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The Unemployment Insurance Bill 1933

Popularly Explained

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The Unemployment Insurance Bill 1933 Popularly Explained.

The purpose of this pamphlet is to describe briefly the main objects and provisions of the Bill which has been introduced by the National Government to reform the Unemployment Insurance system, largely on the lines recommended by the Royal Commission on Unemployment Insurance.

THE OBJECTS OF THE BILL.

1. To establish the Unemployment Insurance Scheme permanently on a sound financial basis, so that it will never be in danger of bankruptcy or have to rely on continued borrowings in order to preserve its existence.

2. To secure for the workers the benefits of a contributory scheme, and definitely establish the principle that the unemployed person who has paid the necessary contributions shall be entitled to benefit as a legal right according to the value of his contributions without any means test, and to remove any suggestion once and for all that this benefit is in the nature of a dole. In other words, to make the Unemployment Insurance Scheme a self-respecting insurance scheme, in which a man pays for what he gets and gets what he pays for.

3. To give the scheme permanent stability, both administrative and financial, to raise it as far as possible above the level of party politics, and to ensure that any changes made in it will be the result of considered

examination by an independent and impartial body.

4. To simplify the working of the scheme by enabling rapid adjustments to be made, subject to Parliament's approval, in the rates of benefit and contributions according to the financial condition of the Insurance Fund, whether there be a surplus or a deficit.

5. To grant unemployed persons with several years' contributions to their credit more favourable treatment than they receive at present in the length of their benefit periods.

6. To provide unemployed persons with increased opportunities for education and training so as to enable them to maintain and increase their general fitness and efficiency.

7. To bring children into the scope of insurance as soon as they leave school, and, by means of continued education or technical training, help to fit them for industrial employment and protect them from the demoralisation which results from enforced idleness.

8. To relieve Local Authorities by transferring to the State the administrative responsibility for the maintenance of the able-bodied unemployed, and to set up permanent central and local machinery for the purpose of administering assistance to able-bodied unemployed workers of all classes and helping them to maintain their employability.

9. To remove the distinction which at present exists between unemployed workers who have exhausted their rights to insurance benefit and are receiving transitional payments, and the uninsured unemployed workers who have hitherto relied on the Local Authorities for their maintenance under the system of Public Assistance.

MAIN PROVISIONS OF THE BILL.

The Bill is divided into two parts. Part 1 deals solely with the Contributory Insurance Scheme. Part 2 deals with the administration of assistance to the able-bodied unemployed who have no claim to benefit under the contributory scheme.

PART I.—UNEMPLOYMENT INSURANCE.

Contributions and Benefit.—No change is made in the present rates of contribution and benefit except in the case of benefit drawn by those who have several years of contributions to their credit.

Persons who have paid 30 contributions in the past two years will continue as before to draw up to 26 weeks of benefit in a year, but if they have been in insurance for five years previously they will be allowed to continue to draw benefit for an additional period. This period will be at the rate of six extra days of benefit for every ten contributions paid in the preceding five years, subject to a deduction of one day of benefit for every five days of benefit received during those years.

To put it simply, if a man during the previous five years has paid the full number of contributions, viz., 260, and has received no benefit during those years, he will be entitled to draw benefit for an additional 26 weeks over and above the original allowance of 26 weeks. In other words, he will be able to draw benefit for a full year. If during the previous five years he had drawn benefit, say, for 50 days, then the additional period of 26 weeks would in this case be reduced by 10 days. This alteration in the law will have the effect of removing a number of persons from the operation of the Needs Test.

Insurance and Training for Children and Young Persons.—Under the law as it has existed, children have not been brought into the insurance scheme until the age of 16, with the result that there has been a gap between the normal school leaving age of 14 and the entry into industrial insurance. In addition, no benefit could be drawn before the age of 16 years and 7 months, owing to the fact that a young person of 16 had to pay 30 contributions before becoming entitled to benefit. Another defect of the existing system has been that the provision of educational or training courses by Local Authorities for unemployed persons over the school-leaving age has been voluntary, and only young persons actually drawing benefit could be compelled to attend them.

The present Bill introduces very valuable and far-reaching reforms, which should go a

long way towards solving the problems connected with unemployment in the younger population.

1. The minimum age for entry into the insurance scheme is to be lowered to the school leaving age.
2. Benefit will be payable from the age of 16.
3. In the case of young persons between the ages of 14 and 16 who are in insured employment there will be weekly contributions of 2d. each from the employer and the employed person.
4. At present, if an unemployed man is in receipt of dependents' benefit he can only draw it in respect of his children up to the age of 14 unless they are continuing full-time education in a day school, in which case dependents' benefit can be drawn up to the age of 16. In future he will be able to draw it in respect of his children up to 16 if they are unemployed, or are voluntarily continuing full-time education.
5. Children under 16 who are voluntarily continuing full-time education after 14 will be credited with contributions to the Unemployment Insurance Fund—10 contributions where the education is continued for 12 months; 15 where it is continued for 18 months, and 20 where it is continued for two years.

6. Local Authorities will be compelled by law to provide, with the assistance of a grant from the State, courses of instruction for unemployed young persons under 18 years of age in any area where the number of these is considerable. In other areas arrangements will be made for their attendance at some form of instruction class.
7. Attendance at these Centres will be made compulsory in the case of all unemployed young persons under 18 unless there is any good reason for non-attendance.

Instruction and Training for Adults.—

Apart from the courses for young persons, the Minister of Labour is to be given power to continue and extend the existing system of training centres for persons over 18, attendance at which may be made a condition for the receipt of benefit.

Inability to Obtain Suitable Work.—

In the Bill as originally introduced it was proposed that a person claiming benefit must prove that he is "unable to obtain suitable employment." This provision had been in force from 1911 to 1924 and caused no trouble.

As fears had been expressed that these words might in practice be interpreted to mean the same thing as "genuinely seeking work," the Minister of Labour has stated that

he will substitute a new form of wording with the object of allaying anxiety. The final form of words has not yet been definitely settled.

The Statutory Unemployment Insurance Committee.—In order to maintain the Unemployment Insurance Fund permanently on a sound financial basis, a Statutory Unemployment Insurance Committee is, to be set up, consisting of a Chairman and not less than three nor more than five members, one of whom shall be appointed after consultation with organisations representative of employers, and one after consultation with organisations representative of workers.

The duty of the Committee will be to watch and report every year on the financial position of the scheme, and to recommend to the Minister of Labour any changes that may be necessary, whether for meeting a deficit or dealing with a surplus. The Minister of Labour will be bound to lay the Committee's report before Parliament together with an order making the changes proposed or alternative changes which will have the same financial effect. This order will have to be approved by both Houses of Parliament and will then become law.

One of the chief benefits attaching to this method of procedure is that it will be possible to adapt the insurance scheme rapidly to changes in the industrial situation without the delays which the repeated passage of successive Acts of Parliament must necessarily involve.

The great advantage to be gained by the appointment of a Permanent Statutory Committee is that while the final decisions will rest with Parliament a large measure of responsibility for the preservation of the financial stability of the Insurance Fund will be entrusted to a body on which the industrial interests (employers and employed), to whom the existence of the fund is a matter of vital concern, will be directly represented.

Insurance of Agriculture.—The Statutory Committee is to make such proposals as seem to them practicable for a scheme for the insurance of agriculture and to report to the Minister of Labour, but such a scheme is not to come into force without further legislation.

PART II.

UNEMPLOYMENT ASSISTANCE.

Under the existing system the able-bodied unemployed can be divided into three categories :—

- (a) Those who are receiving benefit by right of contributions to the Unemployment Insurance Fund. These are covered by Part I of the Bill.
- (b) Those who come under the Unemployment Insurance Scheme but have exhausted their rights to benefit and are in receipt of transitional payments through the machinery of the Public Assistance Committees.
- (c) Those who have never come within the scope of the Unemployment Insurance

Scheme (e.g., agricultural labourers, domestic servants, etc.) and must rely for assistance on the machinery of the Poor Law administered by the Local Authorities.

Under the present Bill the State is to take over the entire responsibility for the maintenance and assistance of the able-bodied unemployed, including those now in receipt of transitional payments, and permanent machinery is to be established for the purpose. Local Authorities will no longer give any outdoor relief to the unemployed covered by the scheme, except in cases of sudden emergency, but the care of the aged and sick, and persons outside the scope of the scheme, including people who are not capable of or available for work, will remain their responsibility. They will also be responsible for clinical and institutional relief for persons under the scheme.

The Unemployment Assistance Board.— To conduct the administration of relief to the able-bodied unemployed it is proposed to create a Central Board, consisting of not more than five persons, and appointed by the Crown.

The duties of the Board will be :—

- (a) To provide facilities for the training of unemployed persons with the object of preserving and improving their general fitness and efficiency, and
- (b) To take over from Local Authorities and conduct the administration of assistance

to all those within the scope of the scheme.

The Minister of Labour will be responsible to Parliament for the Board.

The Scope of the Scheme.—The scheme is much wider than that of unemployment insurance. It will include all able-bodied persons between the ages of 16 and 65 whose normal occupation is within the scope of the Widows', Orphans' and Old Age Contributory Pensions Acts, with the exception of people who are disqualified from benefit under the Unemployment Insurance Acts owing to loss of employment by reason of a stoppage of work due to a trade dispute, or who would have been so disqualified if they had been insured contributors. Such people are excluded from the scope of the Board for the period of the disqualification. Persons who can show that, but for the industrial depression in their area, they would have been employed in an occupation within the scope of the Widows', Orphans' and Old Age Contributory Pensions Acts will be included in the scheme.

It will thus embrace nearly all the unemployed able-bodied in the country, men and women, including non-manual workers with incomes below £250 a year.

Administration of the Scheme.—The Board will appoint its own local officers to administer the scheme. These officers will decide in the first instance on the claims

which come before them, but appeals can be made to Appeal Tribunals consisting of an independent Chairman appointed by the Minister of Labour, a member representing the Unemployment Assistance Board, and a member representing the workpeople.

In order to prevent frivolous and unnecessary appeals the leave of the Chairman of the Appeal Tribunal must be obtained before an appeal is heard. The decision of the Appeal Tribunal will be final. The Minister of Labour will have no power to intervene in individual cases.

To help it in its work the Board is given power to set up local advisory committees consisting of people with knowledge of local conditions and public assistance matters, etc., but these committees will be advisory only and will not be able to vary the decisions of the Board or the Appeal Tribunals.

The officers of the Board will co-operate closely with the Employment Exchanges, and applications for assistance and payments of assistance will normally be made at these Exchanges, where applicants will continue to register in order that, like workpeople on insurance benefit, they may be kept in touch with opportunities for employment.

Assessment of Need.—The Board will be required to submit to Parliament regulations dealing with the assessment of need.

Need includes not only the need of the applicant, but that of all members of his household dependent upon him, except

medical needs, which will be met by the Public Health Services of Local Authorities. The resources of the household must be taken into account, but equal regard must be paid to the personal requirements of those members who contribute the resources.

The treatment of Disability Pensions, Workmen's Compensation and Savings will continue as hitherto, viz. :—

- (a) Half of the Disability Pensions, Wound Pensions, and Workmen's Compensation Payments, must be left out of account.
- (b) The first 5s. of sick pay from a Friendly Society and the first 7s. 6d. of Health Insurance Benefit must be disregarded.
- (c) Any savings less than £25 must be disregarded ; if the savings amount to £50 the income in respect of it shall be counted as 1s. a week, and an addition of 1s. a week will be made to this figure in respect of every £25 up to a maximum of £300.

Training for the Unemployed.— The Board is given power, in co-operation with the Minister of Labour, to provide training courses to enable persons under the Board to maintain physical fitness and so to improve their chances of employment, and to give training allowance to persons at such courses. In order that the training may include familiarity with actual working conditions, the Board also has power to make proper arrangements with Local Authorities for the training to be

given by way of employment, at the customary wages, on work for the Authority of a character and under conditions that will complete such training.

Special Cases of Difficulty.—In exceptional cases, where a cash allowance or the ordinary training is not appropriate, the Board may order the applicant to attend a special centre or order the assistance to be paid in kind or to a member of the applicant's family, *e.g.*, where a husband is failing to support his wife and family.

In extreme cases where an unemployed man wilfully continues to take no proper steps to maintain himself or his family or persists in breaking the conditions attached to the grant of assistance, the Board may ask the Appeal Tribunal to remove him from the scope of the scheme, and, if the Tribunal so decides, his recourse will then be to Local Authorities for the period specified.

Finance.—The cost of the scheme will be borne by the National Exchequer, with the exception of a small contribution from Local Authorities, who will be called upon to contribute to the funds of the Board a proportion of the cost of the services which have been transferred to the Board from the Local Authorities.

Benefits of the Scheme.

1. Local Authorities have repeatedly urged that the State should take over the responsibility for the maintenance of the able-bodied

unemployed. The Bill will give effect to this principle, and will result in a substantial saving to Local Authorities, especially in the distressed areas.

2. The administration of assistance to the able-bodied unemployed was imposing an excessive strain on the machinery of Local Government, especially in the distressed areas. This scheme will relieve them of a very heavy burden.

3. The problem is not local, it is national in its scope. The creation of a central authority to administer the scheme will help in many directions. It will secure fairness and uniformity of treatment, subject to the varying conditions in different areas. The central authority will be able to co-operate more fully with voluntary associations which have been formed to help the unemployed. It will be able to view the industrial field as a whole, and through its contact with the Minister of Labour will be in a better position than a local body to help the unemployed to transfer to places where work is obtainable. It will be in a position to co-ordinate and control the arrangements for maintaining the employability of the able-bodied unemployed.

4. The scheme will remedy an injustice in that it will place on an equal footing, so far as State assistance is concerned, the able-bodied unemployed who have exhausted their insurance rights and the able-bodied unemployed who have never come within the Unemployment Insurance Scheme at all. In

neither case is there any claim for insurance benefit by right of contribution, and there is thus no logical reason for differentiating between these two classes when grants of assistance are being made at the expense of the taxpayer.

5. The scheme will remove all able-bodied unemployed from the purview of the Local Authorities and the Poor Law, and will link them more closely with the industrial machinery, the main purpose of which is to secure for them opportunities of employment.

6. The Bill will result in the creation of permanent machinery which will be able to treat the problem as an industrial problem, and devote its energies not only to the provision of assistance for those out of work, but also to the more important question of finding work for the unemployed and maintaining their efficiency while they are in receipt of assistance from the State.

7. The Bill is the first measure introduced in this or any other country dealing comprehensively with the whole of the able-bodied industrial unemployed.

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