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BRITISH UNEMPLOYMENT PROGRAMS, 1920-1938

BY EVELINE M. BURNS

A
REPORT PREPARED FOR THE
COMMITTEE ON SOCIAL SECURITY

Washington
Committee on Social Security
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1941

**MANUFACTURED IN THE
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FOREWORD

AFTER THE WORLD WAR OF 1914-18 Great Britain's attempt to restore the normal functioning of her industrial and social life was beset by many difficulties. The greatly expanded industrial framework developed for war production purposes was unable under post-war conditions to provide jobs for all available workers. The unemployment insurance system as it had developed since 1911 and the pre-war social services were seriously over-taxed by the unprecedented and urgent emergency that confronted them. Many experimental programs to alleviate distress due to unemployment were adopted and later discarded as failures or only partial successes. An attempt to expand the unemployment insurance system to provide benefits for both short and long periods of unemployment was, after many make-shift compromises, abandoned in 1931. The years that followed witnessed two other experiments which attempted to find for the long-term unemployed half-way stages between a strictly conceived unemployment insurance system and local provision of poor relief.

The latest of these experiments in Great Britain's search between 1920 and 1938 for satisfactory means of meeting the problems growing out of long-continued mass unemployment, an uncertain industrial outlook, and changing attitudes on the part of both the public and the government toward the responsibility of each for the economic and social welfare of the more insecure members of society, was begun in 1934 and continues to operate, with some modifications, today. This program consists of a national system of unemployment insurance which in the main compensates short-term unemployment, and a supplementary needs test assistance system for normally employed workers which is centrally administered and financed. The locally administered public assistance system, whose clientele is the residual group of needy persons, provides only to an insignificant degree for the unemployed. This comprehensive social insurance and assistance system serves Great Britain currently as the means of ameliorating the effects of war-time dislocations and will presumably constitute her primary defense against the effects of unemployment when the time comes to demobilize the present war economy.

The techniques for handling large-scale unemployment that had been in operation in other industrial countries for many years were not adopted in the United States until the depression of the 1930's. Thus, while the unemployment compensation system established since 1935 has begun to pay benefits, it has not so far been subjected to the test of prolonged and heavy unemployment. Its first severe test is likely to come when the present defense boom is over.

In view of the long experience of Great Britain with the problems of mass unemployment, a critical study of the British schemes adopted between the end of the last war and the beginning of the present war (when the character of the problem was entirely changed by the impetus to employment given by rearmament and by the tremendous demands upon the assistance and welfare authorities for civilian relief) is of especial significance to the United States in pointing out the hazards of ill-advised and hasty lines of action and the need of well-considered planning of the unemployment programs to be used in the post-demobilization period in this country.

The investigation from which this volume resulted was undertaken for the Committee on Social Security by Dr. Eveline M. Burns, Lecturer in Economics at Columbia University. Dr. Burns was formerly an officer in the British Ministry of Labour and a member of the faculty of the London School of Economics. In 1933 she returned to England, in connection with a grant from the Columbia University Council for Research in the Social Sciences, and observed the operation of the various programs at the depth of the depression. She again visited Great Britain in 1937, under the auspices of the Committee on Social Security, to examine the then recently inaugurated comprehensive assistance system. Her findings are based upon extensive interviews with government and lay officials and with private citizens, upon documentary materials collected during both visits, and upon additional data which she has from time to time obtained from correspondents in Great Britain.

During her field work in Great Britain the author was greatly assisted by the helpful cooperation of public officials of both the central and local governments, trade union leaders, members of local advisory committees and students of unemployment prob-

lems. She especially records her appreciation of the assistance given by two officials of the Unemployment Assistance Board. Sir Wilfred Eady, when Secretary of the Board, not only placed every facility at her disposal but also gave generously of his own time in discussing the broader policy issues. Mr. G. T. Reid, his successor, despite the heavy demands of the war read and helpfully criticized those sections of the manuscript relating to the operation of the Assistance Board. Harry Malisoff assisted in the preparation of statistical and legislative materials and carried a large share of the responsibility for the statistical appendix. The completed manuscript was checked back to the original sources by Franz Huber. The author is also gratefully aware of the improvement in the manuscript which has resulted from the careful and precise editorial work of Mary Charles Cole, of the Committee's staff, who prepared the volume for publication.

While Dr. Burns' study has been sponsored by the Committee on Social Security, it has not been submitted to the Committee or to the Social Science Research Council for formal review or approval. The Committee regards it as its responsibility to make certain that the studies which it sponsors are based upon ample investigation so that the investigator will acquire full knowledge of all relevant data and factors, and to satisfy itself that the author of a report has considered carefully all aspects of any controversial questions with which the report may deal. The author is, however, responsible for all statements and conclusions and these do not therefore purport to express opinions or attitudes on the part of the Committee or of the Social Science Research Council.

PAUL WEBBINK, *Director*
Committee on Social Security
Social Science Research Council

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INTRODUCTION

AMONG THE PROBLEMS that have confronted industrial nations during the last 20 years, none has proved more challenging and baffling than that created by mass unemployment. The enforced idleness of literally millions of would-be workers has compelled the governments of all important industrial countries to take action in the interests of the stability of society itself. For as the blight of unemployment affected an ever larger proportion of the citizens it became evident that the welfare of the unemployed and the economic repercussions of positive or negative policies adopted in regard to them were of much more than individual or local interest.

It is not surprising therefore that these same years have witnessed a tremendous expansion of governmental measures for dealing with unemployment. These have ranged all the way from utilizing the basic poor law or general relief systems to the organization and operation by government of elaborate work projects. At the same time increasing attention has been paid to the development of measures having as their objective the more speedy reabsorption of the unemployed into private employment. Publicly provided placement and guidance services have become widespread. To these have been added training and rehabilitation programs and controlled and assisted transference schemes.

Of all the various governmental measures taken to meet the many-sided problem of unemployment, none has been more generally adopted or received more widespread approval than unemployment insurance. The reasons for the popularity of this method of providing against loss of income attributable to unemployment are not far to seek.

To the worker the right to insurance benefits of an amount calculated by a legally set formula represented a highly preferable alternative to assistance secured through the poor law. It obviated the necessity not merely for undergoing a test of need with its resultant loss of privacy, but also for having any contact with a poor law system which in the public mind had come to be associated with a high degree of odium. At the same time the knowl-

edge that an assured income, however small, could be counted on when earnings were interrupted made individual saving worth while. For it removed the fear that the individual would be compelled to reach the level of destitution before public aid was available.

For government also unemployment insurance had many evident advantages. It was administratively a relatively simple method of providing income to large numbers of the unemployed, and one which reduced the exercise of administrative discretion to a minimum. Moreover the linking of benefits with specific payments made it possible to tap new sources of revenue for financing an increasingly heavy item of expenditure and in particular to lay taxes on low income receivers. Above all, unemployment insurance was a method of introducing some degree of permanence into the public unemployment policies. For once the system was instituted, tax collections continued through good years as well as bad and when an emergency arose government was to some degree prepared with both funds and an administrative mechanism.

Yet unemployment insurance is not, nor have its exponents ever claimed that it could be, a complete answer to all of the problems presented by unemployment. Perhaps the most important of its limitations is due to its essentially limited objective. For it aims to do no more than provide income to offset losses in earnings attributable to unemployment. As the wider social consequences of unemployment have become more generally appreciated, there has been a growing recognition of the need for more constructive programs. This broader conception of the social problem of unemployment has involved some change of emphasis. It has led to no depreciation of the inherent values of unemployment insurance. But it has meant that the institution must increasingly be regarded as one of several methods of providing for the unemployed, and that its precise rôle must be determined by the relatively greater or lesser appropriateness of other available measures.

In addition to these considerations, certain characteristic features of the insurance laws limit the extent to which at any time the needs of unemployed workers can be met by the payment of insurance benefits. Not all workers are covered or can satisfy the conditions for benefits; benefits are not payable immediately a

man becomes unemployed and are limited in duration; the amount of benefit is not adequate in all cases to meet needs created by loss of wage income.

There are numerous reasons for these limitations to the rôle played by unemployment insurance in maintaining workers whose normal source of income has temporarily disappeared. In part they arise out of the attachment of the word insurance to this type of social provision against loss of income. To many people social insurance is still conceived of in terms of private insurance. Inasmuch as rights to benefits are in the nature of a private contract, they must, it is held, be limited to persons who have themselves made payments, or on whose behalf payments have been made. Unemployment insurance laws define the groups of workers within their scope and normally require, as a condition for benefit, membership in the scheme for a specified period. Great emphasis has also been placed upon the solvency of the funds, to preserve which it is necessary to restrict the claims that can be made by individual unemployed persons.¹ The limitations on the amount and duration of benefit are largely thus explained.

Somewhat similar in its restrictive effects upon the significance of unemployment insurance schemes is the widely held conviction that this type of aid for the unemployed should be financed exclusively out of certain taxes, and specifically, wage and payroll taxes. The political and economic difficulties inherent in the imposition of these taxes imply a definite upper limit to the sum of money that can be regarded as available for the insurance system. Hence it becomes necessary to adjust benefit rights in such a way that they can be financed out of this limited fund. Emphasis upon these taxes as the peculiarly appropriate, if not exclusive, source of income for unemployment insurance restricts its scope in yet another way. The technical difficulty of collecting these taxes, particularly when the basis selected involves treating each covered individual as a separate case, has led in many countries to the restriction of the system to those groups presenting fewer difficulties from the point of view of the tax collector.

¹ For the influence of these ideas on American legislation, see Harry Malisoff, "The Emergence of Unemployment Compensation," *Political Science Quarterly*, June, September and December 1939.

There have also been a number of considerations which, quite apart from financial factors, have tended to restrict the scope of unemployment insurance plans. One of the most important of these is the judgment that it is socially and economically dangerous to grant unemployed workers a definite, and more or less unconditional, right to a stated money benefit. The desire to avoid weakening the incentive to work has generally led to the adoption of benefit formulas which make certain that insurance benefits shall fall substantially below the earnings of employed workers. Fears concerning the effect of unlimited payment of insurance benefits upon the rigidity of wage rates, and the judgment that it is unreasonable to expect the income-receiving members of a community to contribute indefinitely to assistance paid to unemployed workers regardless of need, have led to the limitation of the period for which insurance benefits can be drawn as a right. This limitation on the duration of the insurance type of benefit has also been viewed as a convenient method of drawing a line between workers whose needs can be met fully by the payment of a cash sum and those, usually the longer unemployed, whose needs call for more individual treatment and for measures designed to maintain and increase working capacity.

Opinions as to the extent to which unemployed workers can maintain themselves in the absence of government assistance have also played a part in limiting unemployment insurance measures. The requirement of a waiting period before becoming entitled to benefits rests largely on the assumption that the average worker has adequate resources to tide him over the first few days of unemployment.

These viewpoints find expression in the provisions of the laws which relate to coverage, eligibility, disqualifications, waiting periods, duration and amount of benefit. The limitations to the significance of unemployment insurance in the entire unemployment program resulting from these provisions are nowhere more evident than in the laws of the fifty-one jurisdictions of the United States.² But America is not unique in limiting the scope

² A summary of the relevant provisions of the laws and a more detailed discussion of their implications will be found in Eveline M. Burns, "Unemployment Compensation in the United States," *International Labour Review*, May 1938, pp. 584-617. Cf. also Harry Malisoff, *loc. cit.* For an analysis of the American state laws, see Social Security Board, *Comparison of State Unemployment Compensation Laws as of October 1, 1940* (Washington, 1940).

of its insurance systems. To a lesser degree, analogous clauses are also found in the unemployment insurance laws of other countries.

Some indication of the limited contribution which an insurance system hedged around by protective conditions makes to the problem presented by unemployment can be obtained by observing the experience of the British system. During the years 1932 to 1938, between 39 per cent and 60 per cent of the insured unemployed persons at any given time were assisted through that system, the remainder receiving aid from other sources or not at all.³ This figure is the more significant when it is recalled that the normal duration of benefit in Great Britain is 26 weeks (in contrast to the American *maximum* of 16 to 18 weeks), that the waiting period in those years varied between 3 and 6 days (in contrast to the American 2 to 4 weeks), while the coverage of the scheme is much wider (there are in Great Britain no exclusions on account of the size of the employer's labor force). Furthermore, the eligibility requirements are more favorable to the worker (in that a worker can claim benefits so long as he can show 30 contributions in the 2 years preceding a benefit claim), the benefits, although at a uniform rate for all workers, provide additional sums for dependents (i.e., they are relatively generous to the workers in the lower wage brackets whose resources are likely to be least, whereas the American laws give the lowest benefits to the lowest paid workers), and finally the specific disqualifications are generally more favorable to the worker than is the case in the majority of the American state laws.

Under these circumstances, it is not surprising that a supplementary relief system, or systems, is found in all countries which have instituted unemployment insurance schemes. These supplementary unemployment relief programs have been of various kinds. They range from the customarily locally administered and financed general poor law systems to highly centralized schemes

³ In only 7 months in the period between 1932 and 1937 has the British insurance system paid benefits to more than 50 per cent of the insured unemployed at any one date. In 1938 the corresponding percentage varied between 58.3 and 60.8 per cent in different months of that year. These figures refer to the general (industrial) scheme only, and do not include the agricultural system which commenced the payment of benefits in November 1936. Cf. *Report of the Unemployment Insurance Statutory Committee on the Financial Condition of the Unemployment Fund on the 31st December 1937*, pp. 49-51, and 1938, pp. 28-29.

such as those administered by the Unemployment Assistance Board in Great Britain and the Work Projects Administration in the United States. Sometimes, as in Great Britain from 1931 to 1934 and in Germany from 1927 on, they take the form of an additional relief organization midway between insurance and local relief. Benefits in a system of this kind are paid only to previously insured workers who can pass a test of needs, but they are normally related in amount to the benefits of the insurance system, are wholly or predominantly financed by the central government, and are administered jointly by the central government and the local authorities.

It is obvious that the co-existence of two or more types of aid to the unemployed should give rise to serious problems. As the benefits are determined on different bases and subject to different conditions, it is to be expected that workers will make comparisons and prefer one type to another. And as unemployment insurance provides benefits that are limited in amount and paid only for a relatively short period, many workers will of necessity have experience with both systems. Those who claim to speak for the unemployed are likely to exert pressure to secure a more general adoption of that type of unemployment aid which appears most favorable to workers.

The existence of several unemployment systems also directly concerns the taxpayer. As the total costs of relief mount, it is inevitable that taxpayers too should compare the several available systems with a view to discovering whether or not economies could be secured by limiting the benefits payable under any of the existing schemes. The ear-marking of certain taxes for the payment of a specific type of benefit, a characteristic feature of insurance schemes, may give rise to considerable disparities in the payments received by unemployed workers who fall into the different relief categories. Unless, therefore, the system which results in relatively higher payments can be justified in broad economic or social terms, taxpayers can be expected to press for its elimination or at any rate for a diminution of its relative importance.

The co-existence of several unemployment programs is also of interest to governmental units, and particularly, may involve a conflict of interest between central and local governments. The

taxes which finance unemployment insurance are characteristically collected by central governmental authorities. Residual relief equally characteristically is financed locally. Hence a relative decrease in the rôle of the insurance system will tend to throw a greater burden on local authorities whose fiscal systems may not be appropriate to their responsibilities. In both Great Britain and Germany, for example, local authorities have opposed restrictions of the scope of the insurance system in order to protect themselves from having to carry what they regarded as an undue share of the costs of unemployment relief.

Finally, the co-existence of several methods of aiding the unemployed gives rise to serious administrative problems. Long waiting periods in an insurance system mean that workers who have no other resources must be carried by a supplementary system until insurance benefits are payable. If the insurance system is so constituted that administrative delays over and above the regular waiting period are unavoidable, the residual relief system must again be utilized. If benefits prove to be inadequate and workers have no other resources of their own, they may have to seek the aid of the supplementary relief system even while drawing insurance benefits. As insurance benefits are limited in duration, workers who are still unemployed must, on exhausting benefits, be cared for wholly by the supplementary relief system or systems. These conditions give rise to a considerable movement of workers between the various programs. If this occurs on a large scale, the justification of a separate insurance scheme will be questioned. In any case, it is obvious that cooperative arrangements must be worked out between the administrators of the different programs in order to avoid duplication of investigation, delays in making payments, and waste of public money arising out of unwarranted double payments.

No country has had a longer experience of the relationships between insurance and supplementary relief systems than Great Britain, which instituted unemployment insurance in 1911. British experience is also of particular interest because, since that date, many changes have been made not only in the scope and importance of the insurance system, but also in the nature of the supplementary measures. It would seem therefore that a study

of British policy in handling the many-sided problems created by mass unemployment will throw considerable light upon the effectiveness of insurance systems of varying comprehensiveness and of different types of supplementary relief systems. An investigation of these problems will be undertaken in the following pages. In general the analysis follows the three major periods during which distinctive methods of dealing with the residual unemployed were in force. These periods are respectively 1920 to 1931, 1931 to 1935, and 1935 to 1938. The sections dealing with the experience of these three periods are preceded by a more general account of the broad legislative and policy developments and of the nature of the residual poor law or public assistance system.

APPENDICES

APPENDIX I. MEASURES OF UNEMPLOYMENT IN GREAT BRITAIN

The statistics of unemployment in Great Britain are based on the registration of unemployed persons at the employment exchanges and there have been no periodic estimates of unemployment apart from these registrations. Two basic official unemployment series have been constructed from the registration data: (1) the number of insured persons recorded as unemployed on one day in each month, or the series relating to *Books Lodged*¹ (column 7, Table I); and (2) the number of persons on the registers of the employment exchanges, or the *Live Register* (column 6, Table I).

All unemployed insured persons, when reporting to the exchange to make a claim for benefits, are required as part of the procedure to "lodge" their books. Thus this series of statistics includes persons who are currently receiving benefits, as well as those whose claims are under consideration. It also includes unemployed insured persons who have made no claim or have been disqualified for benefits, but who continue their registration for employment. In addition, the number of books lodged includes the *Two Months' File*, which consists of the books of insured persons who are no longer reporting to an exchange but are not known to be employed, ill, deceased, or no longer resident in the country. Two months after an individual has ceased to report, his book is removed to the *Dead File* and he is no longer counted among the unemployed.²

While these series are comprehensive and useful in the administration of the insurance system, they have definite limitations as a measure of unemployment for the purposes of this study. First, they exclude the uninsured unemployed. Second, prior to September 1934 they exclude unemployed persons 14 and 15 years of age because they were not covered by insurance,³ and until May 1936 agricultural workers are excluded for the same reason.

¹ The "unemployment book" is a two-page card held for the worker by his employer, who affixes an unemployment stamp to the book as each week's contribution. In July of each year the currency of each book expires and it is delivered to the employment exchange to be exchanged for a new one.

² "Even after the period of two months has expired, books are retained in the *Two Months' File* if it is definitely known that the person is still out of work and desiring employment, but such definite knowledge is rare and it may be taken that in general the *Two Months' File* covers no more than two months." (Ministry of Labour, *Memorandum on the Influence of Legislative and Administrative Changes on the Official Unemployment Statistics* [Cmd. 2601, 1926], p. 3. See also *Memorandum on Certain Points Concerning the Statistics of Unemployment and of Poor Law Relief* [Cmd. 2984, 1927], pp. 3-4, in which the Ministry of Labour concludes that the measure of unemployment would not be seriously affected by disregarding the *Dead File* but including the *Two Months' File*.)

³ Since they have been counted, their numbers have fluctuated from 6,700 (Sept. 1934) to 27,356 (Jan. 1935) persons on the register, plus between 1,100 and 10,600 in the *Two Months' File*.

These deficiencies are corrected to a certain extent by the series known as the *Live Register*, which consists of all registered unemployed persons and thus includes unemployed uninsured persons in so far as they register at an exchange.⁴ The persons counted, however, are those unemployed on the day of the count, so that persons employed on a short-time basis on other days and persons temporarily out of work are also included in the figures.

The *Live Register* still leaves out of account the uninsured who fail to register for work. Moreover, it is less comprehensive in regard to insured persons than the *Books Lodged* series because it does not include the *Two Months' File*, nor the unemployed persons covered by the special schemes for banking and insurance. The latter exclusion is relatively unimportant,⁵ but the former is more serious. While some authorities hold that the inclusion of the *Two Months' File* may lead to some over-statement of the numbers unemployed,⁶ the study by the Ministry of Labour in 1925 indicated that its exclusion would tend unduly to understate unemployment, especially when administrative or legislative changes are in progress.⁷ Unfortunately, however, information concerning the *Two Months' File* and the special schemes for banking and insurance is available only since 1924 and 1926 respectively. Prior to these years the Ministry did not publish the number of books in the *Two Months' File*, although a file distinct from the unemployment books representing "live claims" was maintained.⁸

Thus it is obvious that neither the *Live Register* nor the *Books Lodged* by itself shows the total number of unemployed. In Table I the estimate of the number of unemployed presented in column 8 and used throughout this study represents the most comprehensive index of unemployment that can be compiled from available sources. Essentially what has been done is to add to the *Books Lodged* the number

⁴ The uninsured registered group would include the able-bodied persons required by poor law authorities, or after 1934 by the UAB, to register as a condition for receiving assistance. An analysis by the Ministry of Labour in 1925 showed that the uninsured persons on the register were "mainly domestic servants, agricultural workers and juveniles under 16." (*Memorandum on the Influence of Legislative and Administrative Changes on the Official Unemployment Statistics*, p. 2)

⁵ Between 1931 and 1937 the numbers of unemployed covered by these schemes varied between 2,300 and 5,300.

⁶ Thus Sir William Beveridge states in "An Analysis of Unemployment," *Economica*, November 1936, p. 368: "It seems likely . . . that the *Two Months' File* is an excessive allowance for persons unemployed and available for work but not caring to register. This file automatically carries for two months every married woman disallowed as being really not in the industrial field who does not think it worth while to register for work; women and girls form nearly half of the . . . file, though they are only one-sixth of all the unemployed on the register."

⁷ *Memorandum on the Influence of Legislative and Administrative Changes on the Official Unemployment Statistics*, p. 6. Changes tending to make benefits easier to get have resulted in the registration of unemployed insured persons who had hitherto not done so, while restrictive changes have led to the withdrawal of some registrations or to failure to register initially. When unemployed insured persons cease to register, the effect is at once reflected in the more sensitive *Live Register* where they cease to be counted immediately, although they continue for a period of two months to be counted among *Books Lodged*. The *Live Register* will thus respond more rapidly to legislative or administrative changes, but may understate the actual volume of unemployment.

⁸ Cf. John Hilton, "Statistics of Unemployment Derived from the Working of the Unemployment Insurance Acts," *Journal of the Royal Statistical Society*, March 1923, pp. 154-93.

of uninsured persons on the register (or, alternatively, to add to the *Live Register* the *Two Months' File* and the special schemes).

In addition to these specific inclusions and exclusions, three other qualifications must be borne in mind in using Table I as a measure of unemployment. First, although the most comprehensive figure available, it still does not include unemployed persons who do not register at employment exchanges. Very probably, however, their numbers are extremely small, especially in recent years. All claimants for insurance benefits, transitional payments or unemployment assistance allowances have been compelled to register in order to receive benefits. Moreover, it has become a general practice for the poor law or public assistance authorities to require their able-bodied applicants to register as a condition for receipt of relief. However, the increase in registrations following the administrative changes in 1928 and 1929 and the legislative changes in 1928, 1930 and 1934, which favored the claimants, and the decrease following the restrictive changes introduced in 1928 and 1931, are evidence that not all the unemployed had registered. Second, until January 1932, column 8 includes a relatively insignificant number of employed persons (3,000 on Jan. 25, 1932).

Third, all the unemployment figures prior to 1937 tend to overstate by a small but significant amount the volume of unemployment because of the procedure used for counting the unemployed. Up to September 1937, the persons counted as unemployed on a given Monday ("the day of the week on which the count is invariably taken"⁹) included persons who, unknown to the exchange with which they were registered, had secured employment since last reporting at the office. As the exchanges generally required reporting on two or three days a week, including Monday, it can be seen that those persons who secured employment on the day of the count or even the preceding Saturday or Friday, could be reckoned among the unemployed on Monday.¹⁰ The corrective procedure now in use consists essentially in marking especially the cases of uncertainty and in ascertaining during the week following the day of the count whether the day of the count was in fact a day of unemployment. The publication of the unemployment totals is then deferred a week until the persons who worked on the day of the count are deducted. The new method reduced the number of insured unemployed on September 13, 1937 by 43,687 or 3.3 per cent in comparison with the old method of counting, and the rate of unemployment among insured persons was reduced from 10.1 to 9.7.¹¹

⁹ Ministry of Labour *Gazette*, October 1937, p. 379.

¹⁰ An individual was considered continuously registered if he had reported to the exchange within the last three consecutive days (including Monday). Sundays are never taken into account. (*Ibid.*, p. 379.)

¹¹ In addition, the new method reduced the applicants for unemployment benefits under the general scheme by 6.2 per cent, and under the agricultural scheme by 5.3 per cent. Applicants for unemployment assistance allowances were reduced 1 per cent. (*Ibid.*, p. 379.) Cf. also *Ibid.*, December 1937, pp. 470, 471)

The preceding discussion of the facts to be borne in mind when using the figures presented in Table I is summarized briefly below:

Column (1): Figures refer to one day in each month.

Column (2): Includes claims admitted or under consideration for insurance benefits (uncovenanted, extended, transitional and standard) and transitional payments and unemployment assistance allowances, together with insured persons not entitled to benefits or allowances. Includes persons 16 years and over through 1927, persons 16-64 through June 1934, and from September 1934 those 14-64. Beginning with July 1936 unemployed persons covered by the agricultural scheme are included in this and all other columns, as well as certain classes of domestics from September 1938. Data not available for this column prior to 1924. Figures shown are equal to column 6 minus column 5.

Column (3): Not available prior to 1924.

Column (4): Not available prior to 1926. Prior to September 1936, figures refer to insured unemployed; thereafter, to claimants for benefits.

Column (5): Not available prior to 1924. Includes able-bodied persons required to register by poor law authorities, and after 1934 by the UAB, as well as any persons under 16 (prior to September 1934), and agricultural workers or other non-insured persons who may have registered for employment. From September 1936, includes a small number of insured persons under the special schemes for banking and insurance.

Column (6): Sum of columns 2 and 5.

Column (7): Sum of columns 2, 3 and 4.

Column (8): Sum of columns 5 and 7 (or, alternatively, 3, 4 and 6); except in 1921-23 when, because the *Two Months' File* and data for the special schemes were not available, the higher number of column 6 or 7 has been used. As a result, unemployment may be understated in these years, although juveniles under 16 and agricultural workers (until covered by insurance) would be included.

Sources: col. 6 (1921-25), *18th Abstract of Labour Statistics*, pp. 90-91; col. 7 (1921-25), *21st Abstract*, pp. 46-48; cols. 2, 3, 5 (1924-25), *Memo-randum on the Influence of Legislative and Administrative Changes on the Official Unemployment Statistics* (Cmd. 2601, 1926), p. 5; cols. 2-7 (1926-39), *Gazette*, table entitled "Unemployment Insurance Statistics: Great Britain" to June 1928 and thereafter "Composition of Unemployment Statistics: Great Britain;" col. 9 (1921-33), *21st Abstract*, pp. 46-48, (1934-Dec. 1936), *22nd Abstract*, p. 58, (Dec. 1936-June 1937), computed from *Gazette*, and thereafter *Gazette*, Nov. 1938, p. 424, Dec. 1939, p. 409.

TABLE I. UNEMPLOYMENT IN GREAT BRITAIN, 1921-1939

Date	Categories of the unemployed						Total number unemployed	Per cent of unemployment among insured persons
	Insured persons on the register	Two Months' File	Special schemes	Uninsured persons on the register	Live Register	Books Lodged		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<i>In thousands</i>								
1921-Mar.	—	—	—	—	1,698	1,662	1,698	15.0
June	—	—	—	—	2,438	2,429	2,438	21.9
Sept.	—	—	—	—	1,470	1,539	1,539	13.9
Dec.	—	—	—	—	1,885	1,967	1,967	17.7
1922-Mar.	—	—	—	—	1,736	1,764	1,764	15.8
June	—	—	—	—	1,436	1,504	1,504	13.5
Sept.	—	—	—	—	1,343	1,397	1,397	12.5
Dec.	—	—	—	—	1,382	1,409	1,409	12.6
1923-Mar.	—	—	—	—	1,267	1,286	1,286	11.5
June	—	—	—	—	1,223	1,256	1,256	11.2
Sept.	—	—	—	—	1,276	1,302	1,302	11.6
Dec.	—	—	—	—	1,174	1,188	1,188	10.5
1924-Mar.	1,004	103	—	60	1,064	1,102	1,162	9.7
June	959	88	—	54	1,014	1,045	1,099	9.2
Sept.	1,120	87	—	60	1,180	1,196	1,257	10.5
Dec.	1,125	92	—	45	1,169	1,217	1,262	10.6
1925-Mar.	1,150	103	—	51	1,201	1,252	1,303	10.8
June	1,253	96	—	46	1,300	1,341	1,388	11.6
Sept.	1,257	105	—	55	1,312	1,360	1,415	11.7
Dec.	1,060	113	—	42	1,102	1,175	1,217	10.1
1926-Mar.	986	120	2	53	1,039	1,108	1,162	9.5
June	1,575	106	2	59	1,635	1,683	1,743	14.3
Sept.	1,463	124	2	68	1,531	1,589	1,657	13.5
Dec.	1,257	120	2	53	1,310	1,379	1,432	11.7
1927-Mar.	1,017	130	2	62	1,079	1,149	1,211	9.7
June	935	102	2	52	987	1,039	1,091	8.8
Sept.	985	111	2	65	1,050	1,098	1,163	9.2
Dec.	1,055	108	2	45	1,100	1,165	1,210	9.8
1928-Mar.	975	119	2	59	1,034	1,096	1,155	9.4
June	1,133	90	2	60	1,193	1,225	1,285	10.5
Sept.	1,216	87	2	79	1,295	1,304	1,384	11.1
Dec.	1,206	82	2	65	1,271	1,290	1,355	11.0
1929-Mar.	1,064	99	2	69	1,133	1,165	1,235	9.9
June	1,052	73	2	66	1,118	1,128	1,193	9.5
Sept.	1,084	80	2	79	1,163	1,166	1,245	9.8
Dec.	1,231	71	3	73	1,304	1,305	1,377	10.9
1930-Mar.	1,570	68	3	69	1,639	1,641	1,710	13.6
June	1,753	95	3	62	1,815	1,851	1,913	15.2
Sept.	2,023	90	3	86	2,110	2,117	2,203	17.3
Dec.	2,327	80	4	82	2,408	2,411	2,493	19.6
1931-Mar.	2,488	95	4	92	2,580	2,587	2,679	20.8
June	2,541	88	5	87	2,627	2,633	2,720	21.1
Sept.	2,702	97	5	110	2,812	2,804	2,914	22.3
Dec.	2,404	193	5	106	2,510	2,602	2,708	20.6
1932-Mar.	2,448	142	5	119	2,567	2,595	2,715	20.7
June	2,635	130	5	112	2,747	2,770	2,882	22.1
Sept.	2,718	126	5	140	2,858	2,849	2,988	22.7
Dec.	2,593	102	5	130	2,723	2,700	2,830	21.5
1933-Mar.	2,631	108	4	145	2,776	2,744	2,889	21.8
June	2,323	103	4	116	2,438	2,429	2,545	19.3
Sept.	2,208	98	4	129	2,337	2,310	2,439	18.3
Dec.	2,109	85	4	115	2,224	2,198	2,313	17.4
1934-Mar.	2,071	85	4	131	2,202	2,160	2,291	17.1
June	1,979	82	4	113	2,093	2,066	2,179	16.3
Sept.	1,937	84	4	145	2,082	2,025	2,170	15.9
Dec.	1,960	82	4	126	2,086	2,046	2,172	15.9
1935-Mar.	2,013	88	4	141	2,154	2,104	2,245	16.2
June	1,875	86	3	125	2,000	1,964	2,089	15.2
Sept.	1,822	89	3	137	1,959	1,914	2,051	14.7
Dec.	1,745	76	3	123	1,869	1,824	1,947	13.9
1936-Mar.	1,753	86	3	128	1,882	1,840	1,968	14.0
June	1,593	72	3	110	1,703	1,667	1,778	12.6
Sept.	1,504	78	2	121	1,624	1,584	1,705	11.9
Dec.	1,528	66	2	100	1,629	1,597	1,697	11.4
1937-Mar.	1,487	67	2	115	1,601	1,556	1,671	11.1
June	1,266	64	2	91	1,357	1,332	1,423	9.4
Sept.	1,241	64	2	98	1,339	1,307	1,406	9.1
Dec.	1,582	65	2	84	1,665	1,649	1,733	11.5
1938-Mar.	1,659	72	3	90	1,749	1,733	1,824	12.1
June	1,717	74	2	86	1,803	1,794	1,880	12.4
Sept.	1,700	79	3	99	1,799	1,782	1,881	12.1
Dec.	1,748	73	3	83	1,831	1,824	1,908	12.4
1939-Mar.	1,641	79	3	86	1,727	1,723	1,809	11.6

NOTE: Explanatory notes for each column will be found on the opposite page.

APPENDIX II. NUMBER OF BENEFICIARIES UNDER THE UNEMPLOYMENT INSURANCE AND SUPPLEMENTARY NATIONAL SYSTEMS

The statistics available for a study of the unemployment load borne by the British insurance and supplementary national systems are scattered in the early years of the period 1921-39,¹² and the most continuous series published by the Ministry of Labour since December 1924 refers to claims¹³ current rather than to claims admitted (authorized).¹⁴

The figures reporting current claims tend to overstate the number of actual beneficiaries, however, because they include persons with undecided claims, those serving the waiting period and those with claims disallowed who still maintain registration.¹⁵ Until December 1931, when the Ministry began to report separately claims under consideration and claims admitted, the number of *admitted claims* is known specifically for only ten dates between 1922 and 1929 as a result of special reports by the Ministry or estimates based on sample studies. But, although the proportion of claims admitted among claims current can be determined for these dates,¹⁶ it would be unwise to deflate the claims current series on this basis because of the great variations in the conditions for benefits and the presence of gap periods.¹⁷ For 1925 disqualified claimants can be eliminated from claims current by utilizing the results of the special study carried out by the Ministry in that year (*op. cit.*, Cmd. 2601, 1926). After January 1926 the *Gazette* separated "claimants disqualified but maintaining registration" from those with "claims admitted or under consideration." But it is not possible for several reasons to ascertain for any given date the proportion of "claims admitted or under con-

¹² No information is available for 1921 other than an estimate by the Ministry of Labour that the average weekly number of wholly unemployed persons receiving benefits or Out-of-Work Donation was 1,487,000. (Ministry of Labour *Gazette*, April 1922, pp. 156-57. Cf. *Eighteenth Abstract of Labour Statistics*, p. 49)

¹³ The "claim" is a "form of application for unemployment benefit" on which the person claiming benefit certifies that he is unemployed, unable to obtain suitable employment and capable of and available for work. As long as he remains unemployed and continues to claim benefit, he regularly reports to the exchange and signs the "claim." (Ministry of Labour *Gazette*, July 1924, p. 234)

¹⁴ The "authorized claims" probably are very close to the number of beneficiaries, as claims once authorized were subsequently disallowed only because of reversal on appeal or of new facts obtained from the last employer.

¹⁵ *Gazette*, December 1923, p. 435; also *Eighteenth Abstract of Labour Statistics*, p. 74.

¹⁶ At various times the proportion of claims admitted among claims current has been:

June 6, 1922..... 54.2 per cent	Nov. 24-29, 1924.... 94.9 per cent
July 31, 1922..... 87.2 " "	May 18, 1925..... 94.3 " "
Oct. 9, 1922..... 96.3 " "	April 4-9, 1927..... 91.3 " "

¹⁷ On June 6, 1922 there were 582,175 persons with claims and serving gaps, out of 1,272,189 persons with claims current. On July 31, 1922 the corresponding figures were 150,648 and 1,179,403 respectively; on October 9, 1922, 51,101 and 1,096,634. (*Report on National Unemployment Insurance to July 1923*, pp. 221-23)

sideration" that represented persons actually in receipt of benefit. To do so would require the deduction of claims under consideration, i. e. of persons who had applied so recently prior to the given date (within one or two days) that it was not yet known whether they were entitled to benefits.¹⁸ In addition, it would be necessary also to deduct a number of the admitted claims, i. e., of persons who had made their claims three or four days before the given date and had been deemed eligible for benefits, but were still in the waiting period (6 days prior to 1937). There is no way of performing these separations that does not involve highly arbitrary assumptions.¹⁹

The second major difficulty in deriving the number of beneficiaries arises from the fact that until June 1930 the figures for claims current did not distinguish between standard insurance beneficiaries and persons claiming uncovenanted, extended or transitional benefits. Such a breakdown is available only for the ten dates referred to above. From June 1930 until November 1931 the best available data are for persons who have satisfied the contributory requirement, but some of these were persons who were in the waiting period and others were subsequently disqualified.

Since December, 1931 the Ministry has separated total claims under consideration from total claims admitted, but it did not distinguish insurance claims admitted until December 1936 (*Gazette* table entitled "Composition of Unemployment Statistics: Great Britain"). From December 1931 to December 1938, however, the numbers of claims admitted for *insurance benefit* are reported in the annual reports of the Unemployment Insurance Statutory Committee and these are shown in column 2 of Table II.

The description which follows is related to Table II by column numbers and serves the double purpose of explanatory notes on the statistics used in compiling the table, and source citations.

Column (2): Between June 1922 and March 1927, the number of persons with claims admitted is known for only 8 different dates on which standard insurance beneficiaries are separated from those drawing uncovenanted or extended benefits (column 3). (1922-23, *Report on National Unemployment Insurance to July 1923*, pp. 221-23; 1924, *Report on an Investigation into the Personal Circumstances and Industrial History of 10,903 Claimants to Unemployment Benefit, Nov. 24 to 29, 1924*, pp. 78-79; 1925, claims admitted on May 18 [*Gazette*, June 1925, p. 194]; 1927 derived from *Report on an Investigation into . . . History of 9,748 Claimants to Unemployment Benefit, April 4 to 9, 1927*.) The 1928 and 1929 figures are claims admitted on January 28, 1929 and October 14, 1929, and include only persons over 18 years. (*Gazette*, March 1929, p. 81; January 1930, p. 9) Figures for March 1930 are not shown because those available relate to February 17, 1930 and subsequent administrative and legislative

¹⁸ Normally it takes three or four days to submit a claim to the central insurance records at Kew for examination. (Beveridge, *op. cit.*, *Economics*, November 1936, p. 363)

¹⁹ On September 26, 1927, for example, it is known that 702,830 persons, or 80 per cent of the claims admitted or under consideration, were in receipt of benefits. The remaining 173,500 persons, or 20 per cent of the claims admitted or under consideration, were "insured persons in the waiting period or with claims under consideration." (*Memorandum on Statistics of Unemployment and of Poor Relief*, Cmd. 2984, 1927, p. 3)

changes make them inapplicable to March. From June 1930 until November 1931, figures relate to claimants satisfying the contributory requirement (*Gazette*, table entitled "Position of Insured Persons on the Register under the First Statutory Condition"), but the numbers nevertheless are slightly overstated as persons with claims authorized but in the waiting period (subject to subsequent disallowance) are included. According to a letter from the Ministry of Labour to the author, dated March 7, 1938, it would be correct to assume that "the fluctuations in the number of persons in receipt of benefit would be proportionately reflected in the fluctuation of the numbers satisfying the first statutory condition." From December 1931 the figures in this column were reported in the *UISC Financial Reports*, 1937, 1938, 1939, Appendix B. From December 1936, agricultural beneficiaries, and from September 1938 certain classes of domestic workers, are included.

Column (3): Includes recipients under five supplementary national systems. *Uncovenanted benefits* were payable from March 1921 to July 1924. It has frequently been stated that *extended benefits*, payable from August 1924 to April 1928, constituted about 50 per cent of the claims authorized, but data for the three dates shown suggest that the percentage was somewhat less, varying from 47.4 per cent in Dec. 1924 to 43.2 per cent in March 1927. Data concerning *transitional benefits*, payable from April 1928 to November 1931, are scattered prior to June 1930. For all supplementary systems from 1922 through March 1930, the notes and sources for column (2) are applicable here. Beginning June 1930, monthly statistics for transitional benefit claimants were published by the Ministry, but they have not been used as the figures are larger than the number of claims authorized. An estimate of authorized claims has been made from published statistics (*Gazette* table entitled "Position of Insured Persons on the Register under the First Statutory Condition") by subtracting from those who failed to satisfy the contributory requirement the number of insured non-claimants (adults only). A letter to the author from the Ministry of Labour, dated March 7, 1938, stated that figures derived in this way "could safely be assumed to approximate closely to the numbers in receipt of transitional benefits." Figures showing the number of applications authorized for *transitional payments* (Nov. 1931 to Jan. 1935) were published monthly by the Ministry of Labour (*Gazette* table entitled "Insured Unemployed: Position under Provisions as to Insurance Benefit and Transitional Payment"). Figures for *unemployment assistance* (payable since January 1935) until March 1937 appear in the same table, and since June 1937 in a table entitled "Applications for Insurance Benefit and Unemployment Allowances." From April 1937, persons receiving both insurance benefits and supplementary assistance allowances are counted in Table II only among insurance recipients.

Column (4): Through December 1924, and for the four subsequent dates prior to June 1930 on which information concerning claims admitted under the insurance and supplementary systems is available, column 4 is the sum of columns 2 and 3. For other dates from March 1925 through September 1931, data are obtained from the *Gazette* table showing claims current on one day at or near the end of the month. Only for March, September and December 1925 is it possible to exclude disqualified claimants who maintain registration (special study by the Ministry in 1925). Between March 1925 and September 1931, the figures in this column overstate the number of claims admitted, as they include also claims under consideration. Beginning in 1926, figures exclude disqualified claimants. From December 1931, the figures in this column are obtained from the series in the *Gazette* relating to total claims admitted in both the insurance and supplementary systems.

Columns (5) and (6): The numbers of unemployed shown in column 8, Table I, are used in obtaining these percentages.

Column (8): The numbers shown in column 7, Table I and column 2, Table II are used in obtaining these percentages.

TABLE II. NUMBER AND PER CENT OF THE UNEMPLOYED AIDED UNDER THE INSURANCE AND SUPPLEMENTARY NATIONAL SYSTEMS IN GREAT BRITAIN, 1922-1939

Date	Number of claims admitted			Per cent of unemployed aided			Per cent of insured unemployed with insurance claims admitted	
	Insurance system	Supplementary systems	Total	Insurance system	Supplementary systems	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
		<i>In thousands</i>						
1922-June 6	421	269	690	28.0	17.9	45.9	28.0	
July 31	338	690	1,029	23.4	47.8	71.3	23.4	
Oct. 9	290	756	1,046	20.9	54.4	75.3	20.9	
Nov. 20	954	153	1,107	66.7	10.7	77.4	66.7	
1923-Apr. 30	800	261	1,061	63.0	20.6	83.6	63.0	
1924-Dec.	544	491	1,035	43.1	38.9	82.0	44.7	
1925-Mar.	—	—	1,093	—	—	83.8	—	
June	520	472	992	37.5	34.0	71.5	38.8	
Sept.	—	—	1,205	—	—	85.2	—	
Dec.	—	—	971	—	—	79.8	—	
1926-Mar.	—	—	877	—	—	75.5	—	
June	—	—	1,475	—	—	84.6	—	
Sept.	—	—	1,356	—	—	81.8	—	
Dec.	—	—	1,141	—	—	79.7	—	
1927-Mar.	505	384	889	41.7	31.7	73.4	44.0	
June	—	—	825	—	—	75.6	—	
Sept.	—	—	876	—	—	75.3	—	
Dec.	—	—	943	—	—	77.9	—	
1928-Mar.	—	—	868	—	—	75.2	—	
June	—	—	1,057	—	—	82.3	—	
Sept.	—	—	1,118	—	—	80.8	—	
Dec.	973	119	1,092	71.8	8.8	80.6	75.4	
1929-Mar.	—	—	952	—	—	77.1	—	
June	—	—	951	—	—	79.7	—	
Sept.	810	130	940	65.1	10.4	75.5	69.5	
Dec.	—	—	1,126	—	—	81.8	—	
1930-Mar.	—	—	1,534	—	—	89.7	—	
June	1,384	323	1,706	72.3	16.9	89.2	74.8	
Sept.	1,537	342	1,879	69.8	15.5	85.3	72.6	
Dec.	1,973	383	2,356	79.1	15.4	94.5	81.8	
1931-Mar.	1,937	401	2,338	72.3	15.0	87.3	74.9	
June	1,949	427	2,377	71.7	15.7	87.4	74.0	
Sept.	2,030	502	2,532	69.7	17.2	86.9	72.4	
Dec.	1,345	762	2,107	49.7	28.1	77.8	51.7	
1932-Mar.	1,248	864	2,112	46.0	31.8	77.8	48.1	
June	1,320	945	2,265	45.8	32.8	78.6	47.7	
Sept.	1,345	1,018	2,362	45.0	34.1	79.0	47.2	
Dec.	1,200	1,039	2,239	42.4	36.7	79.1	44.4	
1933-Mar.	1,190	1,063	2,252	41.2	36.8	78.0	43.4	
June	998	996	1,994	39.2	39.1	78.3	41.1	
Sept.	912	978	1,890	37.4	40.1	77.5	39.5	
Dec.	854	936	1,790	36.9	40.5	77.4	38.9	
1934-Mar.	857	905	1,763	37.4	39.5	77.0	39.7	
June	871	817	1,688	40.0	37.5	77.5	42.2	
Sept.	912	744	1,656	42.0	34.3	76.3	45.0	
Dec.	952	728	1,680	43.8	33.5	77.3	46.5	
1935-Mar.	991	730	1,721	44.1	32.5	76.7	47.1	
June	912	709	1,621	43.7	33.9	77.6	46.4	
Sept.	867	698	1,565	42.3	34.0	76.3	45.3	
Dec.	822	688	1,510	42.2	35.3	77.6	45.1	
1936-Mar.	844	669	1,513	42.9	34.0	76.9	45.9	
June	750	616	1,366	42.2	34.6	76.8	45.0	
Sept.	690	592	1,282	40.5	34.7	75.2	43.6	
Dec.	744	579	1,323	43.8	34.1	77.9	46.6	
1937-Mar.	732	553	1,285	43.8	33.1	76.9	47.0	
June	583	574	1,157	41.0	40.3	81.3	43.8	
Sept.	592	546	1,138	42.1	38.8	80.9	45.3	
Dec.	896	556	1,452	51.7	32.1	83.8	54.3	
1938-Mar.	995	549	1,544	54.6	30.1	84.7	57.4	
June	1,074	531	1,605	57.1	28.2	85.4	59.9	
Sept.	1,042	532	1,574	55.4	28.3	83.7	58.5	
Dec.	1,076	554	1,630	56.4	29.0	85.4	59.0	
1939-Mar.	977	553	1,530	54.0	30.1	84.1	56.7	

NOTE: Explanatory notes and sources for each column will be found on pp. 345-46.

APPENDIX III. ESTIMATED NUMBER OF PERSONS RECEIVING POOR RELIEF OR PUBLIC ASSISTANCE ON ACCOUNT OF UNEMPLOYMENT IN GREAT BRITAIN

In order to compare the relative importance of the insurance and residual relief systems in Great Britain as a whole during the period 1921-1939, it is necessary to make various adjustments in the poor relief statistics (1) because of the differences in the classifications used in the several series available, and (2) because the statistics for Scotland and for England and Wales are reported separately, include somewhat different information and refer to different months in the year.

Both England and Scotland distinguish between outdoor (domiliary) relief and indoor (institutional) relief. In England up to 1920, outdoor relief to the able-bodied was negligible.²⁰ With the growth of unemployment after 1920, it became impossible to provide institutional care for all able-bodied needy persons and recourse was had to the provision of the Relief Regulation Order of 1911 which permitted the payment of outdoor relief if a special report on each case was made to the Minister of Health and he did not express disapproval. Undoubtedly a small number of employable persons continued to receive indoor relief on account of unemployment, but, except in cases of sickness, these would be mainly the habitually workshy or those for whom deterrent, if not punitive, treatment was considered necessary. Since 1920, therefore, the figures relating to poor relief or public assistance given to able-bodied persons in England and Wales have usually been derived from data concerning recipients of outdoor relief alone. Although the exclusion of institutional cases may involve some under-statement, the error cannot be large.²¹

Statistics for Scotland are more precise. Until 1921, no relief could be granted to able-bodied persons.²² Beginning in that year, however, the Scottish parish councils were authorized under emergency legislation to grant relief to the "destitute able-bodied unemployed and their families."²³ Since May 1922, published Scottish statistics have distinguished among both indoor and outdoor relief recipients

²⁰ *Minutes of Evidence*, p. 272.

²¹ After 1920, in spite of a heavy increase in unemployment (see Table I, col. 8), the number of persons receiving indoor relief remained fairly steady, ranging from 186,000 in 1920 to 226,000 in 1927 and 1928, and by 1931 it had dropped to 212,000. On the other hand, the number of outdoor relief recipients rose from 306,000 in 1920 to over a million in the years 1922-24, and again between 1926 and 1928. (Averages as of January 1 each year and include dependents. *Minutes of Evidence*, p. 278; *Twenty-Second Abstract of Labour Statistics*, p. 194.)

²² The statistics were compiled under the main heads of sane poor in receipt of indoor or outdoor relief. (Scottish Board of Health, *Annual Report*, 1922, p. 176.) The Scottish Board of Health became the Department of Health for Scotland on January 1, 1929.

²³ *Ibid.*, p. 117.

those who received aid on account of unemployment, and in the figures shown for Scotland in later tables the unemployed recipients of both types of aid are counted. The inclusion of unemployed recipients of indoor relief makes little difference in the totals, however, because they represented less than one per cent of the unemployed outdoor relief recipients in every year between 1922 and 1931, except 1930 when the proportion was 1.1 per cent.²⁴

For Great Britain as a whole, reliable figures showing the number of persons receiving relief solely on account of unemployment can be obtained only with great difficulty, both because of the different statistical classifications adopted by England and Wales and Scotland and because during the period covered by this study the classifications themselves were changed in each country. Not only is it necessary to separate from all able-bodied persons those relieved on account of unemployment, but in the English statistics dependent members of the families of these recipients must be excluded if a figure comparable to that estimated in Appendix II for insurance beneficiaries is to be obtained.

ANALYSIS OF STATISTICS FOR ENGLAND AND WALES

Segregation of Persons Relieved on Account of Unemployment

Only since June 1937 is it possible to find published figures that give for England and Wales the exact number of persons receiving public assistance on account of unemployment. Before this date adjustments in the available statistics are necessary.

The estimates for England and Wales in Table IV, p. 356, are derived from available reports by several different procedures, each adapted to the peculiar difficulties presented at different periods of time.

Between 1922 and 1926, use is made of two basic statistical series which have been published continuously by the Ministry of Health since March 1922. One gives the number of persons (including dependents) in receipt of outdoor relief, distinguishing (a) persons ordinarily engaged in some regular occupation from (b) all other persons.²⁵ The other series classifies group (a) into (c) persons (including dependents) insured under the unemployment insurance acts and (d) all other persons ordinarily engaged in some regular occupation.²⁶ For the purpose of obtaining an estimate of those relieved on account of unemployment, only group (a) and its subdivisions (c) and (d) are of interest. The totals reported for group (a) are shown in column 5, Table III, those of group (c) in column 2 of the same table, and those of group (d) in column 4 (see p. 351).

²⁴ *Ibid.*, 1931, p. 178.

²⁵ The figures are averages of the numbers for each Saturday in March, June, September and December. Persons receiving medical relief only are excluded; also the insane, and casuals. (1922-26, *Twentieth Abstract of Labour Statistics*, p. 191; 1927-36, *Twenty-Second Abstract*, p. 198)

²⁶ 1922-26, *Twentieth Abstract*, p. 192; 1927-36, *Twenty-Second Abstract*, p. 199.

Group (a), and therefore (c) and (d) also, include some persons who should not be counted as persons relieved on account of unemployment. While the figures undoubtedly relate mainly to unemployed persons, they include an unknown number of employed persons.²⁷ Furthermore, the direct reason for the grant of relief even to unemployed persons was not always unemployment. Other factors such as sickness or emergencies accounted for a certain, although probably small, proportion of the cases.²⁸ In addition the group includes persons whose families were in need because of an industrial dispute,²⁹ and also others in receipt of aid who may not have been wage earners in the strict sense of the term, but persons working or previously working on their own account.

A comparison of the numbers of persons reported in group (a) with the numbers reported in another return published by the Ministry of Health reveals discrepancies which can be used to exclude from the figures reported for groups (c) and (d) those persons relieved in the years 1922-26 for reasons other than unemployment. For January 1 of each year since 1922, the Ministry has reported the number of persons in receipt of outdoor relief on account of unemployment.³⁰ The comparison of the two returns is presented below:

Date	Relieved persons ordinarily engaged in some regular occupation ^a	Persons relieved on account of unemploy- ment ^b	Per cent
	<i>In thousands</i>		
January 1, 1923.....	752	722	96.0
January 1, 1924.....	591	525	88.8
January 1, 1925.....	385	326	84.7
January 1, 1926.....	563	487	86.5
January 1, 1927.....	858	632	73.7

^a These figures (except 1923) are obtained by averaging the data reported on each Saturday in January and the preceding December, and are, of course, only approximate for January 1 of each year. The figure for 1923 is the average reported for December 1922 in the *Twentieth Abstract of Labour Statistics*, p. 192. Dependents are included. (Ministry of Health, *Statements Showing the Number of Persons in Receipt of Poor Law Relief in England and Wales, in the quarter ending . . . March 1924 to March 1927*.)

^b Including dependents. (Ministry of Health, *Persons in Receipt of Poor Relief [England and Wales]*, 1938, p. 25)

²⁷ It was pointed out by the Secretary of the Ministry of Health that "a person in work, whose sick child was being attended by the District Medical Officer, would be included." (*Minutes of Evidence*, p. 279)

²⁸ When the classification was first made, the Ministry of Health advised that the analysis "be accepted with caution, since it is impossible to be certain that the classifications have been interpreted in an absolutely identical sense by all officers making returns. It is, for example, uncertain how far the figure for unemployed insured persons receiving outdoor relief includes or excludes persons who were relieved for causes, such as sickness, other than want of employment." (Ministry of Health, *Annual Report*, 1922-23, p. 77)

²⁹ Note, for example, the great increase in the numbers in column 5 of Table III during the engineering and shipbuilding strikes in 1922 and the general and mining strikes in 1926.

³⁰ The categories of persons relieved on account of unemployment were: men; women (wives living with husbands, wives of men in institutions, widows, wives living apart from their husbands, and single women); and children (those living with fathers, children of men in institutions, children of widows and of wives living apart from their husbands, children of single women, and other children). Those afforded outdoor relief other than on account of unemployment included persons relieved on account of sickness, accident, bodily or mental infirmity, ill health of a dependent, and wives of men receiving indoor relief. (Cf. *Persons in Receipt of Poor Relief [England and Wales]*, 1939, pp. 16-17)

TABLE III. ANALYSIS OF THE NUMBER OF PERSONS (INCLUDING DEPENDENTS) ORDINARILY ENGAGED IN SOME REGULAR OCCUPATION WHO RECEIVED OUTDOOR RELIEF IN ENGLAND AND WALES, 1922-1939

Date	Unemployed persons insured under the unemployment insurance acts	Uninsured unemployed persons registered at employment exchanges	All other persons ordinarily engaged in some regular occupation	Total
(1)	(2)	(3)	(4)	(5)
<i>In thousands</i>				
1922-Mar.	794	—	65	859
June	1,090	—	63	1,153
Sept.	757	—	52	809
Dec.	695	—	57	752
1923-Mar.	636	—	67	703
June	576	—	50	626
Sept.	551	—	47	598
Dec.	522	—	50	572
1924-Mar.	506	—	50	556
June	422	—	42	464
Sept.	328	—	38	366
Dec.	333	—	39	372
1925-Mar.	346	—	40	386
June	355	—	36	391
Sept.	438	—	36	474
Dec.	510	—	43	553
1926-Mar.	501	—	40	541
June	1,642	—	39	1,681
Sept.	1,665	—	36	1,701
Dec.	490	43	535	1,068
1927-Mar.	407	41	97	546
June	361	34	89	485
Sept.	345	32	89	466
Dec.	369	34	95	499
1928-Mar.	351	35	96	481
June	287	29	95	411
Sept.	252	31	93	376
Dec.	260	37	99	396
1929-Mar.	265	39	123	427
June	209	36	110	354
Sept.	194	35	104	333
Dec.	198	42	113	352
1930-Mar.	200	34	121	355
June	94	18	120	233
Sept.	94	21	114	229
Dec.	115	29	121	265
1931-Mar.	128	38	151	317
June	117	35	132	285
Sept.	117	39	126	282
Dec.	179	57	138	374
1932-Mar.	224	71	161	456
June	230	78	151	459
Sept.	246	80	154	480
Dec.	290	99	170	560
1933-Mar.	304	106	192	602
June	263	97	161	521
Sept.	254	101	165	520
Dec.	302	116	177	595
1934-Mar.	314	128	189	631
June	272	114	181	567
Sept.	226	122	179	526
Dec.	305	136	189	631
1935-Mar.	216	151	198	565
June	184	135	192	511
Sept.	173	127	186	487
Dec.	184	137	199	520
1936-Mar.	171	142	206	518
June	147	118	188	452
Sept.	131	111	184	426
Dec.	142	113	189	444
1937-Mar.	137	109	203	450
June	35	46	166	247
Sept.	30	43	160	233
Dec.	33	46	169	247
1938-Mar.	33	46	175	253
June	30	42	167	240
Sept.	29	41	158	229
Dec.	32	42	164	238
1939-Mar.	32	41	177	250

NOTE: Explanatory notes and sources will be found on pp. 349-53 of this Appendix.

The percentages in the last column, p. 350, have been applied to the figures shown in columns 2 and 4 of Table III for the years 1922-26 to obtain the lower numbers found in columns 2 and 4 of Table IV, with the following modifications: (1) The percentage shown for January 1, 1923 has, in the absence of more specific information, been applied to the figures reported for March-September 1922.⁸¹ (2) Taking into account the seasonal movement of unemployment and the great probability that during the winter months persons relieved on account of unemployment would constitute a particularly high proportion of relieved persons ordinarily engaged in some regular occupation, it has seemed undesirable to apply to the entire year the proportion existing in January.⁸² Therefore, figures for the months from December 1922 through September 1924, and again from December 1925 through March 1926, have been reduced by percentages five points less than those shown above for January 1, 1923, 1924 and 1926.⁸³ (3) Because the increase in the numbers of insured unemployed persons in receipt of outdoor relief in 1925 (col. 2, Table III) was attributable mainly to a growth in the total number of unemployed insured persons, the percentage shown for January 1, 1925 has been applied without reduction to the figures reported for December 1924 through September 1925. (4) As an aftermath of the general strike in 1926, the numbers of relieved persons in June and September of that year consisted very largely of unemployed insured persons. Therefore, the 1926 percentage has been applied without reduction to the figures reported for these months.

After October 1926, a closer approximation of the desired estimate is possible as the Ministry of Health, in consultation with the Ministry of Labour, revised the basis on which the outdoor relief returns from local authorities were classified. Recipients of poor relief (and their dependents) were henceforth divided into four classes:

Class I. Persons insured under the unemployment insurance acts *who are unemployed* and holding card U.I. 40 issued by an employment exchange. (This card was a receipt given the worker when he lodged his unemployment book with the exchange on becoming unemployed and making a claim for benefit.)

Class II. Persons not insured under the unemployment insurance acts *who are unemployed* and holding a registration card E.D. 24 issued by an employment exchange.

⁸¹ Because of the restrictions on insurance benefits current at the time and the existence of gaps in uncovenanted benefits in June 1922, the proportion of persons relieved under the poor law on account of unemployment was likely to have been particularly high.

⁸² Three special returns by the Ministry of Health relating to the able-bodied persons receiving unemployment relief in June of 1927, 1928 and 1929 (*Unemployed Persons in Receipt of Domiciliary Relief in England and Wales*, Cmd. 3006, 1927; Cmd. 3218, 1928; Cmd. 3433, 1929), and another return for March 31, 1930 (*Persons in Receipt of Poor Relief in England and Wales*, 1933), permit a comparison with the January figure in these years. These returns showed a considerable variation during the year, the mid-year percentages being lower than those for January 1.

⁸³ As the January 1 percentage in any year appears to be more representative of the situation in the preceding December than of that in December of the same year, the January 1924 percentage, for example, is applied to the figures for December 1923 and for March, June and September 1924.

Class III. All other persons ordinarily engaged in some regular occupation.

Class IV. All other persons in receipt of outdoor relief.

The last of these classes is clearly of no interest for this study. The figures reported for the remaining three classes, however, are shown from December 1926 through March 1939 in columns 2, 3, and 4 of Table III.

Classes I and II are now limited to unemployed persons, but it is still not known whether all of these persons were relieved *on account of unemployment* as distinct from other reasons. As stated on page 350, other factors, such as sickness or emergencies, may have caused a certain, though probably small, proportion of them to seek relief. An inquiry instituted by the Ministry of Health in 1934 revealed that in four "test periods"—July, September, November and December—the expenditure on account of unemployment alone amounted to 90.7 per cent of the total for Class I recipients, and 98.2 per cent for Class II recipients.³⁴ In the preceding years, especially after 1931 in view of the reductions in the benefit rates and more stringent eligibility requirements of the insurance system, it is probable that the percentage was even larger. The over-statement of the relief load attributable to unemployment would not, therefore, be very great if from December 1926 through March 1937 the whole of Classes I and II were assumed to be unemployed persons relieved on account of unemployment. Thus, between these dates the reported figures shown in columns 2 and 3 of Table III have been entered without change in columns 2 and 3 of the final estimate shown in Table IV on page 356.

Greater difficulties are, however, presented in estimating the number of persons reported in Class III who were wage earners and were relieved on account of unemployment. After October 1926, cases of employed persons, whether insured or uninsured, who were actually or "constructively"³⁵ in receipt of relief were counted only in Class III.³⁶ Among other changes, this involved the transfer of strikers from Class I to Class III.³⁷ But it is not known how many of the

³⁴ Ministry of Health, *Annual Report*, 1935-36, p. 140. No other data on unemployment relief expenditures for the different classes were compiled by the Ministry. The more detailed statistics published by the Ministry after April 1, 1937, which differentiate unemployment from other causes of relief extended to normally employed persons, are unfortunately not helpful in the present instance. For the period covered is subsequent to the Second Appointed Day, when the general relief authorities could give only medical relief and emergency aid to persons falling within the scope of the unemployment insurance and unemployment assistance schemes (i.e., to all of Class I and most of Class II).

³⁵ Whenever relief was granted to any member of a family, the head of the family was considered "constructively" in receipt of relief and included in the statistics under the statutory provision that relief to the dependent was relief to the head. (*Memorandum on Certain Points Concerning the Statistics of Unemployment and Poor Law Relief* [Cmd. 2984, 1927] p. 2) Officially, under the Relief Regulation Order of 1930, relief could not legally be given to an able-bodied person while in employment, except on account of sickness or accident or to defray burial expenses. But the relief authorities were allowed to relieve destitution in cases of sudden and urgent necessity, and it was probable that some of them placed a generous interpretation on this phrase. (*Minutes of Evidence*, p. 318)

³⁶ *Minutes of Evidence*, p. 279.

³⁷ Letter from the Ministry of Health to the author. This accounts in part for the drop in Class I between September and December 1926 (see Table III, column 2), and the increase in Class III over the same period (see column 4).

persons reported in this class were normally wage earners not registered at an employment exchange but were receiving relief on account of unemployment.

In all probability, however, the number of unemployed wage earners in Class III was small. To begin with, the majority of the poor relief authorities made registration at an exchange a condition for the receipt of relief by able-bodied persons.³⁸ Hence most of the persons normally engaged in some regular occupation would, if not insured, appear in Class II. Furthermore, it is known that during the week ending February 7, 1931, of 46,340 heads of families relieved on account of unemployment only 3,964 or 8.6 per cent were in Class III. At that time Class III consisted mainly of elderly persons and independent workers such as hawkers, peddlers, canvassers and newsvendors, together with a relatively small number of agricultural laborers living at a distance from employment exchanges.³⁹ Again, in 1934 it was found that in the four test periods previously mentioned, expenditures on account of unemployment alone amounted to only 6.1 per cent of the total expenditure for Class III.⁴⁰ Neither of these measures, however, affords a safe basis for deflating the figures from 1927 to 1937. For it is doubtful whether the small proportion of those relieved on account of unemployment who fell in Class III in February 1931 was characteristic of all the years between 1927 and 1937. The same difficulty applies to data based on the year 1934, which moreover relate to expenditures rather than to persons. Both sets of figures, however, support the conclusion that the proportion of persons in Class III drawing relief on account of unemployment was very small.

The determination of the proportion of the persons reported in Class III who were wage earners relieved on account of unemployment is aided by an examination of the more exact Scottish statistics. For almost every month since October 1928, the Scottish reports distinguish able-bodied unemployed persons (and their dependents) from others included in Class III.⁴¹ The proportions of able-bodied unemployed in this class have been applied to the English figures in column 4, Table III for the corresponding months to obtain the deflated figures shown in column 4 of Table IV, with two exceptions. First, since the Scottish monthly figures are not available prior to October 1928, the average percentage prevailing in Scotland between November 1928 and December 1930 (8 per cent) is applied to the English figures for the period between March 1927 and June 1929. It is obvious that this will give only an approximate figure.⁴²

³⁸ *Minutes of Evidence*, p. 274.

³⁹ *Appendices to the Minutes of Evidence*, Part II, p. 76.

⁴⁰ Ministry of Health, *Annual Report*, 1935-36, p. 140.

⁴¹ Ministry of Labour *Gazette*, table entitled "Poor Relief in Great Britain." The persons included in Class III in the English and Scottish reports are comparable, although this term is not used in Scotland.

⁴² It may indeed be an over-statement inasmuch as the inquiry of February 7, 1931 indicated that expenditures for relief to the unemployed in Class III were higher in England than in Scotland (8.6 per cent of the total, as against 6.6 per cent). The prevailing Scottish percentage is derived from *Minutes of Evidence*, p. 330.

Second, since it is known that the figure for December 1926 was swollen by the inclusion of a large number of strikers, the average percentage prevailing in Scotland cannot be applied to this month. Accordingly, it has seemed safer to reduce the total for this month shown in column 5, Table III, by the January 1, 1927 deflator on p. 350. The result appears in column 5, Table IV. The number of persons shown in column 4, Table IV for this month is obtained by subtracting the sum of columns 2 and 3 from the total number deflated as explained above.

Finally, beginning with June 1937, it is possible to use the figures published by the Ministry of Health in its quarterly statements of *Persons in Receipt of Poor Relief (England and Wales)* which show the number of persons receiving public assistance on account of unemployment. These statements also appear in current issues of the *Ministry of Labour Gazette*.

Segregation of Wage Earners and Their Dependents

The totals in column 5 of Table IV of persons in receipt of relief on account of unemployment are still not comparable with the numbers of insurance beneficiaries shown in Table II, because dependents are included. Beginning in October 1926 the Ministry of Health has distinguished in its reports between wage earners in Class I and their dependents, and since June 1931 a similar breakdown has been carried through for Class II. But to date no segregation is available for Class III.

Only rough methods of segregating dependents from main recipients can be used for the period prior to 1926. It is known that in the period 1922-25 the proportions of men, women and children in the total number of persons ordinarily engaged in some regular occupation and in receipt of outdoor relief remained practically constant, with men constituting 25 per cent of the total, women about 24 per cent and children between 51 and 52 per cent.⁴³ The Ministry of Health has indeed suggested that, at least so far as Class I is concerned, the number of insured persons, as distinct from dependents, might be approximated by dividing by four the total of relieved insured persons including dependents.⁴⁴ This may result in some under-statement because there would always be a certain number of women drawing insurance benefits in their own right or insured women who might be heads of families. Moreover, the more detailed breakdown for later years suggests that in all classes the average size of the family was less than four. It was 2.6 to 2.7 for Class II, 3.5 for Class III, and for Class I varied from 3.5 when the number relieved was around 450,000 to 3.9 when the total was around

⁴³ Ministry of Health, *Annual Report*, 1924-25, p. 103.

⁴⁴ *Ibid.*, 1925-26, p. 108.

TABLE IV. ESTIMATED NUMBER OF PERSONS RECEIVING RELIEF ON ACCOUNT OF UNEMPLOYMENT IN ENGLAND AND WALES, 1922-1939

Date	Wage earners and their dependents				Wage earners alone			
	Unem- ployed insured persons (Class I)	Unin- sured unem- ployed persons (Class II)	All other ordinarily occupied persons (Class III)	Total	Unem- ployed insured persons (Class I)	Unin- sured unem- ployed persons (Class II)	All other ordinarily occupied persons (Class III)	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	<i>In thousands</i>							
1922-Mar.	762	—	62	825	218	—	18	236
June	1,046	—	60	1,107	299	—	17	316
Sept.	727	—	50	777	208	—	14	222
Dec.	632	—	52	684	181	—	15	196
1923-Mar.	579	—	61	640	165	—	17	182
June	524	—	46	570	150	—	13	163
Sept.	501	—	43	544	143	—	12	155
Dec.	437	—	42	479	125	—	12	137
1924-Mar.	424	—	42	466	121	—	12	133
June	354	—	35	389	101	—	10	111
Sept.	275	—	32	307	79	—	9	88
Dec.	282	—	33	315	81	—	9	90
1925-Mar.	293	—	34	327	84	—	10	93
June	301	—	30	331	86	—	9	95
Sept.	371	—	30	401	106	—	9	115
Dec.	416	—	35	451	119	—	10	129
1926-Mar.	408	—	33	441	117	—	9	126
June	1,420	—	34	1,454	406	—	10	416
Sept.	1,440	—	31	1,471	411	—	9	420
Dec.	490	43	254	787	139	16	70	225
1927-Mar.	407	41	8	456	118	15	2	136
June	361	34	7	403	105	13	2	119
Sept.	345	32	7	384	100	12	2	113
Dec.	369	34	8	412	104	13	2	119
1928-Mar.	351	35	8	393	98	13	2	113
June	287	29	8	323	78	11	2	91
Sept.	252	31	7	291	69	11	2	83
Dec.	260	37	8	306	71	14	2	87
1929-Mar.	265	39	10	314	71	14	3	87
June	209	36	9	254	56	13	3	72
Sept.	194	35	8	237	53	13	2	68
Dec.	198	42	9	249	54	16	3	72
1930-Mar.	200	34	8	242	54	13	2	69
June	94	18	6	118	25	7	2	33
Sept.	94	21	7	122	25	8	2	35
Dec.	115	29	10	154	31	11	3	44
1931-Mar.	128	38	14	180	34	14	4	52
June	117	35	14	166	32	13	4	49
Sept.	117	39	14	170	32	15	4	51
Dec.	179	57	18	253	50	21	5	76
1932-Mar.	224	71	21	317	64	26	6	96
June	230	78	18	326	66	28	5	100
Sept.	246	80	16	341	72	30	5	106
Dec.	290	99	22	412	85	37	6	129
1933-Mar.	304	106	23	434	90	40	7	137
June	263	97	19	379	79	38	5	122
Sept.	254	101	20	375	78	39	6	123
Dec.	302	116	26	444	92	44	8	144
1934-Mar.	314	128	27	469	96	49	8	153
June	272	114	23	408	84	44	7	134
Sept.	226	122	19	367	72	48	5	125
Dec.	305	136	23	465	94	54	7	155
1935-Mar.	216	151	26	393	71	60	8	138
June	184	135	21	341	60	54	6	120
Sept.	173	127	17	318	57	51	5	113
Dec.	184	137	21	342	60	55	6	121
1936-Mar.	171	142	21	334	57	57	6	120
June	147	118	16	281	49	48	5	102
Sept.	131	111	14	256	44	46	4	94
Dec.	142	113	15	270	47	47	4	98
1937-Mar.	137	109	14	260	46	46	4	96
June	12	41	4	57	4	18	1	23
Sept.	9	38	4	51	3	16	1	20
Dec.	11	41	5	57	4	17	1	22
1938-Mar.	10	40	4	55	4	17	1	22
June	9	38	4	51	3	16	1	20
Sept.	9	36	4	49	3	16	1	20
Dec.	10	38	4	52	4	16	1	21
1939-Mar.	9	36	4	49	4	16	1	21

NOTE: Explanatory notes and sources will be found on pp. 352-57 of this Appendix.

100,000.⁴⁵ It therefore seems reasonable to apply a deflator of 3.5. From 1922 through 1925 the figures in columns 6 and 8 of Table IV are those in columns 2 and 4 divided by 3.5.

The separation of dependents from main recipients in Class II from December 1926 through March 1931 (after which date precise information is available) can be relatively easily accomplished. According to a letter from the Ministry of Health to the author, the average size of the family in this class during the period for which separate particulars are available was practically stable at 2.7, but fell to 2.6 when the total number relieved rose above 100,000. Since in this period the numbers in the class were well below the 100,000 limit, column 3 of Table IV has been divided by 2.7 to give the figures for these years shown in column 7 of the same table.

The segregation of dependents from main recipients in Class III can be effected by utilizing the results of a special investigation of the Ministry of Health in 1932. This showed that the average size of the family in this class was 3.5 (including the head of the family). The Ministry stated in a letter to the author that "normally there would be little variation in the average size of the family in these classes from year to year and the average ought to be regarded as fairly applicable over a series of years."

Column 8 of Table IV therefore represents column 4 divided by 3.5. It is possible that some error may be involved in applying to the unemployed wage earners in this class a deflator applicable to the group as a whole, but the error cannot be great for the deflator approximates closely the independently discovered deflators applied to Classes I and II.

ANALYSIS OF THE SCOTTISH STATISTICS

Since 1922 the Scottish statistics have reported for three days in each year (January 15, May 15, September 15) the number of destitute able-bodied unemployed receiving relief on account of unemployment.⁴⁶ Obviously neither employed persons nor unemployed persons relieved for reasons other than unemployment are included, so that the difficult problem of excluding them from the reported figures—so troublesome with regard to the English statistics—does not arise here. A further advantage of the Scottish method of reporting is that dependents are shown separately from the main wage earners. And, beginning in 1926, persons receiving relief as a result of strikes have been specifically excluded.

Until October 1928 only the totals of wage earners (with and without their dependents) relieved on account of unemployment were

⁴⁵ The decline in the average size of Class I families with the increase in the number relieved reflects the fact that, when the total number relieved is small, the cases calling for supplementation (i.e., where insurance benefits are likely to be inadequate because of the needs of large families) tend to be a larger proportion of the total.

⁴⁶ The May 15th figures through 1928, furthermore, show separately the numbers receiving outdoor and indoor relief on account of unemployment.

TABLE V. NUMBER OF PERSONS RECEIVING RELIEF ON ACCOUNT OF UNEMPLOYMENT IN SCOTLAND, 1922-1939

Date	Wage earners and their dependents				Wage earners alone			
	Unemployed insured persons (Class I)	Uninsured unemployed persons (Class II)	All other ordinarily occupied persons (Class III)	Total	Unemployed insured persons (Class I)	Uninsured unemployed persons (Class II)	All other ordinarily occupied persons (Class III)	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<i>In thousands</i>								
1922-Jan.	—	—	—	100	25	—	4	29
May	—	—	—	137	34	—	6	40
Sept.	—	—	—	144	36	—	9	45
1923-Jan.	—	—	—	148	37	—	7	44
May	—	—	—	141	35	—	7	42
Sept.	—	—	—	142	35	—	7	42
1924-Jan.	—	—	—	128	32	—	5	37
May	—	—	—	102	25	—	5	30
Sept.	—	—	—	78	19	—	3	22
1925-Jan.	—	—	—	81	20	—	3	23
May	—	—	—	76	19	—	3	22
Sept.	—	—	—	88	22	—	3	25
1926-Jan.	—	—	—	115	29	—	4	33
May	—	—	—	119	30	—	6	36
Sept.	—	—	—	116	29	—	8	37
1927-Jan.	—	—	—	119	30	—	10	40
May	—	—	—	111	28	—	9	37
Sept.	—	—	—	100	25	—	8	33
1928-Jan.	—	—	—	105	26	—	9	35
May	—	—	—	92	23	—	6	29
Sept.	65	9	3	78	19	4	1	25
Dec.	70	8	3	80	20	4	1	25
1929-Mar.	68	9	3	80	19	4	1	25
June	63	7	3	73	18	3	1	23
Sept.	61	7	3	71	18	3	1	22
Dec.	61	8	3	72	18	3	1	22
1930-Mar.	60	6	3	69	18	3	1	22
June	25	4	2	31	7	2	1	10
Sept.	28	4	2	34	8	2	1	11
Dec.	37	6	3	46	11	3	1	15
1931-Mar.	40	8	4	51	12	4	2	17
June	38	7	4	50	12	3	2	17
Sept.	42	7	4	54	13	4	2	18
Dec.	58	9	5	72	18	4	2	24
1932-Mar.	63	10	7	80	20	5	3	28
June	64	11	6	81	21	6	2	30
Sept.	74	13	5	92	25	7	2	33
Dec.	84	15	7	107	28	8	3	39
1933-Mar.	93	18	8	119	31	9	3	44
June	86	19	7	112	30	10	3	43
Sept.	89	19	7	116	31	10	3	44
Dec.	97	22	10	129	34	11	4	49
1934-Mar.	148	23	11	182	50	11	4	66
June	154	43	9	207	47	18	4	69
Sept.	129	43	8	181	42	18	3	63
Dec.	139	47	10	197	43	20	4	67
1935-Mar.	97	49	12	158	33	21	5	59
June	83	46	9	138	30	20	4	54
Sept.	77	45	8	131	29	20	3	52
Dec.	71	45	10	125	28	20	4	51
1936-Mar.	69	46	9	124	27	20	4	51
June	66	42	8	116	26	19	3	47
Sept.	63	40	7	109	24	18	3	45
Dec.	63	40	7	110	24	18	3	45
1937-Mar.	61	39	7	106	24	17	3	43
June	2	10	3	15	1	5	1	7
Sept.	2	10	3	15	1	5	1	7
Dec.	2	10	3	16	1	5	1	7
1938-Mar.	2	10	4	16	1	5	2	7
June	2	9	4	15	1	4	1	7
Sept.	2	9	3	14	1	4	1	7
Dec.	2	9	3	15	1	5	2	7
1939-Mar.	2	9	4	16	1	5	2	7

NOTE: Explanatory notes and sources will be found on pp. 357, 359.

reported, and these are shown in Table V (columns 5 and 9) for the period between January 1922 and May 1928.⁴⁷ No attempt is made to distribute the totals in column 5 among the groups designated in the headings of columns 2, 3 and 4 (corresponding to Classes I, II and III in the English reports) because available methods of accomplishing this breakdown appear unsatisfactory. However, following a suggestion of the Department of Health for Scotland, the number of insured wage earners (excluding dependents) shown in column 6 has been estimated on the basis of the proportion they formed of wage earners plus dependents (column 5) in 1928 and 1929 (the first years in which such information became available), i.e., roughly one-fourth. Column 8 is obtained by subtracting the estimated figures in column 6 from the reported totals in column 9.

From October 1928 to date, figures have been published in the Ministry of Labour *Gazette* which show as of the 15th of each month the numbers relieved on account of unemployment in the following categories: the insured unemployed registered at an employment exchange (column 2); the uninsured unemployed so registered (column 3); and all other unemployed persons in receipt of relief due to unemployment (column 4). For each of these groups dependents are shown separately.⁴⁸

COMBINED STATISTICS FOR ENGLAND, WALES AND SCOTLAND

The combined estimates of the number of persons in receipt of relief on account of unemployment, derived from available sources by the procedures described in the foregoing pages, are presented in Table VI on page 360.

It should be remembered, however, that the figures for England and Wales and for Scotland are not precisely comparable. First, the Scottish figures are exact, whereas those for England are approximations. Second, the English statistics probably involve some overstatement, due mainly to the impossibility of completely eliminating strikers. In Scotland, strikers and their dependents (numbering 137,699 in September 1926) are excluded from the reported figures. Third, the English figures are averages of the numbers receiving relief on each Saturday in the months shown, while the Scottish figures are the numbers receiving relief on the 15th of each month shown.

Finally, the two sets of figures are not entirely comparable for specific dates. Prior to 1928 the Scottish figures are available for

⁴⁷ Department of Health for Scotland, *Annual Report*, 1929, p. 203.

⁴⁸ The September 1928 figures are the figures reported for October 15th. Another series of Scottish statistics, beginning September 1929 and published in the *Twenty-Second Abstract of Labour Statistics*, p. 201, parallels the English table in the same publication. Persons ordinarily engaged in some regular occupation in receipt of relief are segregated into the three groups corresponding to the English classification. As in the English statistics, however, dependents are shown separately only for Classes I and II. Class III includes some persons relieved for reasons other than unemployment. Their numbers can be determined by comparing them with the figures published in the *Gazette*, but it is impossible to segregate dependents in this category. Cf. also *Minutes of Evidence*, p. 330.

January, May and September only in each year, whereas the English are available for March, June, September and December. While the Scottish figures for September can with relatively little error be added to English figures for September, it was necessary in compiling Table VI to add the Scottish figures for January 15 to the English figures for the preceding December, and those for May 15 to the English figures for June. No measures of relief on account of unemployment in Great Britain as a whole can, however, be presented for March each year, prior to 1929.

TABLE VI. ESTIMATED NUMBER OF PERSONS RECEIVING RELIEF ON ACCOUNT OF UNEMPLOYMENT IN GREAT BRITAIN, 1922-1939

Date	Number of persons (including dependents)	Number of persons (excluding dependents)	Date	Number of persons (including dependents)	Number of persons (excluding dependents)
(1)	(2)	(3)	(1)	(2)	(3)
	<i>In thousands</i>			<i>In thousands</i>	
1922-June	1,244	356	1931-Sept.	231	69
Sept.	920	267	June	216	66
Dec.	833	239			
1923-June	710	205	1931-Mar.	231	69
Sept.	686	197	June	216	66
Dec.	607	174			
1924-June	491	141	1932-Mar.	397	124
Sept.	384	110	June	407	130
Dec.	396	113	Sept.	433	140
1925-June	407	117	Dec.	518	168
Sept.	490	140	1933-Mar.	553	180
Dec.	566	162	June	491	165
1926-June	1,573	452	Sept.	491	167
Sept.	1,587	457	Dec.	573	192
Dec.	906	264	1934-Mar.	651	219
1927-June	514	157	June	615	203
Sept.	484	147	Sept.	547	188
Dec.	517	154	Dec.	662	222
1928-June	415	120	1935-Mar.	552	197
Sept.	369	107	June	479	175
Dec.	386	112	Sept.	449	166
1929-Mar.	395	113	Dec.	467	173
June	326	95	1936-Mar.	457	171
Sept.	308	90	June	397	150
Dec.	320	94	Sept.	366	139
1930-Mar.	311	92	Dec.	381	144
June	150	43	1937-Mar.	366	139
Sept.	156	46	June	73	31
Dec.	199	59	Sept.	67	28
1931-Mar.	231	69	Dec.	72	30
June	216	66	1938-Mar.	71	29
			June	66	27
			Sept.	63	27
			Dec.	67	28
			1939-Mar.	65	28

APPENDIX IV

TABLE VII. EXPENDITURES OF THE INSURANCE AND SUPPLEMENTARY NATIONAL SYSTEMS IN GREAT BRITAIN, 1921-1939

Fiscal year	Insurance system						Supplementary system		
	Benefits	Traveling expenses of covered workers	Approved courses of instruction	Administration	Other payments	Total	Payments to the unemployed	Administration	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<i>In thousand pounds sterling</i>									
1921	34,126	1	—	1,099	197	35,422	—	—	—
1922	52,910	2	—	4,838	2,022	59,773	—	—	—
1923	41,943	1	—	4,451	5,234	51,630	—	—	—
1924	36,019	2	—	4,086	10,251	50,358	—	—	—
1925	44,616	2	—	4,595	5,197	54,411	—	—	—
1926	43,704	3	—	4,890	2,815	51,411	—	—	—
1927	38,704	4	—	3,513	642	42,863	—	—	—
1928	36,484	3	—	4,914	5,197	46,598	—	—	—
1929	46,766	8	24	5,072	2,573	54,443	—	—	—
1930	42,274	12	25	5,168	6,764	54,242	3,690	295	3,985
1931	73,042	7	120	5,250	2,596	81,015	19,247	1,070	20,316
1932	80,169	8	133	5,364	4,784	90,458	30,742	1,633	32,375
1933	54,171	5	123	4,213	5,510	64,023	50,400	3,386	53,786
1934	40,193	6	111	3,756	13,671	57,737	48,442	3,740	52,182
1935	43,805	8	96	4,144	6,031	54,084	42,199	4,010	46,209
1936	42,715	11	223	4,609	5,112	52,670	42,423	4,289	46,711
1937	35,332	16	382	4,944	5,101	45,774	37,441	4,402	41,843
1938	36,692	14	401	5,128	25,109	67,343	36,689	4,708	41,397
1939	55,094	15	401	6,267	7,110	68,887	35,336	4,299	39,635

Column (1): Fiscal year ended July 1921-26; thereafter March 31. Data for 1927 (except in col. 3 which covers 12 months) are for 9 months. Data for 1937-39 include agricultural insurance.

Column (2): Standard insurance and expanded insurance benefits.

Column (6): Including repayments of Treasury advances and interest and amortization payments on debt (£20,000,000 in 1938); small payments for banking and insurance schemes; adjustments with Eire and Northern Ireland; refunds to workers at age 60 under the 1920 Act and compensatory payments at age 50 under the 1924 (No. 2) Act; since 1937, rebates for "long hirings" under the agricultural insurance system.

Column (7): Expenditures for the insurance system are those reported in *Unemployment Fund Accounts* for the government's fiscal year. Insurance expenditures on a calendar year basis from 1934 onwards may be found in the *Financial Reports* of the UISC.

Column (8): 1930-37, including transitional benefits, transitional payments, and unemployment assistance allowances reported in *Unemployment Fund Accounts*. 1938 and 1939, unemployment assistance payments on a fiscal year basis are reported in *Civil Appropriation Accounts*; figures include costs of training centers and 1938 special coronation payments.

Column (9): 1930-34, administrative expenses of the Ministry of Labour, reported in *Unemployment Fund Accounts*. 1935-37, including expenses of Ministry of Labour, reported in *Unemployment Fund Accounts*, and those of the UAB, found in *Civil Appropriation Accounts*. 1938 and 1939, administrative charges of the Ministry of Labour appear among UAB payments on a fiscal year basis in *Civil Appropriation Accounts*. Beginning with its annual report for 1936, the UAB has reported its expenditures on a calendar year basis.

APPENDIX V. THE COST OF POOR RELIEF OR PUBLIC ASSISTANCE FOR THE UNEMPLOYED IN GREAT BRITAIN

Expenditures for the unemployed in Great Britain as a whole must be ascertained separately for England and Wales and for Scotland as were the numbers of persons relieved on account of unemployment, described in Appendix III. Like the expenditures for the insurance and supplementary national systems shown in Appendix IV, they relate to both the unemployed and their dependents.

ANALYSIS OF STATISTICS FOR ENGLAND AND WALES

The Ministry of Health did not publish separate returns of the expenditures on outdoor poor relief to the able-bodied before April 1922. An official estimate of £500,000 was, however, made for the year 1921, and for 1922 the reported expenditure was £8,000,000, both sums excluding administrative charges. No breakdown of these sums is available for these years.⁴⁹

Expenditures on Account of Unemployment

Expenditures for each of the three classes of unemployed persons referred to in Appendix III have been reported separately by the Ministry of Health only since the year 1934-35. Prior to that year the Ministry merely segregated the expenditures for Class I from the total for Classes I, II and III. Until 1928, the expenditures for Classes II and III appear together in column 4, Table VIII, p. 365. Since October 1926, simultaneously with the adoption of the new classification described in Appendix III, figures relating to the average weekly expenditures by quarters and for each of the three classes are available from other sources.⁵⁰

As indicated in Appendix III, expenditures on account of unemployment will not be greatly overstated if the whole of the amounts spent for the Class I and II unemployed are counted. But for Class III the analysis carried through by the Ministry of Health in 1934 showed that only 6 per cent of the expenditures were on account of unemployment relief. In view of the changing conditions under which both insurance and relief were available during the period 1927 to 1929, however, it is unsafe to apply to all the years a percentage prevailing in 1934. A somewhat safer method would be to follow the same procedure used in Appendix III to segregate the unemployed persons and to allocate expenditures within this class on the basis of

⁴⁹ *Unemployment* (Cmd. 2082, 1924), p. 11.

⁵⁰ Until September 1930, in *Minutes of Evidence*, p. 275. Similar figures for subsequent years were supplied to the author by the Ministry of Health and are on file at the offices of the Committee on Social Security.

the proportions which the *persons* in receipt of relief on account of unemployment bear to the total number of persons in Class III in Scotland.⁵¹

The combined estimate of expenditures on account of unemployment (consisting of all expenditures for Classes I and II, and the adjusted expenditure for Class III) is shown in column 7 of Table VIII and it probably overstates the total. Some over-statement results from the assumption that persons relieved on account of unemployment in England and Wales constitute the same proportion of all persons relieved for all causes in Class III as they do in Scotland. In fact the Ministry of Health's studies in 1934 suggest that the proportion in England was somewhat smaller than that in Scotland. Furthermore, the assumption that all expenditures in Classes I and II were on account of unemployment probably exaggerates the total expenditures to a slight extent.

Cost of Administration

The data in Table VIII relate solely to expenditure in money and kind and do not include costs of administration. Unfortunately, the Ministry of Health groups together with costs of administration a number of other miscellaneous items.⁵² These inclusive expenditures appear in the second and fifth columns of the tabulation on p. 364. Nor does the Ministry report separately the administrative costs attributable to relief on account of unemployment and the costs of relief given for other reasons. A rough estimate of the former item can be obtained by allocating the combined administrative and other expenditures in accordance with the percentage relationship in the various years of columns 7 and 9 in Table VIII. The resulting estimate of administrative and other costs attributable to unemployment is shown in the third and sixth columns of the tabulation. The 1938 figure in column 5 was reported to the author by the Ministry in a letter dated April 12, 1940.

⁵¹ The 8 per cent used for 1926 and 1929 is obtained from *Minutes of Evidence*, p. 330. Thereafter fiscal-year averages are computed from the quarterly percentages obtained by a comparison of the poor relief statistics reported in the Ministry of Labour *Gazette* with figures reported in the *Twenty-Second Abstract of Labour Statistics*, p. 201, as described in footnote 48 of Appendix III. The specific percentages used for each year beginning with 1930 are: 7.7, 7.1, 11.9, 11.8, 13.4, 12.2, 10.3, 7.8, 4.1 and 4.9.

⁵² Since 1930 these include, among other expenditures, those for drugs, medical and surgical appliances, and repayments by councils of non-resident outdoor relief. (Cf. Ministry of Health, *Local Government Financial Statistics*) In addition, there are administrative expenditures such as interest on loans and overdrafts, salaries and other expenses which are not allocated to institutional or domiciliary relief by the Ministry of Health and which do not, therefore, appear in the present tabulation.

Year ending March 31 (1)	Other costs including administration (2)	Estimated portion attributable to unemployment (3)	Year ending March 31 (4)	Other costs including administration (5)	Estimated portion attributable to unemployment (6)
<i>In thousand pounds</i>			<i>In thousand pounds</i>		
1923	1,873	1,015	1931	1,640	238
1924	1,761	743	1932	1,675	348
1925	1,750	548	1933	1,727	501
1926	1,782	615	1934	1,863	604
1927	2,144	991	1935	2,003	676
1928	2,105	779	1936	2,119	657
1929	2,028	610	1937	2,211	237
1930	1,685	418	1938	2,168	232

The statistical procedures followed in obtaining the estimates presented in Table VIII can best be summarized by columns.

Column (2): Except for 1927, figures were reported annually by the Ministry of Health. They have been adjusted, however, in proportion to the upward or downward revisions of total expenditures for Classes I-III (column 6) which the Ministry reports retroactively. For 1927 the figures are computed from the average weekly expenditures already mentioned and have been adjusted in accordance with the Ministry's revisions in total expenditures. The figures prior to 1927 probably overstate the expenditures, however, because of the difficulty of eliminating those due to reasons other than unemployment. This is especially important in regard to relief given to strikers and for that reason the figure for 1926-27 must be accepted with great caution.

Column (3): For 1923-27, Class II expenditures are included with those shown in column 4. For 1928-34, estimated on the basis of the average weekly expenditures, and adjusted to the Ministry's revisions in total expenditures. Figures from 1935 onwards are reported separately in the annual reports of the Ministry of Health.

Column (4): Figures for 1923-26 have been obtained by subtracting column 2 from column 6. For 1927-34, estimated from the average weekly costs. From 1935, as reported annually. All figures are adjusted in accordance with the Ministry's revised totals.

Column (5): Not available prior to 1928. For the years 1928-39, the figures in this column are rough estimates obtained on the assumption that the proportion of expenditures in column 4 that may be attributed to unemployment is the same as the proportion of persons in Class III in Scotland who were relieved on account of unemployment.

Column (6): 1921-22, official estimates. The revised totals of Classes I, II and III are as shown in the 1938-39 report of the Ministry of Health, p. 249.

Column (7): In estimating the figures shown for the years 1923-26, the deflators used in Appendix III, page 350, have been applied to the totals in column 6. The percentages by which the figures in Appendix III were reduced in each of the four quarters of the fiscal year ending in March, have been averaged to obtain for this column for 1923 a deflator of 93.5; for 1924, 87.4; for 1925, 84.3; and for 1926, 83.1. Because of the large number of strikers relieved in 1926-27, the deflator used in Appendix III for this year (73.7) is also used here. After 1927, this column is the sum of columns 2, 3 and 5.

Column (8): Represents expenditures for Class IV recipients of poor relief (see Appendix III, p. 353). Revised totals reported in the 1938-39 report of the Ministry of Health, p. 249.

Column (9): Revised totals as reported by the Ministry of Health.

TABLE VIII. ESTIMATED EXPENDITURES IN MONEY AND KIND FOR OUTDOOR RELIEF IN ENGLAND AND WALES, 1921-1939

Year ending March 31	For insured persons (Class I)	For un-insured registered persons (Class II)	For all other persons ordinarily engaged in some regular occupation		Total expenditures for persons in Classes I, II, III		For all other persons (Class IV)	Total expenditures (Classes I-IV)
			Relieved for all causes (Class III)	Relieved on account of unemployment	Relieved for all causes	Relieved on account of unemployment		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<i>In thousand pounds sterling</i>								
1921	—	—	—	—	500	—	5,293	5,793
1922	—	—	—	—	8,000	—	7,443	15,443
1923	9,436	—	951	—	10,387	9,712	7,523	17,910
1924	6,471	—	802	—	7,273	6,357	7,793	15,066
1925	4,298	—	666	—	4,964	4,185	8,411	13,375
1926	5,853	—	686	—	6,539	5,434	9,197	15,736
1927	11,504	—	3,497	—	15,001	11,056	8,913	23,914
1928	4,962	544	1,189	95	6,695	5,601	8,452	15,147
1929	3,464	493	1,237	99	5,194	4,056	8,277	13,471
1930	2,571	543	1,373	106	4,487	3,220	8,485	12,972
1931	1,150	411	1,775	126	3,336	1,687	8,275	11,611
1932	1,587	820	1,882	224	4,289	2,631	8,378	12,667
1933	2,673	1,537	2,294	271	6,504	4,481	8,927	15,431
1934	3,165	1,917	2,428	325	7,510	5,407	8,179	16,689
1935	3,488	2,481	2,783	340	8,752	6,309	9,955	18,707
1936	3,135	2,816	3,186	328	9,137	6,279	11,081	20,254
1937	2,528	2,489	3,290	257	8,307	5,274	11,643	19,950
1938	638	1,042	2,994	123	4,674	1,803	12,155	16,829
1939	615	985	3,085	151	4,685	1,751	13,288	19,973

ANALYSIS OF STATISTICS FOR SCOTLAND

The Scottish authorities report annually for the year ending May 15 the costs of outdoor and indoor relief to able-bodied unemployed persons and their dependents. Since 1926 the costs are not swollen by the inclusion of relief afforded to strikers. They are more comprehensive than the English figures in that small amounts of indoor relief given to unemployed people on account of unemployment are known precisely. The administrative costs on account of unemployment relief are also more readily determined, since in Scotland these are shown separately from costs attributable to loans and overdrafts and to relief given to other than unemployed groups.

The statistics are less complete than those for England and Wales only in that expenditures are not broken down so as to show separately the costs of relief to the three classes of unemployed persons. The available data for Scotland, which are presented in Table IX, are taken from the annual reports of the Department of Health. The 1938 and 1939 figures were reported to the author by the Department in a letter dated April 1, 1940.

TABLE IX. COST OF POOR RELIEF IN SCOTLAND, 1921-1939

Year ending May 15	Expenditures in money and kind				Administra- tive costs of unemploy- ment relief	Total expendi- tures (incl. administra- tion) for un- employment relief ^b
	Outdoor unemploy- ment relief	Indoor unemploy- ment relief	All other reliefs ^a	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<i>In thousand pounds sterling</i>						
1921	—	—	1,307	1,307	—	—
1922	660	5	1,589	2,254	37	702
1923	1,352	13	1,656	3,021	66	1,431
1924	1,138	16	1,716	2,869	57	1,211
1925	639	14	1,798	2,451	45	697
1926	962	20	1,830	2,811	42	1,024
1927	1,583	26	2,364	3,974	49	1,658
1928	1,560	27	1,673	3,260	52	1,639
1929	1,184	28	1,702	2,915	51	1,264
1930	1,003	24	1,845	2,872	49	1,076
1931	632	21	2,012	2,665	62	715
1932	961	21	2,162	3,145	68	1,050
1933	1,484	28	2,516	4,028	76	1,589
1934	2,032	28	2,755	4,815	91	2,151
1935	2,568	31	3,343	5,942	93	2,691
1936	2,479	36	3,786	6,301	100	2,614
1937	1,948	30	4,009	5,987	88	2,067
1938	389	17	3,991	4,398	28	435
1939	373	—	—	—	—	—

^a Outdoor relief to "ordinary sane poor" and strikers.

^b Sum of columns 2, 3 and 6.

COMBINED STATISTICS FOR ENGLAND, WALES AND SCOTLAND

Table X presents the costs of relief afforded to unemployed people and their dependents on account of unemployment in Great Britain. It is, however, evident from the foregoing discussion that the English and Scottish statistics are not entirely comparable. First, those for Scotland are exact measures, while those for England and Wales involve approximations and estimates. Second, since the Scottish fiscal year ends on May 15 and the English figures relate to a fiscal year ending March 31, it has been necessary to adjust the Scottish figures to correspond to the period of time covered by the English data. This adjustment has been made with the aid of data furnished to the author in 1938 and 1940 by the Department of Health for Scotland.⁵³ Table X appears on the next page.

⁵³ The basic procedure involves subtracting from the annual totals the expenditures incurred between April 1 and May 15 and adding those incurred in the corresponding period in the preceding fiscal year. The Scottish component of the figure for 1939 excludes indoor unemployment relief. Administrative costs are not available.

TABLE X. ESTIMATED COST OF RELIEF ON
ACCOUNT OF UNEMPLOYMENT IN
GREAT BRITAIN, 1923-1939

Year ending March 31	Unemploy- ment relief in money and kind	Cost of administra- tion	Total cost of relief to the unemployed
(1)	(2)	(3)	(4)
<i>In thousand pounds</i>			
1923	11,062	1,081	12,143
1924	7,557	800	8,357
1925	4,853	593	5,446
1926	6,350	657	7,007
1927	12,611	1,040	13,651
1928	7,219	831	8,050
1929	5,213	661	5,874
1930	4,318	467	4,785
1931	2,315	300	2,615
1932	3,559	416	3,975
1933	5,937	577	6,514
1934	7,382	695	8,077
1935	8,891	769	9,660
1936	8,813	757	9,570
1937	7,486	325	7,811
1938	2,217	260	2,477
1939	2,128	—	—

APPENDIX VI. BENEFIT RATES UNDER THE INSURANCE SYSTEM

Since 1911, many changes have been made in the rates of benefit for different classes of workers. These changes were not always made by formal acts of Parliament, but, especially since 1931, also through Orders in Council, or, since 1934, through orders issued by the Minister of Labour on recommendation of the Unemployment Insurance Statutory Committee subject to the approval of Parliament. The dates on which these changes became effective are not always easy to ascertain. It has, therefore, been thought convenient to indicate the rates prevailing at any given time. This information is supplied in Table XI.

TABLE XI. BENEFIT RATES PREVAILING UNDER THE UNEMPLOYMENT INSURANCE ACTS, 1913-1939

Period ^a	Men		Young Men			Young Women			Boys		Girls		Adult dependent	Each dependent child												
	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	s.												
GENERAL SYSTEM																										
	<i>Age 18 and over</i>								<i>Age 16-17</i>		<i>Age 16-17</i>															
Jan. 8, 1913-Dec. 24, 1919..	7	0	7	0	—	—	—	—	—	—	3	6	3	6	—	—										
Dec. 25, 1919-Nov. 7, 1920..	11	0	11	0	—	—	—	—	—	—	5	6	5	6	—	—										
Nov. 8, 1920-Mar. 2, 1921..	15	0	12	0	—	—	—	—	—	—	7	6	6	0	—	—										
Mar. 3, 1921-June 29, 1921..	20	0	16	0	—	—	—	—	—	—	10	0	8	0	—	—										
June 30, 1921-Nov. 9, 1921..	15	0	12	0	—	—	—	—	—	—	7	6	6	0	—	—										
Nov. 10, 1921-Aug. 13, 1924	15	0	12	0	—	—	—	—	—	—	7	6	6	0	5	1										
Aug. 14, 1924-Apr. 18, 1928	18	0	15	0	—	—	—	—	—	—	7	6	6	0	5	2										
	<i>Age 21-64</i>		<i>Age 20</i>	<i>Age 19</i>	<i>Age 18</i>	<i>Age 20</i>	<i>Age 19</i>	<i>Age 18</i>																		
Apr. 19, 1928-July 4, 1928 ^b .	17	0	15	0	17	0	17	0	17	0	15	0	15	0	6	0	5	0	7	2						
July 5, 1928-Mar. 12, 1930.	17	0	15	0	14	0	12	0	10	0	12	0	10	0	8	0	6	0	7	2						
											<i>Age 17</i>	<i>Age 16</i>	<i>Age 17</i>	<i>Age 16</i>												
											s.	d.	s.	d.	s.	d.	s.	d.								
Mar. 13, 1930-Oct. 7, 1931..	17	0	15	0	14	0	14	0	14	0	12	0	12	0	12	0	9	0	6	0	7	6	5	0	9	2
Oct. 8, 1931-June 30, 1934..	15	3	13	6	12	6	12	6	12	6	10	9	10	9	8	0	5	6	6	9	4	6	6	8	2	
July 1, 1934-Oct. 30, 1935..	17	0	15	0	14	0	14	0	14	0	12	0	12	0	9	0	6	0	7	6	5	0	9	2		
Oct. 31, 1935-Mar. 30, 1938	17	0	15	0	14	0	14	0	14	0	12	0	12	0	12	0	9	0	6	0	7	6	5	0	9	3
Since Mar. 31, 1938 ^c	17	0	15	0	14	0	14	0	14	0	12	0	12	0	12	0	9	0	6	0	7	6	5	0	10	3
AGRICULTURAL SYSTEM																										
Oct. 29, 1936-Mar. 30, 1938	14	0	12	6	10	6	10	6	10	6	9	6	9	6	6	0	4	0	5	0	3	6	7	3		
Mar. 31, 1938-Mar. 29, 1939	14	0	12	6	12	0	12	0	12	0	9	6	9	6	9	6	6	0	4	0	5	0	3	6	7	3
Since Mar. 30, 1939 ^c	15	0	13	0	13	0	13	0	13	0	10	0	10	0	10	0	7	6	5	0	6	0	4	0	9	3

^a The periods are those during which the rates indicated were in operation.

^b The Unemployment Insurance Act, 1927, which became effective on April 19, 1928, for the first time distinguished young men and women from boys and girls. The special rates for young men and women, however, came into effect on July 5, 1928, and prior to that date they continued to receive benefit at the same rate as adults.

^c From April 11, 1940, benefits under the general scheme for the first two dependent children were increased by 1s.; effective August 1, 1940 benefits were increased 3s. for men and women and 2s. for young men and women. In the agricultural system, an increase of 3s. for men and 2s. for women and young men and women was adopted.

APPENDIX VII. THE NET ADDITIONAL COSTS OF EXPANDING THE INSURANCE SYSTEM

FINANCIAL EFFECTS OF THE CHANGES IN THE CONTRIBUTORY REQUIREMENT AND THE DURATION OF BENEFITS

During the period of uncovenanted benefits (March 3, 1921 to July 31, 1924) the effect of relaxing the contributory requirement and extending the maximum benefit duration was to some extent offset by the increase in contribution rates provided by the Unemployment Insurance (No. 2) Act of 1921. It has indeed been asserted by officials of the Ministry of Labour that because of the increased contributions uncovenanted benefits were not the cause of the debt of the Unemployment Fund, since by August 1924 the debt had fallen to about £4 millions "and would very soon have disappeared."⁵⁴ But to look only at the state of the debt is to disregard the fact that in the absence of uncovenanted benefits the Fund might have shown a surplus. An examination of the finances of the scheme during the period supports this latter probability.

Of the total of £128,304,000 paid out both in covenanted and uncovenanted benefits (including dependents' allowances) between November 8, 1920 and June 30, 1923, the amount paid as uncovenanted benefits might "safely be put at more than one-half of the total."⁵⁵ Thus the cost of this type of benefit was approximately £64,152,000 until July 1923. The annual additional sum attributable to the higher rates of contributions after July 4, 1921,⁵⁶ may be estimated at £36,029,000 for the two-year period.⁵⁷ Hence some £28,123,000 of the cost of uncovenanted benefits during this period was not provided for out of increased contributions.

From July 1923 to August 1924, for the final period during which uncovenanted benefits were paid, the total benefit disbursement was approximately £40,000,000.⁵⁸ Assuming that at least half of this sum continued to represent the cost of uncovenanted benefits, it would appear that the presumed £18,000,000 annual increment attributable to the contribution increase of July 1921 did, for this final period and this period only, roughly meet the cost of these benefits.

⁵⁴ Testimony of the Accountant General to the Ministry of Labour before the Royal Commission in 1931. (*Minutes of Evidence*, p. 194)

⁵⁵ Ministry of Labour, *Report on National Unemployment Insurance to July 1923*, pp. 11-12.

⁵⁶ Excluding the increase in November 1921 which was imposed to finance the new dependents' benefits.

⁵⁷ Estimated by multiplying the estimated numbers of 7,083,700 male and 2,727,946 female contributors by the respective total contribution increase of 8½d. and 8¼d. per week. This is probably an over-estimate since a certain proportion of the contributors were boys and girls who were charged half the adult rates. The total contribution income (including the government's share) during the period amounted to £90,832,800. (*Ibid.*, p. 90)

⁵⁸ A. H. Reede, *The Actuarial Aspect of Unemployment Insurance: British Experience* (Pennsylvania State College Studies, Vol. I, No. 1, 1936), p. 17.

It is, unfortunately, not possible to estimate the expenditure attributable to relaxations of the conditions under which covenanted benefits could be drawn during the period 1921 to August 1924.⁵⁹

In August 1924 the contributory requirement was altered so as to require 30 contributions in 2 years before ordinary benefits could be obtained, but at the same time it was provided that the Minister of Labour could waive this requirement when he saw fit, and that extended benefits could be made available to persons who had exhausted their ordinary benefits or did not have sufficient contributions to qualify. The cost of the waiver was estimated by the Government Actuary at £10,000,000 a year on the basis of a Live Register of 1,000,000.⁶⁰ Since the average Live Register in the 45 months from July 1924 through March 1928 was about 1,250,000,⁶¹ it would appear that the total cost of the waiver up to April 1928 was about £38,437,000.⁶²

From April 1928 transitional benefits were payable to applicants who failed to meet the normal contributory requirement, while persons who could show 30 contributions in the past 2 years could claim standard benefit up to 74 weeks. No estimate of the cost of transitional benefits prior to April 1929 can be made as the necessary statistics concerning numbers of claimants are lacking. But from April 1929 to April 1930, it is known that the Treasury paid about half the cost of transitional benefits (including administrative expenses) and that the Treasury payment for that year amounted to £3,985,000.⁶³ Thereafter transitional benefits ceased to be chargeable against the Unemployment Fund.

Only a rough estimate of the costs of paying insurance benefits beyond 156 days can be made. In June 1931, the Royal Commission estimated that the annual cost of benefits paid in excess of 156 days was roughly £9,100,000.⁶⁴ Allowing for the changing volume of unemployment, the cost of unlimited benefits at this rate would be approximately £22,000,000 during the period April 1928 to September 1931.

⁵⁹ According to an investigation conducted in 1923, 67.3 per cent of a sample of 10,000 (out of about 1,200,000) benefit claimants had drawn more benefits than they would have been entitled to if the 1-to-6 rule had not been relaxed; what proportion of these drew covenanted benefits, however, is not known. (Ministry of Labour, *Report on an Investigation into the Personal Circumstances and Industrial History of 10,000 Claimants to Unemployment Benefits*, Nov. 5 to 10, 1923, p. 43)

⁶⁰ Ministry of Labour, *Unemployment Insurance (No. 2) Bill, 1924: Report by the Government Actuary on the Financial Provisions of the Bill*, April 4, 1924 (Cmd. 2109, 1924), p. 6. See also *Unemployment Insurance Bill, 1925: Report by the Government Actuary on the Financial Provisions of the Bill*, July 2, 1925 (Cmd. 2451, 1925), p. 3.

⁶¹ *Minutes of Evidence*, pp. 159-60. With a Live Register of 1,250,000, an annual cost of £10,250,000 has been assumed.

⁶² This estimate is probably conservative. During the period July 1924 through March 1928, total expenditures for benefit payments were almost £163,400,000 (*Twenty-Second Abstract of Labour Statistics*, pp. 68-9). The sample investigations of 1924 and 1927 showed respectively that 47.4 per cent and 43.2 per cent of authorized benefit claimants were drawing extended benefits. (Ministry of Labour, *Report on an Investigation into the Personal Circumstances and Industrial History of . . . Claimants to Unemployment Benefit*, Nov. 24 to 29, 1924 (1925), pp. 78-79; April 4 to 9, 1927 (1928), p. 28)

⁶³ *Minutes of Evidence*, p. 147.

⁶⁴ This assumed a Live Register of 2,500,000 (*First Report*, p. 47), whereas the average register was 1.28 millions in 1928-29, 1.28 millions in 1929-30, 2.25 millions in 1930-31 and 2.71 millions in 1931-32.

FINANCIAL EFFECTS OF THE RELAXATIONS OF 1930

From 1930 onwards the number of persons to whom the Unemployment Fund was liable to pay benefits was increased as a result of the changed criterion of involuntary unemployment (and in particular the abolition of the genuinely-seeking-work clause). The financial effect of this change cannot be exactly measured, but on the basis of the evidence of the Accountant General to the Ministry of Labour before the 1932 Royal Commission, it may be estimated that in the 18-month period between March 1930 and the fall of 1931, the cost to the Fund was approximately £5 million.⁶⁶

FINANCIAL EFFECTS OF THE CHANGES IN BENEFIT SCHEDULES AND CONTRIBUTION RATES

The increase in benefits for three months in the spring of 1921 was accompanied by no change in contributions, but this was rectified in July 1921, when the benefits were reduced to their old level and contributions were raised. Contribution rates were again raised at the end of 1921 to finance the new benefits provided for dependents, but the relation between income and expenditure was once more disturbed in August 1924 by an increase in the rate of ordinary benefit, and in January 1926 (under the 1925 Act) by the reduction of the contributions by workers and employers in order to offset in part the additional tax on them necessitated by the new old-age insurance scheme. The difference was to have been provided by an increased contribution from the Treasury, but pressure for public economy led to the passage of an act in April 1926 which, instead, reduced the Treasury contribution. In 1928, although the single adult benefit rates were reduced by one shilling, the adult dependent's allowance was increased by two shillings, while contributions for juveniles between the ages of 18 and 20 were reduced. There was a slight rise in the Treasury contribution from April 1929, which was soon more than offset by the increase in adult dependents' and juveniles' benefits in March 1930.⁶⁶

Unfortunately, no exact figures for the cost of these changes over the whole period are available, but it has been estimated by the Accountant General to the Ministry of Labour that the net cost of the changes in contributions and benefits caused by the Acts of 1925 and 1926 was £15,370,000 up to June 1, 1929, and that the increased

⁶⁶ The Accountant General estimated that the 1930 relaxations involved an annual increase in benefit payments of £8.75 millions on the assumption of a Live Register of 2.3 millions. (*Minutes of Evidence*, p. 147) Actually, however, the average registration was 2.25 millions in 1930-31 and 2.7 millions in 1931-32, giving for the 18-month period ending October 1931, a total cost of £13.72 millions (£8.56 millions in 1930-31 and £5.16 millions in the half year 1931-32). By no means all of this £13.72 millions would have been chargeable on the Unemployment Fund, however, for the greater part of these additional claimants, especially during 1931, would have been recipients of transitional benefits and hence financed by the Treasury. Thus, if it is assumed that the Fund bore one-third of the cost, or a little under £5,000,000, the financial effect of this particular change will, if anything, be over-estimated.

* Royal Commission on Unemployment Insurance, *First Report*, p. 23.

rates of benefit of 1930 added an annual sum of £4,250,000 (on the assumption of a Live Register of 2,300,000).⁶⁷ From April 1930 to September 1931, therefore, with an average Live Register of 2,339,000, the 1930 increase of benefits accounted for £6,483,000 of the total deficit. Thus, merely from 1925 onwards, these increases in benefits, unaccompanied by appropriate increases in contributions, added some £21,853,000 (i.e., £15.37 million between 1925 and June 1929, plus £6.483 million from April 1930 to September 1931) to the deficit by the end of 1931. In so far as these increases in benefit rates were rendered imperative by the attempt to use the insurance system to provide for long-period unemployment, it can be said that this share of the debt was directly attributable to the policy of expanding the insurance system.

ESTIMATED TOTAL COSTS OF EXTENSIONS OF INSURANCE

The total amount by which these various extensions of the insurance system increased expenditure chargeable against the Unemployment Fund is set out in Table 5, Chapter IV. At first sight the total cost of £119,398,000 appears excessive, especially in view of the fact that by December 1931 the net debt of the Fund amounted to only £110,320,000. But, as pointed out above, this merely indicates that, had the insurance system been confined to the payment of covenanted or standard benefits, it would have shown a surplus in the period 1920 to 1931. After 1933, when stricter insurance conditions were again in effect, a surplus did indeed materialize. By December 31, 1937 the funded debt had been reduced from £115,000,000 to £103,122,000 by payments out of current income,⁶⁸ while the now separate general account of the Unemployment Fund showed a balance of £60,379,006.⁶⁹ Finally, in making the individual estimates, the most conservative assumptions were made, while because of the absence of data the cost of some of the expanded insurance benefits (e.g., transitional benefits from 1928 to 1929) are not included in the total figure. It does not seem likely, therefore, that the estimated total cost of expanding the insurance system, namely £119,398,000, is excessive.

⁶⁷ These estimates take no account of the effect of the increase in benefits, brought about by the Act of 1930, or the cost of transitional benefits. (*Minutes of Evidence*, p. 147)

⁶⁸ A borrowing limit of £115,000,000 was set by the (No. 2) Act of 1931. By the Order in Council of October 7, 1931, the Treasury was to meet any deficit once this borrowing limit was reached. This occurred early in 1932 and the Treasury made good deficits of £444,577 and £6,363,377 in the financial years ending March 31, 1932 and March 31, 1933 respectively. Until June 30, 1934 any surplus in the Unemployment Fund was to be used for repayment of the debt. Under the 1934 Act the accumulated debt was funded and the insurance system was obligated to pay the Debt Commissioners £5 million annually, a sum that included both interest and sinking fund.

⁶⁹ UISC, *Financial Report* 1937, p. 46. It is true that from October 1931 higher rates of contribution prevailed, but these were again reduced in July 1936 on recommendation of the Statutory Committee, as a method of reducing the surplus. On the other hand, the benefit rates prevailing in 1931, which were reduced in October of that year, were restored in July 1934 and an increase of one shilling weekly was given to children in October 1935. The waiting period was reduced to three days in 1937. Moreover, after 1934 extra days of benefit beyond the usual 156 were given to persons with a long record of steady employment. Finally, during four of the five years in which this surplus was accumulated, unemployment was exceptionally heavy.

APPENDIX VIII. TABLE XII. TRAINING AND INSTRUCTION PROGRAMS OF THE NATIONAL GOVERNMENT

Items	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938
<i>Government Training Centers (Training Courses for Men)</i>										
Centers at end of year.....	11	10	9	9	8	9	9	11	14	16
Places.....	3,300	3,770	3,650	3,280	3,190	3,560	4,245	6,255	5,003	8,739
Persons admitted during year.....	6,560	8,608	7,979	5,236	5,254	6,970	10,168	14,250	16,092	11,579
Persons completing course.....	4,768	6,204	7,170	4,843	4,432	5,087	7,205	10,693	10,761	9,175
Persons entering employment.....	4,429	5,160	5,290	3,440	3,728	4,819	7,059	10,398	10,424	8,315
Premature terminations.....	792	1,611	1,709	1,047	844	1,134	1,663	3,083	3,939	3,550
<i>Training Courses for Women*</i>										
Centers at end of year.....	39	38	37	33	32	32	37	39	37	38
Persons completing course.....	3,800	3,906	5,640	5,133	4,682	4,078	4,050	3,286	3,407	3,775
Persons entering employment.....	3,435	3,963	4,437	4,178	3,940	3,403	3,313	3,275	2,789	1,926
Premature terminations.....	489	480	564	653	566	498	523	517	454	540
Individual vocational training grants	0	216	165	21	72	79	99	169	156	222
<i>Instructional Centers</i>										
Centers at end of year ^b	5	10	6	11	12	15	17	15	24	25
Places ^b	1,200	1,880	1,100	2,200	2,420	3,300	3,995	4,420	4,535	4,535
Persons admitted during year ^a	3,518	9,886	7,652	6,654	10,545	16,248	18,077	20,872	20,588	23,772
Persons entering employment.....	1,608	6,530	5,667	2,815	1,406	2,475	3,105	3,896	3,053	2,415
Persons transferred to other programs	117	188	67	50	165	127	14	416	421	622
Premature terminations.....	1,029	2,487	1,724	736	855	1,280	2,609	3,959	5,285	7,571
Persons completing course, not placed	29	597	392	1,748	8,064	12,205	12,214	13,013	11,486	13,607
<i>Junior Instruction Centers</i>										
Centers at end of year.....	87	114	163	140	121	111	188	187 ^d	156	157
Classes at end of year.....	—	—	—	30	17	13	17	22 ^d	31	37
Persons attending during year.....	60,750	88,300	143,900	136,700	101,600	113,500	169,000	191,000	20,013 ^e	23,732 ^e
Highest daily average attendance.....	7,997	16,381	22,914	21,077	20,781	19,075	30,248	37,726	27,449	29,039
Evening classes:										
Persons attending during year.....	—	2,186	—	12,400	8,800	5,500	9,000	7,200	—	—
Highest monthly average.....	—	820	3,754	4,834	3,432	2,436	3,409	2,914	—	—

* Adults and juveniles. ^b Not including summer camps. ^a Including summer camps. ^d January 1937. ^e Overall average daily attendance.

Sources: Compiled from annual reports of the Ministry of Labour, 1929-1938.

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NOTE: Because of the frequency with which lengthy names of administrative bodies and types of payments appear in the index, the following system of abbreviations is used: E & W, England and Wales; TP, transitional payments; UA, unemployment assistance; UAB, Unemployment Assistance Board; UI, unemployment insurance; UISC, Unemployment Insurance Statutory Committee.

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