation known as, 45
- DOMESTIC SERVICE, 346-347
Contributions credited to women entering, 227
- DOMESTIC SERVICE (*Continued*)
Committee Appointed to Enquire into the Present Conditions as to the Supply of Female Domestic Servants, Report, 275, 346-347
Demand for greater than supply, 227
Emigration to Ontario unrestricted, 239
Emp't problems in, Blanesburgh Committee on, 226-227
Insured women unsuited for, 226-227, 275
Juveniles, number trained for, 233
Private emp't exchanges to be maintained for, 128
Suitable emp't, not for all workers, 226
Training for, 227, 304-305
Oversea Settlement Dep't co-operation with, 305
overseas work, 305
placements after, 305, 307
statistics, 231, 304-305
Unemp't insurance for,
Blanesburgh Committee opposed to, 347
Trades Union Congress advocated, 347
mobility, effect of lack of on, 226
Poor relief preferred to, 274
Unpopularity of, reasons for, 227
Vacancies not regularly reported, 227
- DOMICILIARY RELIEF (See "Poor Relief, Out-relief")
- DOWNWARD DRAG, 113
- DUBLET, Training center in, 292
- DURHAM,
Coal from, undersold by Poland, 156
Emp't exchanges for juveniles in, 232
Public works' grants in, 327
Unemp't in coal mines of, 210, 230
- DYEING INDUSTRY, table, 213
- E**
- EARNINGS (See also "Wages")
Average, 1924, footnote, 318
- ECCLES SPINNING AND MANUFACTURING COMPANY (See "Approved Societies")
- EDUCATION (See "Training")
- ELECTRICAL ENGINEERING (See "Engineering Industry, Electrical")
- ELECTRICAL EQUIPMENT INDUSTRIES,
Emp't fluctuations in, table, 224
- ELECTRICAL TRADES UNION (See "Trade Unions")
- ELIGIBILITY, UNEMPLOYMENT INSURANCE SCHEME, 460-461 (See also "Definition of Unemployment, Unemployment Insurance Scheme, Waiting Period")
1911 act, 42
1920 act, unchanged by, 47
1921 act, additional requirements in, 48

ELIGIBILITY (Continued)

- 1924 (No. 2) act, 49-50
- 1927 act, 53-55
 - effect of requirements, 9
- 1930 act, 57-59
 - effect of requirements of, 9, 267
- Age of, lowering of considered, 285-286
- Blanesburgh Committee's recommendations concerning, 9
- Disqualification for benefit, 117-119, 461-462
 - 1911 act, 42
 - 1920 act, unchanged by, 47
 - 1924 (No. 2) act, 54
 - 1927 act, 54
 - 1930 act, 57, 58-59
 - Ministry of Labour officers to prove, 57
 - misconduct, 42
 - claims disallowed because of, tabulation, 120
 - statutory, 42
 - suitable emp't refused, 42, 54, 57, 115
 - trade dispute, 42, 54, 58
 - voluntary separation from emp't, 42, 204
 - claims disallowed because of, tabulation, 120
- Genuinely seeking work, 113-114
 - 1921 act, clause governing extended benefit, 48, 57
 - 1924 (No. 2) act, clause governing standard benefit, 50, 57
 - 1927 act, unchanged by, 54
 - 1930 act, clause repealed by, 50, 57, 130
- Allen, W. E. D., experience with men reported as not, 114
- Blanesburgh Committee urged adherence to, 53
 - claims disallowed for failure to prove, tabulation, 119
- Minister of Labour inquired concerning, 57
- Morris Committee's recommendations on, 115-116
 - proof of, difficulties regarding, 50, 113-114, 277
 - repeal of clause, opposed, 57, 61
- Seasonal workers, 169
- Short-time workers, 163
- Statutory conditions, 42
- Thirty-contributions rule,
 - 1924 (No. 2) act introduced, 49
 - 1927 act, re-established, 53
 - 1930 act, 57, 59, 60
 - actuarial considerations concerning, 153
 - effect of, 53-54
 - extended benefit made ineffective by, 51
 - Minister of Labour given power to waive, 49

ELIGIBILITY, Thirty-contributions rule, (Continued)

- transitional period for persons unable to qualify under, 54
- Training, condition of,
 - 1911 act gave discretionary power to apply, 289
 - 1920 act, embodied in, 289, 299
 - 1930 act, application extended by, 289, 299
 - applied to juveniles only, 289
 - Blanesburgh Committee on, 299
 - Courses of Instruction Regulations embodied, 289
 - Labour Party on, 299
 - Liberal Industrial Inquiry on, 299-300
 - Poor Law Commission recommended, 289
- ELIZABETHAN ACTS, Concerning poor relief, 25-26
- EMERGENCY RELIEF (See "Benefits, Unemployment Insurance Scheme, Extended," and "Out-of-work Donation")
- EMIGRATION (See "Mobility of Labor, Emigration")
- EMPIRE FREE TRADE (See also "Industries, Protection of")
 - Definition of, 315-316
 - Lord Beaverbrook supported, 316
 - Nat'l Union of Conservative and Unionist Assns., opinion of, 316
 - Obstacles in way of, outlined by Baldwin, 316-317
 - Opposition to, 316
 - Supporters of, 315
 - World Economic Conference opposed, 316
- EMPIRE TRADE UNITY (See "Industries, Protection of" and "Empire Free Trade")
- EMPLOYEE REPRESENTATION,
 - Commercial insurance industry scheme, 81
 - Courts of referees, 43
- EMPLOYEES, PERMANENT (See "Excepted Workers, Unemployment Insurance Scheme")
- EMPLOYEES' APPROVED SOCIETIES (See "Approved Societies")
- EMPLOYMENT,
 - Age, influence on, 190-192
 - Artificial silk, increase in, 223
 - Building industries, 7
 - Casual,
 - benefits, supplemented by, 228
 - difficulty to fill, reasons, 228
 - poor relief, subvention by, 274
 - Coal mines, chart, 161
 - Engineering, general increase in, 215
 - Excepted (See "Excepted Workers, Unemployment Insurance Scheme")
 - Expanding industries helped, 223

EMPLOYMENT (*Continued*)

- Fluctuations, 169-170, 172, tables, 171, 224
- Insured workers,
 - 1929, 11
 - annual, tabulation, 6
 - railways, 65
- Industries, estimate by, table, 502
- Iron and steel, increase in, 215
- Regularization,
 - government orders for, urged, 39
 - refunds to employers ineffective in, 43
- Retail distribution, increase in, 7
- Shipbuilding, increase in, 215
- Short-time, 163-166, 443
 - abuse of unemp't insurance by use of, 279
 - Balfour Committee's views on, 165
 - claims authorized for, 163
 - continuity rule, effects of, 165
 - cotton industry, table, 164
 - definition of, 101
 - definition of unemp't encourages, 227-228
 - employers' attitude toward, 164-165
 - excluded from benefit, 49
 - industries having, table, 167
 - mobility affected by, 228
 - prevalence in selected industries, table, 167
 - rationalization, effect of, 166
 - state pays benefits for, 72
 - trade unions in relation to, 72, 166
 - Turner's views on, 166
 - Tyneside, effects in, footnote, 163
- Suitable,
 - Blanesburgh Committee on, 112
 - Cannan's views on, 202
 - definitions of, 42, 54, 111-112, 202, 229
 - domestic work for women as, 112, 227
 - emp't exchanges should decide, 112-113
 - Liberal Industrial Inquiry on, 229
 - mobility affected by definition of, 229
 - refusal of, 42, 54, 57, 115
 - uninsured emp't not regarded as, 112
 - work in outside trade as, 53, 55
- EMPLOYMENT, MINISTER OF** (unofficial)
 - Created by Labour Gov't, 311
 - Function of, 104
 - Hartshorn, Vernon, appointed, 311
 - Thomas, J. H., first appointed, 311
- EMPLOYMENT AND INSURANCE DEPARTMENT**, footnote, 104
- EMPLOYMENT AND TRAINING DEPARTMENT**,
 - Created, 307
 - Exchanges administered by, footnote, 104

EMPLOYMENT EXCHANGES, 39-40, 126-131

- Administration of,
 - Board of Trade, by, 40
 - cost of, 154
 - Ministry of Labour, transferred to, 40, footnote, 311
- Blanesburgh committee recommended wider use of, 312
- Casual emp't problem to, 228
- Committee of Enquiry into the Work of Emp't Exchanges, 129-130
- Domestic workers, problems concerning, 227
- Early labor bureaus, 32
- Emigration applicants at,
 - applications made, tabulation, 243
 - number assisted, tabulation, 243
- Employers' attitude toward, 128, 129, 130
- Handicaps in work of, 128
- Juveniles, machinery for, 104-105
 - emergency centers, 232
 - emp't committees in, 105
 - overlapping of, 105
 - vacancies filled, tabulation, 123
- Local,
 - establishment of, 39
 - number of, 39
- Mobility of labor aided by, 106, 205-206, 130-131, 224-225, 229
- National,
 - first opened, 39-40
 - growth of, 40
- Notification (See "Employment Exchanges, Vacancies, Reporting of")
- Personnel of, difficulties concerning, 127, 128, 131
- Placement service, 105-106, 121-126 (See also "Employment Exchanges, Vacancies, Reporting of")
 - decentralization of, 78
 - efficiency increased, 121
 - merging with trade unions discussed, 225
 - number of placements, table, 122
 - obstacles to effective, 128
 - vacancies filled,
 - number of, 121, 498, table, 122, tabulation, 123
 - trades having most, 121-122
 - women, distribution of, 122
- Poor relief men registered at, chart, 266, table, 448
- Private,
 - abolition of, discussed, 128-129
 - preference shown for, 128
- Records of, 121-123
 - statistical, 123-126
 - unemp't books, 124-125
- Registrations,
 - number of, 122-123, 251, table, 122
 - requirement to prove unemp't, 107
 - temporarily stopped workers, 162
- Regularization measure for, 39

- EMPLOYMENT EXCHANGES (Continued)**
 Rolls Royce Company uses exclusively, 129
 Salvation Army's opinion of, 206
 Summary of work of, 132-133
 Surplus workers, efforts to place, 230
 Transference, 230
 Unemp't insurance administered by (See "Administration, Unemployment Insurance Scheme, Employment Exchanges")
 Vacancies, reporting of, 125, 498 (See also "Employment Exchanges, Placement Service, Vacancies Filled")
 Committee of Enquiry, etc., disapproves compulsory, 130
 domestic service not reported, 227
 employers' co-operation in, 129
 number reported, table, 122
 Trades Union Congress advocates compulsory, 129
- EMPLOYMENT SERVICE, Friendly Societies, early, 32**
- ENGINEERING INDUSTRY,**
 Claims for benefit in, table, 143
 Electrical,
 insured workers, increase and decrease of, table, 220
 unemployed, percentage by age groups, tabulation, 189
 Emigrants, number from, tabulation, 245
 Employment in,
 fluctuations in, table, 224
 increase in, 215
 Insured workers in,
 estimate of, table, 141
 increase and decrease of, table, 220
 number of, table, 217, tabulation, 218
 Marine,
 claims for benefit in, table, 143
 insured workers, increase and decrease of, table, 220
 unemployed, percentage by age groups, tabulation, 189
 unemp't, rate of, table, 220
 unemp't insurance accounts, table, 215
 Surplus workers, 230
 Transference to and from coal mining, table, 219
 Unemployment in, table, 171
 fluctuations, 216, 218, tabulation, 218
 insured workers, number of, table, 213
 percentage by age groups, tabulation, 189
 percentage of all unemployed, table, 211
 rate of, table, 220
 seasonal, 170
 Unemp't insurance accounts, tables, 184, 214
- ESSEX, Overseas training centers at, 303**
- EXCEPTED WORKERS, UNEMPLOYMENT INSURANCE SCHEME, 64-66**
 1920 act, 46
 Attitude of railwaymen toward scheme, 65
 Blanesburgh committee on, 65
 Certificates of exception withdrawn in some cases, 64
 Classes of emp't having, 46, 64, tabulation, 66
 Definition of, 46, 64
 Number of, in all classes of emp't having, 64, tabulation, 66
 Permanency of emp't required for, 64
 Summary of, 67, 367
- EXCHEQUER (See "Treasury")**
- EXEMPTED WORKERS, UNEMPLOYMENT INSURANCE SCHEME, 66-67**
 1920 act, 46
 Applications to become, disposition of, 66
 Definition of, 46, 66
 Number of, 66
 Summary concerning, 67, 367, 454-455
- EXPANSION (See "Industries, Expanding")**
- EXPENDITURES, UNEMPLOYMENT INSURANCE SCHEME (See "Financial Experience, Unemployment Insurance Scheme, Expenditures," and "Financial Experience, Unemployment Insurance Scheme, Cost of Scheme")**
- EXPORT CREDITS SCHEME, 311, 312, 313**
- EXPORT TRADE,**
 Balfour Committee on, 16, 18
 Coal, decline in, 210
 Decline of, 11, 13, 14, 15, 24, 215
 Exchange rates, effect of, 19-20
 Inflation, effects of, 20
 Maintenance of, urged, 16, 19
 Marketing methods, criticised, 18
 Monetary policy, effect of, 19
 Price levels, effect of changes, on, 20-21
 Principal industries in, 15-16
 Recovery of, doubtful, 16-17
 Rise in prices in, 318
 Social services' cost handicap to, 156
 Tariffs injure, 14
 Unemp't, most severe in, 209
 Wage reduction urged to stimulate, 321
- EX-SERVICE MEN,**
 Disabled, placement of, 127
 Out-of-work donation for, 44-45
- EXTENDED BENEFITS (See "Benefits, Unemployment Insurance Scheme, Extended")**
- F**
- FAMINE (See "Cotton Industry, Famine in")**

- FARM COLONIES** (See also "Training, Farm Work")
 Unemployed Workmen Act provided, 32
- FARMING** (See "Training, Farm Work")
- FAY, C. R.**, Unemp't distress, described by, footnote, 28
- FEDERATION OF BRITISH INDUSTRIES**, President's view on wage reductions, 317
- FEMALE DOMESTIC SERVANTS** (See "Domestic Service")
- FILM ARTISTES' GUILD** (See "Trade Unions")
- FINANCIAL POLICY** (See "Monetary Policy")
- FINANCE EMPLOYEES**, tables, 171, 215, 219, 245
- FINANCIAL EXPERIENCE, UNEMPLOYMENT INSURANCE SCHEME**, 134-157 (See also "Out-of-work Donation, Cost of")
 Actuarial aspects,
 estimates, 150, 151, 152, 153
 difficulties, 139, 151-152
 investigation of fund, provision for, 153, 470
 Administrative costs, 153-155
 benefits, ratio to, 155
 Blanesburgh Committee commented on low, 154
 Exchequer's share of, 154
 income, ratio to, tabulation, 154
 items included in, 153-154
 statistics of, 154-155, table, 138
 Borrowing power of fund, 49, 149, 150, 151, 500
 Cost of scheme, 3, 146, 147, 154, 156, 498-499, tables, 135, 138, 147
 1930 act, increase as result of, 59, 60, 63
 administrative costs, 153-155
 Balfour Committee's views on, 155
 benefits, expenditures for, 140-148, 154-155, tables, 135, 138, 502, tabulation, 85
 changes in requirements affected, 150-151
 coverage influenced, 137
 emp't exchanges, benefits paid by, table, 76
 factors affecting, 147-148
 incidence of, 155-156
 juveniles, estimate for, 283
 social services, related to other, 134, tabulation, 135
 trade unions, benefits paid by, 74, tables, 76, 102
 transitional benefit, 136, 153
 Debt to Treasury, 3, 148-152
 Expenditures, 140-148, 154-155, tables, 135, 138, tabulation, 85
 Income of fund (See also "Financial Experience, Unemployment Insurance Scheme, Treasury Loans"), 136-140, 469, table, 138
 administrative cost, ratio to, 154
 contributions, 136-140, table, 138
 amounts, 136, table, 138
 Exchequer's, increased, 60, 149-150
 industries by, table, 502
 parties making, 136, table, 138
 increases in, estimates, 60-61
 Treasury appropriation, 61
 Refunds, table, 138
 Statement of account, 1920-1929, table, 138
 Summary of, 156-157, 370-371
 Treasury loans, 49, 137, 139, 149, 151, 469, 499
 1921 act authorized, 49
 1928 act, provision of, 149
 1930 (No. 2) act increased, 61
 1931 act increased, 500
 interest rates on, 153
 maximum authorized, 49
- FIRMS** (See "Company Plans for Unemployment Insurance")
- FISHING INDUSTRY**, tables, 141, 171, 214, 219
- FLUCTUATIONS** (See "Employment, Fluctuations" and "Unemployment, Fluctuations")
- FOOD INDUSTRY**, tables, 141, 171, 219, 224
- FOOD SUPPLY**, Sources of, footnote, 18
- FORD MOTOR COMPANY**, Workmen, comparative studies of, 207
- FORESTRY COMMISSION'S ESTATES**, Overseas training center at, 293
- FRAMEWORK OF PREVENTION** (See "Unemployment, Framework of Prevention")
- FRANCE**,
 Currency, purchasing power of, disparity in, 16
 Deflation of sterling, advantages of, 20-21
 Inflation, effects of, 20
 Population, density of, 14
 Reparations modernized industry in, footnote, 15
- FREE TRADE** (See also "Industries, Protection of")
 Political issue, 315
- FRIENDLY SOCIETIES**,
 Emp't service, early, 32
 Law concerning, 32
 Trade unions developed from, 32-33
 Unemp't benefits of, early, 32
 Unification of social services opposed by, 344
- FRY, J. S., AND SONS. LTD.** (See "Company Plans for Unemployment Insurance")
- FURNITURE INDUSTRY** (See also "Wood Working Industry")
 Emp't fluctuations, table, 224

FURNITURE INDUSTRY (*Continued*)
 Insured workers, increase and decrease,
 table, 220
 Unemp't, rate of, 189-190, table 220

G

- GAPS (See "Benefits, Unemployment Insurance Scheme, Duration of, Gaps")
- GAS LIGHT AND COKE COMPANY (See "Approved Societies")
- GEDDES COMMITTEE (See "Committee on National Expenditure")
- GENEVA, World Economic Conference at, 316
- GENUINELY SEEKING WORK (See "Eligibility, Unemployment Insurance Scheme, Genuinely Seeking Work")
- GERMANY,
 Berlin, 317
 Industrial competition with, 21
 Population, density of, 14
 Seasonal unemp't in, 169
- GHEENT SYSTEM OF UNEMPLOYMENT INSURANCE,
 1911 act copied principle of, 43
 Advocated by unions, 40
- GIBSON, R. S., Unemp't insurance and poor relief, effect on will to work discussed by, footnote, 203
- GLASGOW,
 Cooper's friendly society, 33
 Overlapping of poor relief and unemp't insurance in, 264
- GLASGOW AND WEST OF SCOTLAND COLLEGE OF DOMESTIC SCIENCE, 306
- GLASS INDUSTRY, tables, 141, 214
- GOLD STANDARD (See also "Monetary Policy")
 Effect of return to, 9, 20, 21
- GOVERNMENT ACTUARY,
 1927 act provided for inquiry every five years, 53, 470
 Contributions, no data for estimation of, reported by, 139
 Estimates by,
 benefit expenditure, 153
 cost of changes in 1930 act, 150-151
 surplus of unemp't fund, 152
 transitional benefit cost, 150
 unemployment rate, 5, 151, 181
 Juveniles, report on unemp't of, 283
 Lack of actuarial data commented on by, 41
 Liabilities of unemp't fund, difficulties in estimating, 152
 Unification of state insurance systems discussed by, 341
 Watson, Alfred, as, 341
- GREAT BRITAIN GOVERNMENT BODIES (See under individual names)
- Board of Trade (See "Trade, Board of")
 Committees,
 GREAT BRITAIN GOVERNMENT BODIES, Committees (*Continued*)
 Central Committee for Women's Training and Employment
 Colonial Development Advisory Committee
 Committee Appointed to Inquire into the Present Condition as to the Supply of Female Domestic Servants
 Committee on Education and Industry
 Committee of Enquiry into the Work of the Employment Exchanges
 Committee on Finance and Industry
 Committee on National Expenditure
 Committee on Procedure and Evidence for the Determination of Claims for Unemployment Insurance Benefit
 Committee on Schemes of Assistance of Necessitous Areas
 Consultative Committee on the Education of the Adolescent
 Development (Public Utility) Advisory Committee
 Inter-departmental Committee on Agricultural Unemployment Insurance
 Inter-departmental Committee Appointed to Consider the Effect of Migration on Schemes of Social Insurance
 Inter-departmental Committee on Public Assistance Administration
 Unemployment Insurance Committee
 Departments,
 Customs and Excise Department
 Employment and Insurance Department (See "Unemployment Insurance Department")
 Unemployment Insurance Department
 Ministries,
 Agriculture, Ministry of
 Health, Ministry of
 Labor, Ministry of
 Transport, Ministry of
 Treasury
- GUARDIANS, BOARDS OF (See "Poor Relief, Administration, Guardians, Board of")

H

HADOW COMMITTEE (See "Consultative Committee on the Education of the Adolescent")

HART, SCHAFFNER AND MARX, Employees, study of discharged, footnote, 226

HARTSHORN, VERNON, Minister of Emp't, appointed, 311

HEALTH, MINISTRY OF,
 Guardians of Bedwelly ousted by, 260
 Out-relief reduced by, 267

- HEALTH, MINISTRY OF** (*Continued*)
 Poor relief inspectors appointed by, 261
 Social services, unification advocated by, 343
 Vagrants, census of, taken by, 188
 Work tests investigated by, 252
- HEAVY INDUSTRIES,**
 Insured workers in, table, 213, tabulation, 213
 List of, table, 213, tabulation, 213
 Old age handicap to employment in, 189
 Transference to other industries, 207
 Unemp't in, 160, 209, 210, 212, tabulation, 218
- HENDERSON, H. D.,** Lloyd George's public works plan supported by, 331
- HOBSON, J. A.,** Agriculture, pessimistic about return to, 19
- HOOVER, HERBERT,** Prosperity reserve recommended by, 333
- HOTEL INDUSTRY,** tables, 215, 219, 224
- HOURS OF WORK,**
 Continental, longer, 15, 318
 Juveniles, 297
 Production, effect on, 318
 Shortening of, unemp't preventive, 311, 313-314
- HOUSING,**
 Government subsidies for, 7
 Mobility hampered by shortage of, 208
- HULL,**
 Overseas training center at, 303
- HYDRO-ELECTRIC POWER,**
 Effects on coal industry, 15
- I
- ILFORD,** Juvenile employment bureau at, 298
- IMPERIAL CHEMICAL INDUSTRIES, LTD.,** 21
 (See also "Company Plans for Unemployment Insurance")
- IMPERIAL ECONOMIC UNITY,** footnote, 317
- IMPORTS,**
 Beveridge's views on, 14
 Food supplies, 19
 Increase in, 11
- INCIDENCE OF UNEMPLOYMENT** (See Unemployment, Incidence of")
- INCOME OF FUND** (See "Financial Experience, Unemployment Insurance Scheme, Income of Fund")
- INDEPENDENT LABOUR PARTY,** 315
- INDEX NUMBERS** (See "Cost of Living, Index Numbers")
- INDIA,** Competition in cotton industry, 12
- INDIVIDUALISM,** 15, 18
- INDOOR RELIEF** (See "Poor Relief, Institutional Relief")
- INDUSTRIAL RELATIONS,**
 Employers administer state scheme to promote, 78
 Melchett-Turner Conference formed to promote, 22
- INDUSTRIAL REVOLUTION,** Population shifted during, 223
- INDUSTRIAL TRAINING** (See "Juveniles, Training")
- INDUSTRIAL TRANSFERENCE BOARD,**
 Agriculture, cost of establishing workers in, discussed by, 235
 Emigration, assisted, opinion concerning, 242-243, 244
 Juveniles, unemployed, estimated by, 230
 Objects of, 230
 Public works,
 cost of, estimated by, 333
 recommendation concerning, 230, 332
 Recommendations of, 230-231, 236, 332
 Training centers urged by, 289
 Unemp't in heavy industries discussed by, 160, 210
 Unemp't insurance scheme upheld by, 279-280
- INDUSTRIES,**
 Claims to benefit by, table, 143
 Contracting, list of, table, 220
 Emigrants, number from, tabulation, 245
 Emp't classified by, tables, 224, 502
 Expanding,
 list of, table, 220
 surplus labor not absorbed by, 24
 Expansion of needed, 310
 Grants made to colonies for development of, 313
 Insurance by (See "Insurance by Industry")
 Insured workers by, table, 141,
 annual number, table, 217
 increase and decrease of, table, 220
 number unemployed, tables, 141, 213
 men, number of, tabulation, 218
 percentage unemployed annually, tables, 141, 171
 proportion who had drawn benefit, table, 214-215
 Membership of trade unions by, tables, 35, 95-96
 Promotion of, in United Kingdom, 313
 Protection of, 315-317 (See also "Empire Free Trade")
 definition of, footnote, 8
 free traders opposed to, 315
 Trades Union Congress press for, 315
 unemp't cure, advocated as, 315
 Rate of unemp't in insured, 319
 Reorganization of (See "Rationalization")
 Sheltered, 8, 24
 Short time in, table, 167
 Shrinkage in, 24

INDUSTRIES (Continued)

- Trade union unemp't benefit by, tables, 35, 95-96
 - Transfers to and from coal mining, table, 219
 - Unemp't by,
 - distribution, percentage, table, 211
 - estimate, table, 502
 - fluctuations in, table, 141
 - insured workers, tables, 141, 171, 213
 - percentage, tables, 176, 180, tabulation, 218
 - Unemp't insurance accounts by, table, 184
 - Unsheltered trades, effect of higher wage on, 319
- INFLATION** (See "Monetary Policy, Inflation")
- INSURANCE, HEALTH,**
- Administration of,
 - approved societies, by, 68, 76, 340
 - cost of, 155
 - organizations concerned in, 340
 - Lansbury opposed contributory, 348
 - Law concerning, 41, 76
- INSURANCE BY INDUSTRY, 352-359** (See also "Special Schemes of Unemployment Insurance")
- Advocating, reasons for, 354-356
 - Beveridge, opinion of, 357, 359
 - Blanesburgh Committee report on, 357
 - Cohen disapproved of, 357
 - Employers' attitude toward, 357-358
 - Lesser favored, 354-355
 - Morley, Felix, views of, 352-353
 - Opposition to, reasons for, 356-357
 - Suggested plans for, 352-354
 - Summary of, 360, 375-377
 - Tyneside survey on, 358
- INSURANCE EMPLOYEES, table, 171, tabulation, 245**
- INSURANCE INDUSTRY** (See "Special Schemes of Unemployment Insurance, Commercial Insurance Industry")
- INSURED UNEMPLOYED** (See "Unemployment, Insured Workers")
- INSURED WORKERS** (See also "Coverage, Unemployment Insurance Scheme")
- Accounts, analysis of, by age, table, 191
 - Distribution, by age and sex, tables, 185, 188
 - Employment of, 11, 65, 215, tabulation, 6
 - Increase, percentage by years, tabulation, 6
 - Industries, by, tables, 141, 502
 - annual number, table, 217
 - increase and decrease of, table, 220
 - men, number of, tabulation, 218
 - proportion drawing benefit, table, 214-215

INSURED WORKERS (Continued)

- Number of, 3, 42, 44, 46, tables, 141, 188
 - annual, tables, 76, 147, 217, tabulation, 85
 - Trade unions, in, table, 76
 - Unemployment of (See "Unemployment, Insured Workers")
- INTER-DEPARTMENTAL COMMITTEE APPOINTED TO CONSIDER THE EFFECT ON MIGRATION OF SCHEMES OF SOCIAL INSURANCE, Emigration, discussed by, 241-242**
- INTER-DEPARTMENTAL COMMITTEE ON AGRICULTURAL UNEMPLOYMENT INSURANCE, 344-345**
- INTER-DEPARTMENTAL COMMITTEE ON PUBLIC ASSISTANCE ADMINISTRATION, 341**
- INTERNATIONAL LABOUR OFFICE,**
- Cotton industry, survey of unemp't in, 159-160
 - Emigration, obstacles to, commented on by, 244, 245
 - Migration discussed by, 246
 - Seasonal unemp't, study of, 169-170
 - Wool industry, survey of unemp't in, 160
- IRON AND STEEL INDUSTRY,**
- Aged workers, number of, tabulation, 197
 - Claims for benefit in, table, 143
 - Emp't, increase of, 215
 - Insured workers,
 - increase and decrease, table, 220
 - number of, tabulation, 218
 - Surplus labor in, 230
 - Unemp't in, 209-210, 221-222, tables, 171, 220, tabulations, 189, 218
 - Unemp't insurance accounts in, tables, 184, 214
- IRISH FREE STATE, Unemp't insurance by, 443**
- ITALY,**
- Inflation, effects of, 20
 - Population, density of, 14
- J**
- JACKSON, CYRIL, Boy labor, study of, 295**
- JAPAN,**
- Cotton industry in, 12, 323
 - Population, density of, 14
- JEROME, HARRY, Migration and business cycles, discussed by, 246**
- JONES, PERCY (TWINLOCK), LTD. (See "Company Plans for Unemployment Insurance")**
- JOURNEYMEN STEAM-ENGINE MAKERS' SOCIETY (See "Trade Unions")**
- JUNIOR INSTRUCTION CENTERS (See "Juveniles, Training of, Centers for")**

- JUVENILE EMPLOYMENT COMMITTEES**, 105
- JUVENILES**, 233-288
- 1920 act extended scheme to include, 46
 - 1930 act, special provisions for, 59
 - Age of eligibility for benefit, 283
 - 1930 act lowered, 59, 286
 - lowering of, considered, 285
 - Benefit rates for,
 - 1920 act, 46
 - 1927 act, 55
 - 1930 act, 59, tabulation, 60
 - Blanesburgh Committee on entrance into industry of, 312
 - Blind-alley occupations, 283, 295, 296
 - Boy labor, study of, 295
 - Contribution rates for,
 - 1927 act, 56
 - 1930 act, 59
 - Committee on Education and Industry, 295, 297, 314
 - Cost of unemp't insurance for, annual, estimate, 283
 - Demand for in industry, estimate of, 296
 - greater than supply, 283
 - Demoralization, 284, 285, 299
 - Domestic service, number trained for, 233
 - Education of (See "Juveniles, Training")
 - Emigration, assisted, to Ontario, 239
 - Employment of, 295 (See also "Juveniles, Placement of")
 - advisory council for, 297
 - bureaus for, 232, 296, 297, 298
 - centers for (See "Juveniles, Employment of, Bureaus for")
 - committees for, 105
 - emp't exchanges' machinery for, 104-105
 - percentage of insured, 283
 - restriction of, unemp't cure, 314
 - Hours of work, 297
 - Insured,
 - number, 283, 287, 297
 - percentage employed, 283
 - Interviews, unemployment problems analysed by, 284
 - Investigation of, 296-297
 - National Advisory Council for Juvenile Employment, 300, 302
 - Night schools, percentage attending, 297
 - Occupations followed by, 296
 - Placement of,
 - 1923 act altered work in, 297
 - administration in, 296, 297
 - Board of Trade departments for, 295-296
 - Choice of Emp't Act affecting, 105, 297
 - committees for, 105
 - JUVENILES, Placement of (Continued)**
 - emp't exchanges part in, 105, 121
 - local education authorities administrator, 297
 - Ministry of Labour, control, 297
 - outline of work, 296
 - Qualifications of, 285
 - Report on history of, 284
 - Schools,
 - night schools, percentage attending, 297
 - part-time, 302
 - School-leaving age, 286, 296, 314-315
 - Supply for industry, 283, 286, 287, 295, 299, tabulation, 287
 - Training of, 299-304, 491 (See also "Juveniles, Vocational Guidance")
 - 1927 act made financial provision for, 290, 301
 - 1930 act made use of centers by claimants compulsory, 285
 - administrative authorities, 300
 - attendance, 303, 304
 - Blanesburgh Committee on, 299
 - centers for, 299-304, 500
 - Committee on Education and Industry, report on, 285-286, 301-302
 - description of, 300
 - domestic service, for, 233
 - eligibility, condition for, 285, 299-300
 - financial provision for, 153, 290, 300, 301
 - Labour Party on, 299
 - Lancashire cotton area, 289
 - Liberal Industrial Inquiry on, 299-300
 - London Advisory Council for Juvenile Unemp't report on use of centers, 285
 - mining districts, in, 304
 - Nat'l Advisory Council for Juvenile Employment on cost of, 300
 - Nat'l Union of Manufacturers urge use of centers, 285
 - overseas work. for, 303
 - problems in, 302
 - recommendations of advisory councils, 302
 - scope, 302-304
 - selection for, 491
 - statistics, 303, 491
 - summary, 308-309
 - voluntary societies established center for migrants, 303
 - Transference of, 232, 233, 285
 - Unemployment of, 283-288
 - actuary report on, 283
 - birth-rate factor in, 287
 - boys compared with girls, 283-285, 287
 - duration of, 196, 284, tabulation, 196
 - girls compared with boys, 283-285, 287

- JUVENILES, Unemployment of** (*Continued*)
- Industrial Transference Board's estimates of, 230
 - London advisory council for, 222-223, 285
 - Ministry of Labour analysis of, 284-285
 - percentage of, 284
 - rate of, 222-223, 283
 - school-leaving age raised to prevent, 286, 296, 314-315
 - statistics unavailable, 283
 - summary, 288
 - Vacancies filled by emp't exchanges, tabulation, 123
 - Vocational guidance, 295-299 (See also "Juveniles, Placement of" and "Juveniles, Training")
 - Young men, effect of hiring boys upon, 186
- K**
- KEYNES, J. M.,**
- Currency control by central body, idea of, 325
 - Exports, pessimistic about, 16-17
 - Lloyd George's public works plan supported by, 331
 - Population, control of, urged by, 13
 - Price levels, measured effects of changes in, 20-21
 - Reorganization of industry is state problem, opinion of, 322
 - Unemp't insurance maintains wage levels, opinion of, 203
 - Wage rates, discussion of, 318
- KING'S NATIONAL ROLL, 196-197**
- L**
- LABOR,**
- Co-operation needed, 17
 - Cost of, United States vs. Great Britain, 318
 - Displacement of (See "Unemployment, Temporary")
 - Industrial relations, attitude towards, 22
 - Intellectual labor movement, footnote, 23
 - Mercantilist school, views on, 26-27
 - Mobility of (See "Mobility of Labor")
 - Placement of (See "Employment Exchanges, Placement Service")
 - Supply and demand, co-ordination of, 323
 - Turnover, statistics of, through displacements, lacking, 322
 - Wages, opposed reduction in, 22
- LABOR CORPS, 312**
- LABOR EXCHANGES** (See "Employment Exchanges")
- LABOR TESTS** (See "Poor Relief, Deterrent Measures")
- LABOUR, MINISTRY OF,**
- Agriculture, unemp't insurance for, considered by, 346
 - Allowances to trade unions by, table, 102
 - Bondfield, Margaret, minister, 57
 - Cost of living index by, 317-318
 - Discretionary power of Minister, 9, 48-49, 50, 53
 - Domestic service, considered by, 227
 - Emp't exchanges,
 - function under, 40
 - increased efficiency of, commented on, 121
 - juveniles, use of by, 123
 - Increased borrowing of unemp't fund, views on, 151
 - Investigation of sample claimants ordered by, 275-276
 - Juvenile placement controlled by, 297
 - Lloyd George's public works scheme opposed by, 332
 - Minister of Emp't, unofficial, functions under, 104
 - Organization of, 40, 473-474
 - Overhead charges of, 153
 - Personnel of unemployed commented on by, 172-173
 - Poor law authority reimbursed by, 264-265
 - Statistics collected by, 133
 - Suitable emp't refused by claimants to be proved by officers of, 57
 - Unemp't increase explained by, 11
 - Unemp't insurance,
 - attitude toward unification of, 344
 - Unemp't Insurance Dept., 104
 - Women, number trained and transferred by, 231
- LABOUR GOVERNMENT,**
- Agriculture, unemp't insurance for, considered by, 346
 - Came into power 1929, 311
 - Contributions from state increased by, 352
 - Extended benefits paid from Exchequer by, 351
 - Local relief works encouraged by, 327
 - Minimum age of entry for benefit lowered by, 286
 - Unemp't insurance scheme, unification of, considered by, 342-343
 - Unemp't measured by, 327
 - Unofficial Minister of Emp't, appointed by, 104
- LABOUR PARTY,**
- Aim of, 23
 - Exchequer's contributions, views on increasing, 150
 - Genuinely seeking work provision, dissatisfied with, 114-115
 - Hours, shortening of, advocated by, 313-314

LABOUR PARTY (*Continued*)

- Juvenile training centers advocated by, 299
- Lloyd George's plan for public works attacked by, 331-332
- Protest new scheme of local government, 269
- Retirement at 65 urged by, 313-314
- Rota committees, abolition of, favored by, 109
- School-leaving age, raising of advocated by, 314
- Transference, attitude toward, 230-231
- Unemp't insurance fund, proposed changes in contributions to, 347-348
- Unemp't prevention, Executive Committee on, 310

LAMB, DAVID, Salvation Army official, 206

LANCASHIRE,

Cotton industry in, 23, 123, 323, 326, 327

Training schools, 289

LANCASHIRE COTTON CORPORATION, 323

LANCASHIRE TEXTILE CORPORATION,

Bank of England aid to, 325

LANSBURY, GEORGE,

Commissioner of Works, 311

Contributory insurance, opposed by, 348

Demoralization commented on by, 272

Poor relief, attitude towards, 261

Unemp't prevention, work on, 311

LAUNDRY INDUSTRY, tables, 215, 219, 224

LAW, BONAR, Inter-departmental Committee on Public Assistance Administration, appointed by, 341

LAWS

Currency and Banknote Act, 1928, 21

Development (Loan Guarantees and Grants) Act, 1929

emp't provided under, extent of, 336

introduced by J. H. Thomas, 329

provisions of, 329

qualification ruling by, 328

work of committees under, reported on, 330

Education,

1910 act (Choice of Emp't), 105, 296, 297

1918 act, 314

1921 act, 105

Empire Settlement Act, 235, 236

Employers' Liability Act, 30

Emp't Exchanges, 39-40

Labour Exchanges Act, 1909, 39, 105, 126, 295

Unemployed Workmen Act, 39

Friendly Societies Act, 32

Health Insurance,

1911, Nat'l Insurance Act, Part I,

41, 76

Labour Exchanges Act, 1909, 39, 105,

126, 295

LAWS (*Continued*)

Local Government Act, 30, 250, 268, 269-270

Out-of-work Donation scheme, 44-45

Pensions,

Old Age Pensions Act, 196

Widows', Orphans' and Old Age Contributory Pensions Act of 1925, 53, 66, 196

Poor relief,

1834 poor law, 27, 29, 30-31, 250

1930, Relief Regulation Order, 269-270

Elizabethan acts concerning, 25-26

Unemployed Workmen Act regulated, 32

Representation of the People Act of 1918, 30

Shops Act, 297

Trade Facilities Act, 311, 312, 313, 329

Unemployed Workers' Dependants Act, 137

Unemployed Workmen Act, 1905,

Beveridge's criticism of, 327

Distress committees set up by, 326

emp't exchanges created by, 39

Poor Law Comm'n criticism of, 327

provisions of, 32

Unemp't insurance,

1911-1930 acts,

analysis of, 39-61, table, 471

summary of, 61-63, 453-470

1911, Nat'l Insurance Act, Part II,

analysis of, 41-44

coverage small, 76

date effective, 41

wage levels, maintenance of, object of, 203

1916 act, 44

1920 act,

analysis of, 46-47

statistics of unemp't enlarged by, 125-126

training of juveniles, condition of eligibility in, 299

unemp't rate estimate for, 5

1921 act, amending, 48

1921 (No. 2) act, amending, 48-49

1921 (No. 3) act, amending, 49

1923 act,

juvenile placement altered by, 105, 297

1924 act, 49

1924 (No. 2) act, 49, 50

1927 act, 9, 114, 351

actuarial inquiry provided by, 153

analysis of, 53-56

Blanesburgh Committee recommendations embodied in, 53

juvenile training centers, financial provision for, 301

mobility, provision to encourage, 229

- LAWS, Unemp't insurance (Continued)**
 1929 act,
 analysis of, 56-57
 1930 act,
 analysis of, 57-61
 effect of, 11, 267
 eligibility provision abolished by,
 130
 emp't exchanges' duties increased
 by, 105, 116, 127
 extended benefits under, 351
 mobility, provision to encourage,
 229
 review of claims under, 110
 3-year limit on, 61
 training of juveniles, condition of
 eligibility, in, 299
 transitional benefit under, 150
 uninsured trades affected by, 227
 1930 (No. 2) act, 61
 1931 act, 500
- LAYOFFS (See "Unemployment, Temporary")**
- LEAMINGTON, Training center for women
 at, 305**
- LEATHER INDUSTRY, tables, 141, 167, 214,
 219**
- LEEDS, Unemp't investigation in, 218**
- LEGAL PROCEEDINGS, UNEMPLOYMENT IN-
 SURANCE SCHEME, 276, 468-469**
- LEGISLATION (See "Laws")**
- LESSER, HENRY,**
 Insurance by industries favored by,
 354-355
 Social insurance, ideas on, 343
 Unemp't insurance scheme, objections
 to, 356
- LEVER BROTHERS, LTD. (See "Company
 Plans for Unemployment Insur-
 ance")**
- LIBERAL INDUSTRIAL INQUIRY, 483-484**
 Abnormal unemp't related to insur-
 ance by, 350
 Bank of England, suggested regulation
 of credit by, 20
 Britain's industrial advantages shown
 by, 15
 Conservatism, warning against, 15
 Expansion of new industries, discussed
 by, 16
 Juvenile training centers advocated by,
 300
 Liberal Party's program by, 331
 Poor relief, recommendations for, 349
 Prices, advocated stabilization of, 20
 Scientific management, need for em-
 phasized by, 18
 Social services, opposed to curtailing
 of, 22
 Standard of living reduction opposed
 by, 320-321
 Suitable emp't definition commented
 on by, 229
 Taxation discussed by, 22, 349
- LIBERAL INDUSTRIAL INQUIRY (Continued)**
 Unemp't of juveniles discussed by,
 283
- LIBERAL PARTY,**
 Program of, 331
 Public works cure for unemp't, claim
 of, 325
 School-leaving age, raising of, advo-
 cated by, 314
- LIVE REGISTER (See "Unemployment,
 Statistics, Live Register")**
- LIVERPOOL,**
 Casual labor problem of, 168
 Overseas training center at, 303
- LIVING, Cost of (See "Cost of Living")**
- LLOYD GEORGE, DAVID,**
 Prime Minister, 330
 Public works' plan of, 330-331, 332,
 334-335
- LOANS (See also "Financial Experience,
 Unemployment Insurance Scheme,
 Treasury Loans")**
 Poor relief, for, 260
- LOCAL GOVERNMENT BOARD, Labor yards,
 use of, discouraged by, 252**
- LOCAL GOVERNMENT OCCUPATIONS, tables,
 215, 224**
- LOCAL INSURANCE OFFICER (See "Admin-
 istration, Unemployment Insur-
 ance Scheme, Local Insurance
 Officers")**
- LONDON,**
 Beggars in, 26
 Poor relief in, 30
 Sailmakers' Burial Society in, 33
 Unemployment in,
 decrease, 224
 juvenile, 222-223
 rate high, 317
 Vagrants in, 206-207
- LONDON ADVISORY COUNCIL FOR JUVENILE
 UNEMPLOYMENT, 223, 285**
- LONDON SOCIETY OF COMPOSITORS (See
 "Trade Unions")**
- LUTON, Rationalization in headgear in-
 dustry, 323**
- LORD MAYOR'S FUNDS, 36, 136, 233**

M

- MACDONALD, J. RAMSAY,**
 Emigration, views on, 234-235
 Prime Minister, 311
 Reorganization causes unemp't, opin-
 ion of, 322
 Unemp't prevention, measures for,
 311
- MACKINTOSH, JOHN, AND SONS, LTD.
 (See "Company Plans for Unem-
 ployment Insurance")**
- MACMILLAN, H. P.,**
 Chairman, Committee on Finance and
 Industry, 324, footnote, 21

- MACMILLAN, LORD,**
Chairman, Court of Inquiry Concerning the Matters . . . in the Northern Wool Textile Industry, 321
- MACMILLAN COMMITTEE** (See "Committee on Finance and Industry")
- MALCOLM COMMITTEE** (See "Committee on Education and Industry")
- MALINGERING, UNEMPLOYMENT INSURANCE SCHEME, 272-282**
Appeals against judgment of, 110-111
Benefit rates changed to prevent, 55
Casual work refused, reasons, 274
Churchill charges employers with, 279
Contributions from workmen check on, 350
Courts of referees to prevent, 110
Employers, among, 279
Investigations show absence of, 276
London, disclosures in, 273
Overlapping of poor relief, cause of, 264
Prevention of, effort toward, 109-111, 280
Safeguards against, 109-111
Shoreditch, reported in, 277
Summary, 281-282, 375
Unemployables wrongly considered as, 277
Wages factor in, 278
Women, among, 274-275, 277
- MANAGEMENT, SCIENTIFIC** (See "Scientific Management" and "Rationalization")
- MANCHESTER, Out-relief increased in, 259**
- MANSION HOUSE FUNDS, 36**
- MARINE ENGINEERING** (See "Engineering Industry, Marine")
- MARKET HARBOUROUGH, Training center for women at, 305**
- MARKETING METHODS** (See "Export Trade, Marketing Methods")
- MARRIED WOMEN** (See "Women, Married")
- MARRIOTT, JOHN, Social services, scheme for unified, 343**
- MARTIN, P. W., Public works, scheme for special financing of, 21, 334**
- MELCHETT, LORD,**
Conference on Industrial Reorganization and Industrial Relations, joint chairman of, 22
Taxation on industry, reduction in, urged by, 21-22
- MELCHETT-TURNER CONFERENCE** (See "Conference on Industrial Reorganization and Industrial Relations")
- MERCANTILIST SCHOOL OF THOUGHT, 26-27**
- MERTHYR TYDFIL, Unemp't in, percentage of, 210**
- MESS. H. A., Contributory insurance**
- METAL INDUSTRY,**
Emigrants, number from, tabulation, 245
Emp't fluctuations in, table, 224
Exports, rise in, 11
Insured workers,
estimate of, table, 141
number unemployed, table, 213
proportion receiving benefit, 183
Trade union, membership in, table, 95
Transference to and from coal mining, table, 219
Unemp't insurance accounts, tables, 184, 214
- MIGRATION** (See "Mobility of Labor, Migration")
- MINERS** (See "Coal Industry, Miners")
- MINERS' FEDERATION, Short-time deplored by secretary of, 166**
- MINING INDUSTRY, tables, 95, 215, 219, 224, 245**
- MINISTER OF EMPLOYMENT** (See "Employment, Minister of [unofficial]")
- MINISTRY OF HEALTH** (See "Health, Ministry of")
- MINISTRY OF LABOUR** (See "Labour, Ministry of")
- MINISTRY OF TRANSPORT** (See "Transport, Ministry of")
- MINORS** (See "Juveniles")
- MOBILITY OF LABOR, 201-249, 501**
Adaptability of workers factor in, 207
Age in relation to, 208
Approved societies' administration of state scheme interferes with, 78
Balfour Committee on, 130-131, 201, 208, 226
Barriers to, 225-229
continuous unemp't, definition of, 227-228
noninsured trades, 226-227
suitable emp't, definition of, 229
trade unions, 225-226
Blanesburgh Committee views on, 226
Clay's views on, 216, 221, 234
Conservative Governments' efforts to encourage, 221
Cotton industry lacks, reasons, 219-220
Davison's discussions of, 206, 209
Displacement of workers danger of, 209
Diversification of industries, influence on, 233-234
Emigration, 234-246
agriculture, related to, 240, 244, 245, tabulation, 245
assisted,
applications for, tabulation, 243
number, tabulations, 236, 237, 243
restrictions, 236, 239-241, 243, 244
Unemployed Workmen Act auth-

- MOBILITY OF LABOR, Emigration (Continued)**
 Australia, to, 236, 237, 241, tabulation, 238
 Balfour Committee on, 245
 Bolton and District Operative Spinners' Provincial Assn., finances, 101
 British North America, to, tabulation, 238
 business cycle's effect on, 246
 Canada, 235, 239, 240, 241
 checks on, 239-246
 coal miners, temporarily to Canada, 239
 decline in, reasons for, 239, 242
 destinations, 238-239, tabulations, 237, 238
 economic conditions affect, 246
 Empire Settlement Act aid in, 235-236
 expenditures for, 236
 emp't exchanges select persons for, 127
 extent of, 236-239
 government policy changing, 239
 Industrial Transference Board's recommendations for, 236, 242-243
 Inter-departmental Committee Appointed to Consider the Effect on Migration of Schemes of Social Insurance, report on, 241-242
 MacDonald's views on, 234-235
 New Zealand, to, 236
 obstacles to, 239-246
 occupations of emigrants, tabulation, 245
 Oversea Settlement Committee, report on, 237, 241
 returning emigrants, annually, tabulation, 238
 South America, small amount to, 239
 statistics by destination, occupation and annually, table, 238, tabulations, 236, 238, 245
 summary, 248-249
 training, effect of, 239
 unemp't insurance, effect of, 241, 242, 243
 United States, 245, tabulation, 238
 Emp't exchanges promote, 106, 205-206, 224-225, 229, 230
 Factors affecting, 201-209
 list of, 208
 psychological, 209
 Family considerations impede, 208
 Geographical, 221-225
 Housing shortage affects, 208
 Importance of, 201
 Industrial, 209-221
 Insured workers, increases and decreases by industries, table, 220
 Labor, division of, accelerates, 207
- MOBILITY OF LABOR (Continued)**
 Lack of, before unemp't insurance, 204-205
 Lack of, industries showing, 209-215
 Legal provisions to encourage, 229
 Migration,
 Balfour Committee's views on effect of unemp't insurance on, 201
 Farms to cities, 19
 government promotion of, 229-233
 juvenile transfers to promote, 232-233
 North to South, 223
 summary, 249
 Obstacles to (See "Mobility of Labor, Barriers to" and "Mobility of Labor, Factors Affecting")
 Pigou's views on, 208-209, 226, 229
 Poor relief affects, 202
 Population, data shows shift of industrial, 223-224, 225
 Redistribution of labor to solve problem of, 234
 Repatriation, statistics on, table, 238
 Rowe's views on importance of, 202
 Short time retards, 220, 228
 Spontaneous, 215-221
 Stagnation in industries, 209-215
 Stamp comments on influence of unemp't insurance on, 203
 Suitable emp't requirement, effect of, 206, 229
 Summary, 246-249, 373-375
 Training, lack of hampers, 208
 Transference,
 1930 act, result of, 267-268
 agriculture, 235
 Conservative Party's views on, 231
 coal mining, table, 219
 cost of, 235
 emp't exchanges assist workers, 230
 Industrial Transference Board, on, 230-231, 235
 juveniles, 232-233
 Labour Party's views on, 231-232
 parliamentary grant to finance, 230
 rate of, 231
 statistics of, 231, 233
 value of, 232
 Unemp't insurance related to, 201-203, 204, 224-225, 227, 246-247
- MOND, ALFRED (See "Melchett, Lord")**
- MONETARY POLICY,**
 Bank of England, co-operation, 20
 Currency control, 325
 Deflation, influence of, 21
 Gold standard, return to, 19-20, 318
 Inflation, effects of continental, 20
 Law concerning, 21
 Post-war, 19-20
 trade and industry, effect on, 21
- MONMOUTH,**
 Coal industry depressed in, 255
 Investigation in coal field of, 175, 251

- MONMOUTH (*Continued*)
 Out-relief to able bodied in, 255
 Report on coal regions of, 273
- MONTAGU, NORMAN, Governor, Bank of England, 324-325
- MORLAND AND IMPEY, LTD. (See "Company Plans for Unemployment Insurance")
- MORLEY, FELIX, Insurance by industry advocated by, 352
- MORRIS COMMITTEE (See "Committee on Procedure and Evidence for the Determination of Claims for Unemployment Insurance Benefit")
- MOSLEY, OSWALD, Unemp't prevention, work on, 311
- MOTOR MANUFACTURING INDUSTRY,
 Emp't fluctuations, table, 224
 Growth in, 8
 Insured workers,
 increase and decrease, table, 220
 proportion drawing benefit, table, 214
 Unemployment in,
 percentage by age groups, tabulation, 189
 rate of, table, 220
- MUNITIONS INDUSTRY, table, 217
- MUSICAL INSTRUMENTS INDUSTRY, table, 224
- MUSICIANS' UNION (See "Trade Unions")
- MYERS, R. J., Employees, study of discharged, footnote, 226

N

- NAPOLEONIC WARS, Disorder and unrest during, 27
- NATIONAL ADVISORY COUNCIL FOR JUVENILE EMPLOYMENT, 300, 302
- NATIONAL AMALGAMATED UNION OF SHOP ASSISTANTS, WAREHOUSEMEN AND CLERKS (See "Trade Unions")
- NATIONAL ASSOCIATION OF THEATRICAL EMPLOYEES (See "Trade Unions")
- NATIONAL CONFEDERATION OF EMPLOYERS' ORGANIZATIONS,
 Blanesburgh Committee evidence by, 268
 Contributions, present scheme approved by, 352
 Emp't exchanges, use of commented on, 130
 Genuinely seeking work clause, procedure to prove approved by, 115
 School-leaving age, raising of, opposed by, 315
 Unemp't prevention, comments on, 310
- NATIONAL EXPENDITURE (See "Committee on National Expenditure")

- NATIONAL FEDERATION OF EMPLOYEES' APPROVED SOCIETIES (See "Approved Societies")
- NATIONAL FEDERATION OF PROFESSIONAL WORKERS (See "Trade Unions")
- NATIONAL INDUSTRIAL CONFERENCE, 1920 act resulted from, 46
 Universal compulsory insurance scheme recommended by, 46
- NATIONAL UNION OF CLERKS (See "Trade Unions")
- NATIONAL UNION OF CONSERVATIVE AND UNIONIST ASSOCIATIONS (See "Trade Unions")
- NATIONAL UNION OF GENERAL AND MUNICIPAL WORKERS (See "Trade Unions")
- NATIONAL UNION OF MANUFACTURERS, 285, 352
- NATIONAL UNION OF RAILWAY WORKERS (See "Trade Unions")
- NATIONAL UNION OF RAILWAYMEN (See "Trade Unions")
- NATIONAL UNION OF TEXTILE WORKERS (See "Trade Unions")
- NEEDLER'S, LTD. (See "Company Plans for Unemployment Insurance")
- NEW ZEALAND, Emigration to, assisted, 235, 236, 238-239, tabulation, 237, 238
- NEWCASTLE,
 Shoemakers' Friendly Society at, 33
 Training centers at, 303, 305
- NIGHT SCHOOLS (See "Juveniles, Night Schools")
- NORTHUMBERLAND,
 Emp't exchanges, juvenile, at, 232
 Transference to training centers from, 291-292
 Unemp't in coal mines of, 230
- NUMBER OF INSURED WORKERS (See "Insured Workers, Number of")

O

- OLD AGE (See "Age")
- OLD AGE PENSIONS (See "Pensions, Old Age")
- ONTARIO, Immigration, restricted, 239
- OPINIONS ON UNEMPLOYMENT INSURANCE SCHEME, 491-493
 Abuse of, Churchill on, 275, 279, 280
 Beveridge upholds scheme, 93, 350, footnote, 350
 Casual labor discouraged by system, 274
 Churchill comments on, 275, 279, 280
 Davison,
 charges abuse by employers, 358
 favors contributory principle, 349
 Decasualization impeded by scheme, 228
 Demoralization attributed to unemp't insurance, 272

- OPINIONS ON UNEMPLOYMENT INSURANCE SCHEME (Continued)**
 Inadequate benefit charged, 265
 Industrial Transference Board in support of, 279-280
 Labor circles dissatisfied with administration, 57
 Lesser's objections to scheme, 356
 Liberal Industrial Inquiry on abnormal unemp't in relation to scheme, 350
 Overlapping of poor relief causes criticism, 264, 265
 Unfavorable comments due to confusion with poor relief, 273-274
 Unification advocated by Melchett-Turner Conference, 342
 Webbs,
 costly administrative features, footnote, 349
 psychological advantages of, 273
- ORIGIN OF STATE SCHEME OF UNEMPLOYMENT INSURANCE, 41**
- OUT-OF-WORK DONATION, 44-45**
 Abuse of, investigated, 45
 Administration of, 45
 Attendance at training centers, condition for juvenile benefit, 299
 Benefits,
 first paid, 45
 rates of, 45, 147
 Cost of, 145, 147, table, 147
 Discontinued, 45
 Dole, known as, 45
- OUTDOOR RELIEF (See "Poor Relief, Out-relief")**
- OUT-RELIEF (See "Poor Relief, Out-relief")**
- OVERLAPPING (See "Poor Relief, Overlapping Unemployment Insurance")**
- OVERSEA SETTLEMENT DEPARTMENT,**
 Emigrants, number assisted by, 237
 Emigration, obstacles to reported by, 241
 Training programs for overseas work aided by, 293
 Unemp't insurance effects on emigration noted by, 241
- OVERSEAS WORK (See "Training, Farm Work")**
- OXO SYSTEM, Definition of, 165**
- P**
- PAPER INDUSTRY, tables, 214, 219**
- PAPER PRODUCTS (See "Cardboard and Paper Products")**
- PART TIME (See "Employment, Short Time")**
- PAUPERISM (See also "Poor Relief")**
 Extent of post-war, 251
 Increase in, 250, 256
 Outdoor, among able-bodied, 253, 255,
- PAUPERISM (Continued)**
 Poplar, high rate in, 259
 Relation to population, 39, 256
 Twentieth century, 39
 Unemployment, long-continued, cause of, 273
- PENSIONS, OLD AGE,**
 Administration of, 340
 Cost of, 196
 Coverage of, 196
 Eligibility for, 196
 Extended benefits as irregular form of, 196
 Laws concerning, 53, 66, 196
 Rate of, 196
 Recipients of, excepted from unemp't insurance, 46
 Scale of, advocated by Labour Party, 313-314
- PERMANENCY OF EMPLOYMENT (See "Excepted Workers")**
- PETROLEUM, Effects on coal industry, 15**
- PIGOU, A. C.,**
 Clay, reference to, 221
 Contributions, suggestion to readjust burden of, 353
 Contributory insurance, views on, 348
 Industrial unionism, development advocated by, 226
 Lloyd George's public works plan supported by, 331
 Mobility, comments on, 208-209, 226, 229
 Unemployables, views on, 158
 Wage rates and unemp't, discussion of, 318
- PLACEMENTS (See "Employment Exchanges, Placement Service")**
- POLAND, Coal from, undersells British, 156**
- PONTYFRIDD, Poor relief, recommendations of board of guardians of, 349**
- POOR LAW (See "Poor Relief, Laws Concerning")**
- POOR LAW COMMISSIONERS, Origin and duties of, 29**
- POOR LAW COMMISSIONS (See "Poor Relief, Royal Commissions on")**
- POOR LAW INQUIRY COMMISSION (See "Poor Relief, Royal Commissions on, 1832-1834")**
- POOR RELIEF, 250-271 (See also "Social Services")**
 Able bodied, 28, 29-30, 32, 250-255
 Elizabethan laws concerning, 25-26
 out-relief to, 252-253, tables, 253, 255
 provisions of Poor Law of 1834 for, 29-30
 sample study, 197
 training classes for, 253
 work tests for unemployed, 250
 Administration of,

- POOR RELIEF, Administration of** (*Continued*)
- 1834 poor law, under, 250
 - guardians, boards of, by, 254
 - committees, 269
 - debts incurred by, 259-260
 - displaced by local authorities, 269
 - duties of, 269
 - established, 250
 - financial resources taxed, 259
 - replacements of, 260
 - reports of, 263-264
 - work tests, averse to, 252
 - lax, 31, 254, 261
 - local authorities, functions of, 269
 - new machinery for, 268-270
 - Poor Law Commission's recommendations, 29
 - Public Assistance Committees, by, 269
 - summary, 270-271
 - Agricultural districts, 30
 - Aspects more serious, 250
 - Assn. of Poor Law Unions of England and Wales advocated state-aided expansion of, 349
 - Attitude of recipients toward, 261-262
 - Beggars, London, 26
 - Casual labor, related to, 274
 - Central supervisory authority, successive bodies, footnote, 29
 - Classes seeking, 251
 - Coal dispute increased, 258
 - Commissions on (See "Poor Relief, Royal Commissions on")
 - Confused with unemp't insurance, 273-274
 - Continuous relief, definition of, 255
 - Cost of, 467
 - able bodied, 136
 - out-relief, average per person, 258
 - reduced by new boards of guardians, 260-261
 - total, 258
 - Coverage, 251, 447
 - Dependents,
 - out-relief to, 263
 - rate for, 262
 - Deserving poor, 28
 - Deterrent measures, 39
 - establishment of, 29-30
 - Ministry of Health officials urge application of, 261
 - results by, 261
 - work tests, 250, 252
 - definition of, 326
 - effect of, 252
 - Elizabethan laws, under, 26
 - poor law commissions on, 30-31
 - workhouses factor in, 26, 29-30, 252
- Disatisfaction with system, 268**
- Early measures for, 25-28, 37-38**
- Effect of, 262**
- Elizabethan, 25-26**
- POOR RELIEF** (*Continued*)
- Employers' organizations on, 268
 - Exceeds unemp't insurance, 262
 - Gaps in duration of unemp't insurance affected by, 258-259
 - Government policies, 29-30
 - Inadequacy of Poor Law, 31
 - Incentive to work affected by, 203-204
 - Increase in, causes, 256
 - Inspection of cases to reduce, 261
 - Institutional relief,
 - number receiving, table, 256
 - Laws concerning, 25-26, 27, 29, 30-31, 250, 269-270
 - Leniency in granting, 254
 - Liberal Industrial Inquiry, recommendations, 349
 - Loans made for, 260
 - London, 30
 - Malingering, 273
 - Medical care, in connection with, 30
 - Napoleonic wars, effects of, 27
 - Out-relief,
 - able bodied, receiving, 252-253, tables, 253, 255
 - beginning of, 27, 30
 - classes receiving, 263
 - continuous, 255, table, 255
 - cost of, 258, 259, tabulation, 258
 - decrease by deterrent measures, 261
 - duration of, 255, table, 255
 - fluctuations, 267, chart, 266, table, 448
 - new basis for, 269
 - number receiving annually, table, 256
 - poor law unions giving, 252, table, 253
 - reduction of, 267
 - statistics, 255, chart, 266, tables, 255, 448
 - Overlapping unemp't insurance, 250-251, 262-268
 - Balfour Committee on, 265
 - checking of, 264
 - extent of, 263
 - Glasgow Inspector of Poor on, 264
 - guardians report on, 264
 - percentage of, 264
 - reimbursements in cases of, 264-265
 - summary, 271
 - trends in, 265, 267, chart, 266, table, 448
 - varied practice of poor law unions concerning, 265
 - Pauper status, 30
 - Pontypridd board of guardians on, 349
 - Poor Law Commissioners for, 29, footnote, 29
 - Poor law unions giving, 252, 253, table, 253
 - Poplar district, relief scale generous in, 254
 - Puritan attitude toward, 26
 - Rate payers, burden on, 253-254

POOR RELIEF (*Continued*)

- Royal commissions on, 1832-1834,
 - able-bodied destitution, attitude toward, 28
 - origin of, 29, 261
 - poor law resulted from, 29
 - recommendations of, 29
 - workhouses corrected by, 27, 29-30
- 1905-1909,
 - appointment of, 31
 - classes of unemployed, discussion of, 278
 - function of, 31, 39
 - labor yards condemned by, 31, 252
 - minority report of, 28, 40
 - out-relief discussed by, 31
 - public works relief, comment on, 326
 - reports of, 40
 - trade union coverage commented on, 35
 - training centers, proposals concerning, 289
 - Unemployed Workmen Act criticized by, 327
 - unemp't insurance, attitude toward, 40
 - Summary, 270-271, 361-362, 371-372
 - Temple's views on, 26
 - Transference to unemp't benefit, 267-268
 - Vagrants, age distribution of, 188
 - Wages supplemented by, 27
 - Webbs warn against unconditional relief, 261
 - Work tests (See "Poor Relief, Deterrent Measures, Work Tests")
- POPLAB**, Poor relief in, 254, 268
- POPULATION**,
 - Building industry, related to, 7
 - Control of, 13-14
 - Density of, 14
 - Shift of industrial, 223-224, 225
 - United Kingdom, 3, table, 7
 - Unemp't related to, 320
 - United States, 19
 - Urban, 18-19
- POST OFFICE**, Pensions paid by, 340
- POTTERY INDUSTRY**, tables, 141, 143, 171, 214, 224
- PREVENTION OF UNEMPLOYMENT** (See "Unemployment, Prevention of")
- PRICE**, J. F. G., Unemp't insurance Dept., chief, 43
- PRICES**,
 - Control of, 19
 - Effects of changes in, 20
 - Keynes' views on, 20
 - Level of, average, 498
 - Wholesale, 7, 317-318
- PRINCE OF WALES**, Lord Mayor's Fund endorsed by, 136

PRINTING INDUSTRY,

- Insured workers, increase and decrease, table, 220
- Trade union membership in, table, 96
- Transference to and from coal mining, table, 219
- Unemp't in,
 - insured workers, tables, 141, 171
 - number, table, 213
 - rate of, table, 220
- Unemp't insurance accounts, tables, 184, 214
- PRODUCTION**,
 - Cost of, 16
 - Clay's discussion of, 319
 - effects of return to gold standard on, 20
 - Ford Motor Company's studies of, 207
 - government urged reduction of, 320
 - rationalization to reduce, 321
 - unemp't insurance cost as factor in, 156
 - wages factor in, 317, 321
 - wool industry, in, 321
 - Hours of labor, effect of, 318
 - Increase in, wage reductions cause of, 318
- PROFESSIONAL WORKERS**, Emigrants among, number of, tabulation, 245
- PROLETARIANISM**, 254
- PROPOSED CHANGES IN UNEMPLOYMENT INSURANCE SCHEME**, 340-360, 377
- PROSECUTIONS** (See "Legal Proceedings")
- PROSPERITY RESERVE**, 333
- PROTECTED INDUSTRIES** (See "Industries, Sheltered")
- PROTECTION OF INDUSTRIES** (See "Industries, Protection of")
- PROVISIONS, UNEMPLOYMENT INSURANCE SCHEME**, 39-63, 453-470, table, 471
 - Actuarial investigation of fund (See "Financial Experience, Actuarial Aspects of, Investigation")
 - Administration (See "Administration")
 - Associations (See "Administration, Associations")
 - Benefits (See "Benefits")
 - Borrowing power (See "Financial Experience, Treasury Loans")
 - Contracting out (See "Special Schemes")
 - Contributions (See "Contributions")
 - Coverage (See "Coverage")
 - Definition of unemployment (See "Definition of Unemployment")
 - Disqualification for benefit (See "Eligibility, Disqualification")
 - Eligibility (See "Eligibility")
 - Employment exchanges (See "Administration, Employment Exchanges")

- PROVISIONS, UNEMPLOYMENT INSURANCE SCHEME (Continued)**
 Excepted workers (See "Excepted Workers")
 Exempted workers (See "Exempted Workers")
 Financial (See "Financial Experience")
 Juveniles (See "Juveniles")
 Legal proceedings (See "Legal Proceedings")
 Special schemes (See "Special Schemes")
 Trade unions (See "Administration, Trade Unions")
 Training (See "Training")
 Transitional (See "Benefits, Transitional Provisions")
 Traveling expenses (See "Traveling Expenses")
 Treasury loans (See "Financial Experience, Treasury Loans")
 Waiting period (See "Definition of Unemployment, Waiting Period")
- PUBLIC ASSISTANCE COMMITTEES,**
 Administer poor relief, 269
- PUBLIC SERVICE CORPORATIONS, Bankers' Industrial Development Company, Ltd., 324-325**
- PUBLIC UTILITIES,**
 Exception certificates for employees of, 46, 64, tabulation, 66
 Workers, proportion drawing benefit, table, 214
- PUBLIC WORKS, 501**
 Administrative complications, 326
 Approval of, 327-328
 Claims for benefit in, table, 143
 Cost of (See "Public Works, Financial Experience")
 Denifition of relief work, 325-326
 Development (Loan Guarantees and Grants) Act, 328
 Employment in, extent of, 333
 Financial experience (See also "Public Works, Grants for")
 amount approved by gov't, 328, 333-334
 analysis of expenditures, 330
 expenditures by various bodies, 329, 330
 Grants for, 327
 Development (Loan Guarantees and Grants) Act, 328
 regulations concerning, 327-328, 330
 Unemp't Grants Committee administer local, 327
 Industrial Transference Board, views on, 230
 Insured workers in, table, 217
 Liberal's program for, 331
 Lloyd George's plan for, 331-332
 Martin's scheme for special financing of, 21, 334
- PUBLIC WORKS (Continued)**
 Minister of Transport made grants for road work, 328
 Opinions concerning, 332-335
 Selection of men for, 327
 Summary, 339
 Transference to and from coal mining, table, 219
 Unemployed Workmen Act, regulations for, 326-327
 Unemp't Grants Committee administer local grants for, 327
 Unemp't in, 221, table, 211
 Unemp't insurance accounts in, tables, 184, 214
 Webbs outline kinds of, 328
- PUGH, ARTHUR, 93**
- PURCHASING POWER, Public works schemes to maintain, 325**
- PURITANS, poor relief, attitude toward, 26**
- Q**
- QUALIFICATIONS FOR UNEMPLOYMENT INSURANCE (See "Eligibility, Unemployment Insurance Scheme")**
- R**
- RAILROAD COACH MANUFACTURING INDUSTRY, table, 254**
- RATCLIFFE, S. K., Mobility, psychological obstacles to, discussed by, 209**
- RATES (See "Taxation")**
- RATE OF BENEFIT (See "Benefits, Unemployment Insurance Scheme, Rates of")**
- RAILROADS,**
 Development of, caused financial crisis, 332
 Exception certificates for employees of, 46, 64, 65, tabulations, 65, 66
 Insured unemployed in, table, 171
- RATIONALIZATION, 321-325**
 Balfour Committee's views on, 166
 Balfour expressed need for, 322
 Banks obstacle to, 324
 Board of Trade report minor efforts at, 323
 Cannan's views on, 323
 Clay advocated, 17, 321
 Competitive power of Britain recovered by, 321
 Definition of, footnote, 321
 Deterrents of, 14-15
 Financial backing of, 324-325
 Bank of England support in, 324
 Bankers' Industrial Development Company, organized for, 324-325
 Committee to aid in, 324
 Securities Management Trust for, 324

RATIONALIZATION (*Continued*)

- Industries having, 323
- Keynes regarded, as state problem, 322
- Melchett-Turner Conference, discussion of, 322
- Production, urged to reduce cost of, 321
- Reluctance to push, 17
- Short-time decreased by, 166
- Summary, 338-339
- Wage reduction, alternative to, 321
- READING, Relief, overlapping in, deplored by investigators, 264
- REAL WAGES (See "Wages")
- REDPATH, BROWN AND COMPANY, LTD. (See "Company Plans for Unemployment Insurance")
- REFEREES (See "Administration, Unemployment Insurance Scheme, Courts of Referees")
- REFUNDS (See "Financial Experience, Unemployment Insurance Scheme, Refunds")
- REGISTRATIONS (See "Employment Exchanges, Registrations")
- RELIEF (See "Poor Relief")
- RELIEF WORKS (See "Public Works")
- RENT RESTRICTIONS, 208
- REORGANIZATION OF INDUSTRY (See "Rationalization")
- REPARATION PAYMENTS, 15
- REPATRIATION (See "Mobility of Labor, Repatriation")
- RETAIL DISTRIBUTION (See "Distributive Trades, Retail")
- RETIREMENT (See "Age Retirement")
- ROBINSON, E. S. AND A., LTD. (See "Company Plans for Unemployment Insurance")
- ROLLS ROYCE COMPANY, Emp't exchanges supply all workers for, 129
- ROTA COMMITTEES (See "Administration, Unemployment Insurance Scheme, Rota Committees")
- ROTHERMERE, LORD, Supported Empire free trade, 316
- ROWE, J. W. F.,
 - Mobility, importance of, told by, 202
 - Wages, effects of maintaining, discussed by, footnote, 202
- ROWNTREE, B. SEEBOHM, Wages and benefit discussed by, 278
- ROWNTREE AND COMPANY (See "Company Plans for Unemployment Insurance")
- ROYAL COMMISSION ON THE POOR LAWS AND RELIEF OF DISTRESS (See "Poor Relief, Royal Commissions on, 1905-1909")
- ROYAL COMMISSION ON UNEMPLOYMENT INSURANCE, Organisation of, 484-485
- ROYALS, Definition of, 167
- RUBBER INDUSTRY, tables, 167, 214, 219

S

- SAFEGUARDING (See "Industries, Protection of")
- SAFEGUARDING COMMITTEE (Wool Industry), Findings of, basis for Macmillan Committee decisions, 321
- ST. DAVIDS, LORD, Chairman, Unemp't Grants Committee, 327
- SALVATION ARMY, Vagrancy, report on, 206-207
- SAMUEL, HERBERT, Cotton industry, views on, 12, 323
- SAVING HABITS, 275
- SCALE OF BENEFITS (See "Benefits, Unemployment Insurance Scheme, Rates of")
- SCHOOL-LEAVING AGE (See "Age, School-leaving")
- SCIENTIFIC MANAGEMENT, 18, 22 (See also "Rationalization")
- SCOPE OF UNEMPLOYMENT INSURANCE SCHEME (See "Coverage, Unemployment Insurance Scheme")
- SECRETARY OF STATE OF SCOTLAND, Agriculture, unemp't insurance scheme for, under consideration, 346
- SCOTLAND,
 - Emigration to United States, 243
 - Insured workers, increase in, 223
- SECURITIES MANAGEMENT TRUST, Function of, 324
- SENIOR, NASSAU, Poor law introduced by, 27
- SEYMOUR, J. B., Unification of social services discussed by, footnote, 342
- SHEFFIELD, Training program restores workers in, 253
- SHELTERED INDUSTRIES (See "Industries, Sheltered")
- SHIPBUILDING INDUSTRY,
 - Aged workers in, number of, tabulation, 197
 - Claims for benefit in, table, 143
 - Coal stoppage, effect of, 212
 - Employment increase, 215
 - Insured workers
 - estimate of, table, 141
 - increase and decrease of, table, 220
 - number of, table, 217, tabulation, 218
 - proportion receiving benefit, 183
 - Surplus workers, 230
 - Transference to and from coal mining, table, 219
 - Unemp't in, 221-222
 - ages, tabulation by, 189
 - insured workers, tables, 171, 213
 - percentages, 210, table, 211
 - rate of, table, 220, tabulation, 218
 - seasonal, 170
 - war expansion resulted in, 209-210

- SHIPBUILDING INDUSTRY (*Continued*)
 Unemp't insurance accounts, tables, 184, 214
- SHOPKEEPERS, Displacement of small, 7
- SHOREDITCH, Unemp't in, 277
- SHORT TIME (See "Employment, Short Time")
- SHRINKAGE (See "Industries, Shrinkage in")
- SILK AND ARTIFICIAL SILK INDUSTRY,
 Emp't fluctuations, 223, table, 224
 Expansion in (artificial), 8, 223
 Insured workers in, increase and decrease of, table, 220
- SMITH, HUBERT LLEWELLYN,
 Board of Trade, Permanent Secretary, 41
 Joint originator of unemp't insurance, 41
- SMYTH, J. L., Trades Union Congress official, 93
- SNOWDEN, PHILIP,
 Chancellor of the Exchequer, 324
 Social services, survey of announced by, 343
- SOCIAL SERVICES,
 Carr-Saunders and Jones on, footnote, 317
 Co-ordination of, 340-344
 Cost, effects of, 22
 Expenditures for, 134-135, table, 135
 Supplement to wages, 317
 Survey to consider unification of, 343
 Unification of (See "Unification of Social Services")
- SOCIALISTS, Co-operation in industry opposed by, 22-23
- SOCIALISM, Aim of Labour Party, 23
- SOUTH AFRICA, Assisted passages to, tabulation, 237
- SOUTH AMERICA, Immigration from Great Britain small, 239
- SOUTH METROPOLITAN GAS COMPANY (See "Approved Societies")
- SOUTH WALES (See "Wales, South")
- SPECIAL PERIODS (See "Benefits, Extended, Special Periods")
- SPECIAL SCHEMES OF UNEMPLOYMENT INSURANCE, 80-86, 367 (See also "Insurance by Industry")
 1920 act, allowed by, 47, 80
 1927 act abolished right to form, 56, 352, 467
 Banking industry, 47, 81, 84-86
 administration of, 85
 coverage, 84, table, 85
 financial experience, 84-85, table, 85
 summary of, 85-86
 Blanesburgh Committee's attitude toward, 353, 357-358
 Bradford Dyers advocated, 353, 355-356
 Coverage, 81, 84, table, 84
- SPECIAL SCHEMES OF UNEMPLOYMENT INSURANCE (*Continued*)
 Commercial insurance industry, 47, 81-84
 1924 (No. 2) act, repealed grant to, 81
 administration of, 81, 82, 84
 benefits, 81-82, 83, 84
 border-line cases, 82
 contributions to fund, 81, 82, 83
 coverage, 81
 eligibility, 81
 financial experience, 83-84
 grant, annual, for, 81
 Insurance Unemp't Board administrators, 81
 Irish Free State, separate scheme, 81
 Northern Ireland, separate scheme, 81
 occupations in, insurability of, 83
 opinion concerning, 84
 placement work, 82
 redrafted, 1930, 84
 scope of industry, 81
 summary of, 85-86
 transfer arrangements, 83
 turnover of members, 1930, 81
 unemp't in industry, statistics of, 83
 Development checked, 80
 State contribution withdrawn from, 47
 Summary, 85-86
 Suspended privilege to form, 81
- SPEENHAMLAND, Wages in, 27
- STABILIZATION OF EMPLOYMENT (See "Employment, Regularization")
- STAMP, JOSIAH,
 Earnings, estimated annual, by, 318
 Lloyd George's public works plan supported by, 331
 Wage rates, discussion of, 318, 319
 Social services, discussed by, 156, footnote, 134
- STANDARD OF LIVING,
 Beveridge relates to production and unemp't, 320
 Liberal Industrial Inquiry opposed reduction of, 320-321
 Wage reductions, affected by, 318
- STATIONERY (See "Cardboard and Paper Products")
- STATISTICS OF UNEMPLOYMENT (See "Unemployment, Statistics")
- STATUTORY BENEFITS (See "Benefits, Unemployment Insurance Scheme, Standard")
- STEEL-MAITLAND, ARTHUR,
 Genuinely seeking work, views on procedure to prove, 116
 Minister of Labour, 154
- STEPHEN, CAMPBELL, Claims disallowed, comments on, 119
- STOCKHOLM, Unemployment, high rate of, 317

INDEX

STOVES, ETC., INDUSTRY, Emp't fluctuations, table, 224
 STOPPAGE (See "Coal Industry, Disputes in")
 STRIKES (See also "Trade Unions, Strike Benefits")
 Coal industry (See "Coal Industry, Disputes in")
 Disqualification for benefit, 42
 Poor relief granted during trade dispute, 260, 262
 Right to, interference with, 78
 Time lost through, 23
 SUBSIDIZED INSURANCE (See "Associations, Subsidized Voluntary Insurance by" and "Trade Unions, Unemployment Benefits by, Subsidized Voluntary Insurance")
 SUMMARY, 361-384
 SUPPLEMENTARY SCHEMES OF UNEMPLOYMENT INSURANCE, 467-468
 1920 act, permitted by, 47
 None ever put in effect, 47

T

TAILORING INDUSTRY, tables, 171, 214
 TARIFF (See also "Empire Free Trade" and "Industries, Protection of")
 Clay, tells effects on industry of, 221
 Export trade injured by high, 14
 War increased, 15
 World Economic Conference opposed to, 316
 TAXATION,
 Derating scheme of Conservative Government, 156
 Liberal Industrial Inquiry favored reducing local, 349
 Lord Melchett favored reduction of, 21-22
 Low rates and poor relief, 259-260
 Poor relief burden on local rates, 253-254
 Poplar rate payers complain of, 254
 TAYLOR, COOK, Unemp't distress in 1842, description of, 28
 TAYLOR, J. T. & J., LTD. (See "Approved Societies")
 TEMPORARILY STOPPED (See "Unemployment, Temporary")
 TEMPORARY UNEMPLOYMENT (See "Unemployment, Temporary")
 TEST WORK (See "Poor Relief, Deterrent Measures, Work Tests")
 TEXTILE INDUSTRY,
 Claims for benefit in, table, 143
 Cotton (See "Cotton Industry")
 Depression highest in, 13
 Insured workers in, tables, 141, 217
 Silk and artificial silk (See "Silk and Artificial Silk Industry")
 Trade union membership in, table, 95

TEXTILE INDUSTRY (*Continued*)
 Transference to and from coal industry, table, 219
 Unemp't in, 9-11, 212, 221-222, tables, 211, 220
 Workers, proportion receiving benefit, table, 214
 THIRTY-CONTRIBUTIONS RULE (See "Eligibility, Unemployment Insurance Scheme, Thirty-Contributions Rule")
 THOMAS, J. H.,
 Bank of England support of rationalization, reported by, 324
 Demoralization commented on by, 272
 Development (Loan Guarantees and Grants) Bill introduced by, 329
 Export trade, development urged by, 313
 Married women and unemp't benefit discussed by, 11-12
 Financial report on public works by, 330
 Minister of Emp't, first appointed, 104, 311, 325
 Public service corporation announced by, 324-325
 School-leaving and retirement age fixed by, 286
 Trade Facilities Act, opinion on, 312
 Training for emigration, 239
 THRIFT, Saving habits and unemp't benefit, 275
 TINPLATE INDUSTRY, table, 214
 TRADE, BOARD OF,
 Chamberlain policy censured by, 326
 Emp't exchanges under, 39-40
 Juvenile placement departments formed by, 295-296
 Rationalization, report on minor efforts at, 323
 Workers' Assns., report on disbursement of benefits by, 69
 TRADE DISPUTES (See "Strikes")
 TRADE UNIONISM, 22-23, 33
 TRADE UNIONS,
 Allied Association of Bleachers, Dyers, Printers and Finishers, insurance by industry approved by, 352
 Amalgamated Engineering Union, unemp't benefits of, 74
 Amalgamated Society of Carpenters, constitution of, 34
 Amalgamated Society of Engineers, constitution of, 34
 Amalgamated Society of Engineers, Machinists, Smiths, Millwrights and Patternmakers, development of, 33-34
 Amalgamated Society of Woodworkers, unemp't benefit scheme of, 101

TRADE UNIONS (*Continued*)

- Association of Women Clerks and Secretaries, emp't exchanges, urged abolition of private, 128
- Attitude of officials toward employers, 34
- Benevolent aspects of, early, 32-33
- Bolton and District Operative Spinners' Provincial Association, unemp't benefit scheme, 101
- Company plans for unemp't insurance, opinions on, 92
- Development of, 32-34
- Electrical Trades Union, unemp't benefit scheme of, 98-99
- emigration benefits, tables, 35, 75, 102
- Film Artistes' Guild, emp't exchanges, urged abolition of private, 128
- Funds, general, decrease in, 74
- total annual, table, 75
- Journymen Steam-engine Makers' Society, benefits paid by, kinds of, 33
- London Society of Compositors, unemp't benefits by, 74
- Membership, footnote, 74, tables, 35, 75, 95, 102
- Migration, members assisted in, 225
- Mobility influenced by demarcations of, 206, 225-226
- Musicians' Union, emp't exchanges, urged abolition of private, 128
- Nat'l Amalgamated Union of Shop Assistants, Warehousemen and Clerks, unemp't benefit scheme, 99-100, table, 100
- Nat'l Assoc. of Theatrical Employees, emp't exchanges, urged abolition of private, 128
- Nat'l Federation of Professional Workers, emp't exchanges, urged abolition of private, 128
- Nat'l Union of Clerks, emp't exchanges, urged abolition of private, 128
- Nat'l Union of Conservative and Unionist Assns., Empire Free Trade, opposed to, 315
- United Empire Party protested by, 316
- Nat'l Union of General and Municipal Workers, emp't exchanges, urged abolition of private, 128
- Nat'l Union of Railway Workers, industrial unionism exemplified by, 226

TRADE UNIONS (*Continued*)

- Nat'l Union of Railwaymen, secretary reported on noninsured employees, 65
- Thomas, J. H., secretary, on demoralization, 272
- unemp't benefits by, 74
- Out-of-work benefits (See "Trade Unions, Unemployment Benefits By")
- Nat'l Union of Textile Workers, short-time, favored by president of, 166
- Short-time favored by, 166
- State unemp't benefit by (See "Administration, Unemployment Insurance Scheme, Trade Unions")
- Strike benefits, 74
- Subsidized insurance by, (See "Trade Unions, Unemployment Benefits By, Subsidized Voluntary Insurance")
- Transference, attitude toward, 225
- Transport and General Workers' Union, emp't exchanges, urged abolition of private, 128
- Traveling benefits, tables, 35, 75, 102
- Unemp't benefits by, additional benefits under state scheme, 70-75
- 1911 act authorized, 68-69
- 1920 act, provisions of, 70-71
- 1930 act repealed provision concerning, 72
- amounts paid, 74, tables, 75, 102
- Blanesburgh Committee on, 71
- duration of, 72, 74
- Ministry of Labour on, 73
- rate of, 70, 72, 74
- bargaining power strengthened by, 204
- early measures, 32-36
- state unemp't insurance (See "Administration, Unemployment Insurance Scheme, Trade Unions")
- subsidized voluntary insurance, 69-70
- 1911 act authorized, 43-44
- 1920 act effect on, 70
- number unions admitted to, 70
- state subsidy, 70
- voluntary schemes, 32-36, 93-103 (See also "Trade Unions, Unemp't Benefits By, Subsidized Voluntary Insurance")
- administration, 97-98
- Beveridge noted increase in, 93
- coverage, 34-36
- duration of benefit, 36, 97
- eligibility rules for, 97
- expenditures for, 34-35, 94, tables, 35, 95-96

- TRADE UNIONS, Unemp't benefits by, voluntary schemes (Continued)**
 number unions paying, 94, table, 95-96
 payments suspended, 94
 rates of benefit, 36
 source of funds, 98
 state scheme patterned from, 34, 36, 68
 summary, 103
 typical schemes, 98-102
 unregistered unions, no data on, 93-94
 waiting period, 36, 97
 Unemp't records, 5
 Unification of state insurance opposed by, 344
 United Society of Boilermakers and Iron and Steel Ship Builders, unemp't benefits by, 74
 Vacancies, attitude toward compulsory reporting of, 130
 Voluntary Benefits (See "Trade Unions, Unemployment Benefits By, Voluntary Schemes")
 Wages maintained by policies of, 202
 Workers' Union, unemp't insurance for agriculture endorsed by, 345
 Yorkshire Miners' Assn., unemp't benefit scheme, 98
- TRADES UNION CONGRESS,**
 Coal miners, comments on mobility of, 218
 Conference on Industrial Reorganization and Industrial Relations sponsored by, 22
 Duration of unemp't benefit, views on, 52
 Domestic service, advocated unemp't insurance for, 347
 Empire trade unity supported by, 315
 Immigration, advocated restriction of, footnote, 241
 Social services, proposals on unification of, 343
 Unemp't insurance scheme supported by, 352
 Unemp't prevention, views on, 310
 Vacancies, suggested compulsory reporting of, 129
- TRAINING, 289-309**
 1927 act, provision of, 56
 Centers for, 489-491 (See also "Domestic Service, Training for, Centers," and "Juveniles, Training of, Centers for")
 accommodations in, 291, 292, 293, 304
 attendance at, as condition for benefit, 289, 299
 cities having, 291-292, 293, 303, 305
 entrants limited, 289
- TRAINING, Centers for (Continued)**
 Industrial Transference Board urged for coal field areas, 289
 numbers admitted in, 292, 295
 overseas work, 291, 293-295 (See also "Domestic Service, Training for, Overseas Work" and "Juveniles, Training of, Overseas Work")
 residential, 305, 306, 490
 statistics, 292, 295, 303, 304-305
 time spent in, 291
 transfer instructional, 292
 Cost of, 291, 307, 491
 Domestic service (See "Domestic Service, Training for")
 Eligibility, condition of, 289, 299
 Emp't exchanges select personnel for, 127
 Farm work, 293-295
 Financial provisions for, 289, 290, 293
 Juveniles (See "Juveniles, Training of")
 Lancashire experiment, 289
 Men, 290-295, 490
 summary, 307-308
 Mobility related to, 208, 229
 Overseas work, farm training for (See "Training, Farm Work")
 Poor relief seekers, for, 253
 State program for, outline of projects, 290
 Statistics, 231, 292, 294-295, 303, 304-305, 490-491
 Transfer instructional centers for (See "Training, Centers for, Transfer Instructional")
 Transference, after, 231, 291-292
 Unemp't prevention, Blanesburgh Committee recommended for, 312
 Women, 304-307, 490
 summary, 309
- TRANSFERENCE (See "Mobility of Labor, Transference")**
TRANSFERENCE BOARD (See "Industrial Transference Board")
TRANSITIONAL PROVISIONS (See "Benefits, Unemployment Insurance Scheme, Transitional Provisions for")
- TRANSPORT, MINISTRY OF,**
 Emp't provided under road fund, extent of, 336
 Grants made for road work by, 328, 330
- TRANSPORT AND GENERAL WORKERS' UNION (See "Trade Unions")**
- TRANSPORT INDUSTRY, table, 141**
 Dock workers,
 casual emp't among, 168
 claims for benefit among, table, 143
 decasualization needed, 228
 short-time, payment of benefit for, 165

- TRANSPORT INDUSTRY, Dock workers**
(Continued)
 unemp't of insured workers, table, 213
 Emigrants from, number of, tabulation, 245
 Emp't fluctuations, table, 224
 Insured workers in, increase and decrease of, table, 220
 Trade union membership in, table, 96
 Transference to and from coal mining, table, 219
 Unemp't in,
 age distribution of, 189
 insured workers, table, 213
 number, 212
 percentage of, 210
 rate of, table, 220
 Unemp't insurance accounts, tables, 184, 214
 Vacancies filled by emp't exchanges, 121
- TRAVELING EXPENSES, UNEMPLOYMENT INSURANCE SCHEME, 153, 466** (See also "Trade Unions, Traveling Benefits")
- TREASURY,**
 Abnormal unemp't costs to be borne by, 156
 Administration of unemp't insurance, cost shared by, 154
 Agricultural unemp't insurance considered by, 346
 Loans to unemp't fund (See "Financial Experience, Unemployment Insurance Scheme, Treasury Loans")
 Out-of-work donation paid by, 45, 147
 Transitional benefit paid by, 59, 60, 150, 351
 Unemp't fund debt to, 148-153
- TRENDS IN UNEMPLOYMENT INSURANCE, 377-381**
- TURNER, BEN,**
 Conference on Industrial Reorganization and Industrial Relations, joint chairman of, 22
 Short-time, favored by, 166
- TURNOVER OF LABOR** (See "Labor, Turnover")
- TYNESIDE,**
 Royals in, 167
 Seasonal unemp't in, 170
 Short-time in, footnote, 163
 Survey of, 348, 358
- TYPES OF STATE UNEMPLOYMENT INSURANCE**
 Compulsory (See "Compulsory Unemployment Insurance")
 Out-of-work Donation (See "Out-of-work, Donation")
 Special schemes (See "Special Schemes of Unemployment Insurance")
- TYPES OF STATE UNEMPLOYMENT INSURANCE** *(Continued)*
 Subsidized (See "Associations, Subsidized Voluntary Insurance" and "Trade Unions, Unemployment Benefits By, Subsidized Voluntary Insurance")
 Supplementary schemes (See "Supplementary Schemes of Unemployment Insurance")
- U**
- UMPIRE** (See "Administration, Unemployment Insurance Scheme, Umpire")
- UNCOVENANTED BENEFIT** (See "Benefits, Unemployment Insurance Scheme, Extended")
- UNDER-EMPLOYMENT** (See "Employment, Short-time")
- UNEMPLOYABLES,**
 Analysis of sample of, footnote, 158
 Malingering, accused wrongly of, 277
 Percentage of, 162
 Pigou's views on, 158
 Problem of, 117
 Urban, 18-19, 223
 Variation in different industries, 358
 Wages, related to, 319
- UNEMPLOYMENT, 158-200**
 Able-bodied,
 1929 act regulations concerning, 269-270
 benefit rate increased for, 49
 cost of, total, 136
 method of dealing with, unsatisfactory, 269
 Royal Commission recommendations for, 39
 Abnormal,
 demoralizing effect of, 272-273
 post-war, effect of, 156
 Acute, 47, 48
 Age related to, 185-196
 Agricultural workers, factor in, 18-19
 Average during business cycle, 151
 Casual, 158, 166-169
 Balfour Committee's views on, 168
 dock workers, 168, 228
 Causes of, 15
 Beveridge on, 320
 blind-alley jobs, 295
 post-war, 13
 Cities having high rate of, 317
 Classes suffering from, 277, 280
 Poor Law Commission on, 278
 Clay's views on, 5-6, 13, 209
 Commercial insurance industry, 83
 Conservative gov't measurement of, 327
 Continuous,
 breaks in, 443-449
 definition of, 55, 460

UNEMPLOYMENT, Continuous (Cont.)

- proof by registration, 107
- Decrease in, 224
- Definition of (See "Definition of Unemployment, Unemployment Insurance Scheme")
- Distress committees to relieve, 326
- Distribution of, Beveridge on, 504-505
- Duration of, 174-197
 - age related to, 192-196, chart, 195, table, 194, tabulation, 192
 - frequency of periods, 174-177
 - industries, by, 181-184
 - length of periods, 174-177
 - poor relief related to, 197
 - sample studies of, 174, 181
 - statistics, 174-176
 - summary, 198-200, 372-373
 - trends in, 177-181
- Early situation, 28-32
- Emigration as relief measure for, 235
- Emp't exchanges medium for testing, genuine, 48
- Expanding industries relieve, 223
- Fluctuations, 3, 151-152, 169-170, 267, chart, 266, table, 448
- Framework of prevention, 336-337
- Geographical distribution of, 221-225, tabulations, 222
- Gold standard, effect of return to, 9
- Government remedy for, 320
- Incidence of, 372-373
- Increase in, 151
- Industries, by (See "Industries, Unemployment by")
- Insured industries, percentage in, 319
- Insured workers,
 - percentage, tables, 171, 444, 445, tabulation, 5
 - industries, classified by, tables, 141, 171, 213
 - number, 3, 8-9
 - percentage, table, 171, tabulation, 5
 - personnel of, changing, 173
 - types of, 172-173
- International aspects of, 19
- Investigations of, among claimants, 174-181
- Irregularity of, 158-173
 - summary, 198-200
- Juvenile (See "Juveniles, Unemployment of")
- Labor gov't measurement of, 327
- Laws concerning,
 - insurance acts, 1911-1931, 39-63, 500
 - Unemployed Workmen Act, 1905, 32, 39, 326, 327
 - Unemployed Workers' Dependents Act, 137
- Leeds, investigation in, 218
- London, decrease in, 224
- Measurement of, 327
- Normal, 8
- Older workers, 196-197

UNEMPLOYMENT (Continued)

- Permanent, 159-162
- Personnel of unemployed, 172-173
- Population, related to, 320
- Post-war, 3-24, 251, 350, charts, 4, 10, tables, 444, 445, tabulations, 5, 12
- Prevention of, 310-339
 - Baldwin gov't opposed measures for, 313
 - Balfour Committee discussion concerning, 312
 - Blanesburgh Committee measures for, 312
 - Cannan's theory for, 323
 - Conservative Party's plan for, 313
 - constructive methods urged, 337
 - co-ordination of labor supply and demand, 323
 - credit extension factor in, 312
 - currency control, factor in, 325
 - distribution of labor for, 234, 311
 - empire trade unity advocated for, 315
 - emp't exchanges, wider use of, 312
 - Export Credits Scheme in, 311, 312
 - export trade development for, 313
 - financial backing of industries, aid to, 324-325
 - foreign markets, extension of, as factor in, 313
 - framework of, 336-337
 - governmental programs for, 312-315
 - home market development essential for, 313
 - hours of work, shortening of, 311, 313-314
 - Labour Party on, 310
 - measures for, kinds of, 311-312
 - methods criticized by Webbs, 336
 - Minister of Employment for, 311
 - party programs for, 312-315
 - protection of industries in, 315-317
 - public works for, 325-336
 - rationalization factor in, 321-323
 - reduction of labor supply for, 311
 - restriction of women and children for, 314
 - retirement at 65 aid in, 313-314
 - schemes to provide work for, 311
 - school-leaving age raised as measure for, 314-315
 - summary, 337-339, 381-384
 - Trade Facilities Act in, 311, 312
 - Trades Union Congress on, 310
 - training programs for, 312
 - wage rates as factor in, 312, 317-321
- Pre-war, estimated, 5
- Rate of, 283
 - age, effect of, 189
 - industries, by, table, 220
- Reduction of (See "Unemployment, Prevention of")
- Seasonal, 169-172
- Severe, industries with, 221-222

UNEMPLOYMENT (*Continued*)

- Shoreditch, extent in, 277
 - Statistics, 123-126, chart, 266, table, 448
 - gov't actuary found unavailable, 41
 - actuarial forecasts exceeded by post-war depression, 137
 - Balfour Committee comments on, 125
 - classification used, 159
 - composition of, 158
 - continuity breaks affecting, 443-449
 - effect of 1920 act on, 125-126
 - hypothetical table of, 181
 - live register, 123-124, 150, chart, 266, table, 448
 - Ministry of Labour, collected, 133
 - railway employees, 65
 - Temporary, 162-163
 - Brookings Institution study of, 322
 - definition of, 162
 - emp't exchanges record of, 162-163
 - mobility involves displacements, 209
 - number in, 162-163, 198
 - rationalization cause of, 322
 - statistics of, by displacements, lacking, 322
 - types of workers in, 166-167
 - United States, statistics lacking in, 322
 - Trade union figures, hypothetical table based on, 181
 - Trends indicated by sample studies, 177-185
- UNEMPLOYMENT GRANTS COMMITTEE,
- Able-bodied unemployed, aid to, 269
 - Lord St. Davids, chairman, 327.
 - Public works,
 - emp't schemes promoted by, 333
 - grant sanctioned by, 330
 - schemes on transfer basis considered by, 328
 - Work of, described, 327
- UNEMPLOYMENT INSURANCE COMMITTEE,
- Actuary report on juvenile unemp't to, 283
 - Blanesburgh, Lord, chairman, 52
 - Conditions for benefit, recommendations on, 9
 - Contracting out disapproved by, 353, 357-358
 - Contributions discussed by, 139, 351, 352
 - Domestic service as suitable emp't, comments on, 226-227
 - Extended benefit considered by, 52, 268
 - Genuinely seeking work, closer definition of, recommended by, 114
 - Hearings, date of, 52
 - Hiring and discharging workers, recommended inquiry into, 120-121

UNEMPLOYMENT INSURANCE COMMITTEE (*Continued*)

- Insurance by industry problem of future, 357
 - Juvenile training centers advocated by, 299
 - Mobility, uninsured trades hinder, 226
 - Organization of, 478-479
 - Permanently unemployed, estimate of, 160, 162
 - Personnel of, 52, 479
 - Poor relief, state-aided expansion of, not favored by, 349
 - Short-time, views on, 165
 - Social services, cost of, footnote, 135
 - Special schemes, expansion of, disapproved by, 357
 - Suitable emp't, recommendations on, 112, 114
 - Testimony before,
 - classes giving, 52
 - Hayday on trade union unemp't benefits, 94
 - Nat'l Union of Manufacturers, 285
 - overlapping of relief and benefit, 264
 - Pontypridd board of guardians, 349
 - prevention of unemp't, 310
 - rate of unemployment given, 5
 - Trade union administration of state scheme, protest against methods, 71
 - Unemp't insurance,
 - actuarial inquiries of, urged by, 153
 - administrative costs low, 154
 - agricultural workers, opposed to, 345, 347
 - casual labor considered by, 274
 - urged against scheme being dole, 53
 - Unemp't prevention, recommendations for, 312
 - Wage reductions, suggestions for, 318-319
- UNEMPLOYMENT INSURANCE DEPARTMENT, Chief administrative body, 104
- UNIFICATION OF SOCIAL SERVICES, 340-344
- Administrative procedure step toward, 344
 - Beveridge, views on, 341-342
 - Gaps in, 341
 - Inter-departmental Committee on Public Assistance Administration, recommendations of, 341
 - Labour Party interested in, 342-343
 - Lack of reasons for, 341
 - Lesser endorsed, 343
 - Local gov't tendency toward, 344
 - Marrriott's suggestion for, 343
 - Melchett-Turner Conference's proposal, 342
 - Obstacles to, 344
 - Seymour's views on, 342, footnote, 342

- UNIFICATION OF SOCIAL SERVICES (*Continued*)
 Summary, 359-360
 Survey to consider, 343
 Trades Union Congress, advocated committee to study, 343
 Watson shows need of, 341
- UNIONS, Poor relief districts, 29
- UNITED EMPIRE PARTY, Lord Beaverbrook and Lord Rothermere, leaders, 316
- UNITED SOCIETY OF BOILERMAKERS AND IRON AND STEEL SHIP BUILDERS (See "Trade Unions")
- UNITED STATES,
 Advantages of deflation of sterling to, 20-21
 Immigration from,
 Great Britain, 239, 240, 245, tabulation, 238
 Scotland, 243
 Population, density of, 14
 Statistics of labor displacements lacking in, 322
 Trade union's restrictions less severe in, 226
 Urban population of, 19
 War loans, Great Britain paying, footnote, 22
 Works councils in, antagonism to, 78
- V**
- VAGRANTS (See "Poor Relief, Vagrants")
- VEHICLE INDUSTRY, table, 213
- VOCATIONAL GUIDANCE (See "Juveniles, Vocational Guidance")
- VOLUNTARY INSURANCE (See "Associations, Subsidized Voluntary Insurance" and "Trade Unions, Unemployment Benefits By, Subsidized Voluntary Insurance")
- W**
- WAGES (See also "Earnings")
 Agricultural workers, 27
 Beveridge on unemp't and, 320
 Bowley, index number by, 317
 Cities having improved real, 317
 Clay on unemp't and, 13, 145, 317
 Continental, effect on Britain's competitive power, 16, 318
 English system inelastic, 317
 Guaranteed minimum wage by Morland and Impey, 89
 Increase in, 317, footnote, 317
 Rates of, 498
 Index numbers, 317
 Inflation, effects of, 20
 Maintenance of, object of 1911 act, 203-204
 Production costs, factor in, 22, 317
 Rates of, 498
- WAGES (*Continued*)
 Reduction of, 317-320
 Blanesburgh Committee suggestion, 318-319
 Clay's discussion of 203, 319
 effect on standard of living, 318
 export trade, to stimulate, 321
 Liberal Industrial Inquiry opposed to, 321
 Macmillan Committee not in favor of, 321
 opposition to, 318
 production, effect on, 318
 proponents of, 317
 rationalization, alternative to, 321
 transfers, by, 320
 unemp't cure, 317-321
 wool textile industry, in, 321
 Rowe's views on maintaining, 202
 Social services supplement to, 317
 Unemp't, related to, 319
 Unemp't insurance, effect of, 202, 204
 Universal handling advocated by Clay, 318-319
- WAITING PERIOD (See "Definition of Unemployment, Unemployment Insurance Scheme, Waiting Period")
- WALES,
 Insured population, decrease in, 223
 South,
 coal industry depressed in, 255
 emp't exchanges, for juveniles, 232
 investigation in coal field of, 251
 men transferred to training centers from, 291-292
 out-relief to able-bodied in, 255
 poor relief, loans for, 260
 public works grants in, 327
 report on coal regions of, 175, 273
 unemp't percentage, 210
- WALLSEND, Training center in, 291, 292
- WATSON, ALFRED, Government actuary, 341
- WEBB, SIDNEY AND BEATRICE,
 Board of guardians, discussion of, 254
 Casual labor and poor relief, discussion of, 274
 Charities, imposed upon, 36
 Charity Organization Society, comments on, 36-37
 Contributory insurance not favored by, footnote, 349-350
 Export Credits Scheme disapproved by, 312
 Inter-departmental Committee on Public Assistance Administration, suggested by, 341
 Labor corps for unemp't prevention suggested by, 312
 Outdoor relief vs. work tests, 252
 Poor relief discussed by, 27, 252, 261
 Public works outlined by, 328

- WEBB, SIDNEY AND BEATRICE** (*Continued*)
 Social services, co-ordination of, needed, 340-341
 Trade Facilities Act disapproved by, 312
 Unemp't, effects of continued, 273
 Unemp't prevention methods criticized by, 336-337
- WEST HAM,**
 Guardians replaced by Ministry of Health, 260-261
 Out-relief, decrease in, 260-261
 Poverty-stricken, 259
- WIDOWS', ORPHANS' AND OLD AGE CONTRIBUTORY PENSIONS ACT** (See "Laws, Pensions")
- WOMEN** (See also "Domestic Service")
 Aged, number in industry, 197
 Central Committee on Women's Training and Employment, number trained and transferred by, 231
 Claims authorized for, table, 143
 Cotton industry, in, 12-13
 Disallowed claims disproportionate, 120
 Distribution by age of insured workers and claimants to benefit, table, 188
 Emp't exchange, placement record of, 121
 Genuinely seeking work clause difficult to prove among, 277
 Insured,
 1916 act, 44
 ages of, 185-186
 Married,
 applications for benefit, 12
 discharged from jobs, 314
 problem of, 116-117
 Malingers, if refusing domestic service, 274
 Mobility among, lack of, 219-220
 Percentage of insured population, 116
 Trades in which vacancies were filled by, 122
 Standard and extended benefit, table, 142
- WOMEN** (*Continued*)
 Thirty contributions rule applied to, 142
 Training of (See "Training, Women")
 Unemp't of,
 age, effect of, 188
 duration of, 174-175, 182, 196, tables, 178, 180, tabulation, 196
 percentage of, table, 176
- WOOD WORKING INDUSTRY,** tables, 95, 184, 219
- WOOL INDUSTRY,**
 Claims for benefit in, table, 143
 Court of inquiry into, footnote, 321
 Insured workers, increase and decrease, table, 220
 Survey of unemp't by I. L. O., 160
 Unemp't in,
 insured workers, tables, 171, 213
 rate of, table, 220
 seasonal, 170
 Wage reduction urged by Macmillan Committee, 321
- WORK TESTS** (See "Poor Relief, Deterrent Measures, Work Tests")
- WORKERS' UNION** (See "Trade Unions")
- WORKING CONDITIONS,** Maintenance of, object of 1911 act, 203-204
- WORKMEN'S COMPENSATION,**
 Administration of, 340
 cost of, 155
- WORLD ECONOMIC CONFERENCE,**
 Empire free trade opposed by, 316
 Tariffs discussed at, 316
- WORLD WAR,**
 Cost of, 22
 Effects of, 13, 14, 216
 Employment factor, 44
 Loans, cancelled by Great Britain, footnote, 22
 Tariffs increased by, 15
- Y
- YORKSHIRE MINERS' ASSOCIATION** (See "Trade Unions")